

1977-78

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

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HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS
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MINUTES

SELECT COMMITTEE ON TELECOMMUNICATIONS

The first meeting of the House Select Committee on Telecommunications was called to order at 4:15 P.M. on January 21, 1977.

Present were Chairman Fred Brown, Vice Chairman Al Nakak, Bob Bradley, Billy Akers and Randy Phillips.

Guest Representative Merle Snider, who has indicated an interest in the Telecommunications Committee, was also present at this meeting.

The meeting was called to discuss money needs of the Committee.

Mr. Nakak made a motion to hire a staff person. Mr. Aker seconded the motion. There were four ayes and one nay, Mr. Phillips voting in the negative.

Mr. Nakak moved to request necessary funding to continue the Telecommunications Consultants on a part time basis. Mr. Akers seconded the motion. There were four ayes and one nay, Mr. Phillips voting in the negative.

The secretary was instructed to notify the Governor's Office of Telecommunications of the appointment of this committee.

The meeting was adjourned at 4:54 P.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 2:05 P.M. on February 11, 1977.

Present were Chairman Fred Brown, Vice Chairman Al Nakak, Representative Bob Bradley, Representative Billy Akers and Representative Randy Phillips.

Also present were the Telecommunications consultants Professor Robert Merritt and Professor Glenn Stanley.

Discussion was held of pending agenda for February 12 meeting with RCA, GOT, Hughes, and interested Legislators.

Lost quorum at 3:56 P.M.

Meeting adjourned at 3:58.

STATION NAME	INSTALL. DATE	IN-EFFECT DATE	TV INST. DATE	VHF INST. DATE	POWER AVAILABLE	ALL AGREEMENTS	PROBLEMS
AKHIOK ✓	1/21	1/24	—	—	YES	NO POWER	—
ALLAKAKET ✓	9/27	—	—	—	?	—	—
ARCTIC VILLAGE	9/14	(1/21)	—	—	YES	—	12 PR BROKEN CHARGES BORA
BEAVER	9/23	—	—	—	YES	NO POWER	—
CAPE POLE	(2/12)	(2/13)	(2/14)	—	YES	—	—
CHALKYITSIK ✓	9/17	1/22	—	—	YES	—	HPA, PHS INS
CHIGNIK LAGOON	(2/6)	(2/7)	—	—	?	NO POWER	—
CHIGNIK LAKE	(2/3)	(2/4)	—	(2/7)	YES	NO SPACE & POWER	—
CHITINA	1/8	(1/28)	1/9	—	YES	—	EQUIP. FAILURE
CIRCLE ✓	9/24	(1/20)	—	—	YES	—	HPA, NOISE
EAGLE VILLAGE	—	—	—	—	?	—	CHG NOT COMPLETE
EMMONAK	11/1	(1/31)	1/7	—	YES	—	—
FALSE PASS	—	—	—	—	?	—	—
HOLY CROSS ✓	10/21	(1/20)	1/10	—	YES	—	NON PAYMENT
HOOPER BAY	11/5	(2/1)	—	—	YES	—	—
HUGHES	10/8	(1/27)	—	—	YES	—	—
HUSLIA	10/16	—	—	—	YES	—	EQUIP. MALF
IVANOFF BAY	12/8	—	—	—	?	—	POWER NOT RELIABLE
KARLUK	1/21	(1/22)	—	—	NO	—	—
KOBOK	10/5	—	—	—	?	—	—
KONGIGANAK	11/23	(2/2)	—	—	YES	—	AFC
KUYUKUK ✓	10/11	1/25	—	—	YES	TEMP. POWER	—
KWIGILLINGOK	11/14	—	—	—	NO	—	POWER NOT RELIABLE FOR
LARSEN BAY ✓	12/20	1/23	1/16	—	YES	—	SPACE & OR POW
MAULEY HOT SP.	—	—	—	—	YES	—	—
MESHIK	11/22	—	—	—	YES	—	—
MINTO	10/6	(1/22)	—	—	YES	—	12 PR. BROKEN
NELSON LAGOON	12/6	—	—	—	YES	—	—
NEWTOK	11/12	(1/28)	—	—	YES	—	RELOCATE KITS
NIGHTMUTE	12/21	(2/1)	—	—	YES	—	—
NIKOLSKI	—	—	—	—	YES	—	—
NUIQUT	10/18	—	—	—	YES	—	—
NULATO ✓	10/12	1/23	1/23	—	YES	—	—
OLD HARBOR	12/13	(1/22)	1/16	—	YES	—	—
PERRYVILLE	12/6	—	—	—	NO	—	NO POWER
PILOT POINT	11/18	—	—	—	—	NO POWER	—
POINT BAKER	(2/4)	(2/5)	—	(2/7)	?	—	—
POINT HOPE	—	—	—	—	?	—	SPACE & OR POW
POINT LAY	—	—	—	—	?	—	SPACE & OR POW
PORT ALEXANDER	(2/8)	(2/9)	—	—	?	—	—
RAMPART	—	—	—	—	?	—	SPACE & OR POW
RUBY	—	—	—	—	?	—	SPACE & OR POW
SHAGLUK ✓	12/22	(1/20)	1/9	—	YES	—	—
SLEETMUTE	10/31	—	—	—	NO	—	—
ST. MARYS	—	—	—	—	?	—	SPACE & OR POW
STEVENS VILLAGE	—	—	—	—	NO	—	SPACE & OR POW
TATTILEK	1/9	—	1/11	—	YES	—	—

PHASE II SMALL EARTH STATION LOCATIONS

Akhiok*	Meshik
Allakaket*	Minto*
Arctic Village*	Nelson Lagoon
Beaver	Newtok
Cape Pole	Nightmute
Chalkyitsik*	Nikolski
Chignik	Nuiqsut
Chignik Lagoon	Nulato*
Chignik Lake	Old Harbor
Chitina	Perryville
Circle*	Pilot Point
Eagle Village	Point Baker
Emmonak	Point Hope
False Pass	Point Lay
Holy Cross*	Port Alexander
Hooper Bay	Rampart
Hughes	Ruby
Huslia	St. Mary's
Ivanof Bay	Shageluk*
Karluk	Stevens Village
Kobuk	Tatitlek
Kongiganek	Venetie
Koyukuk*	
Kwigillingok	
Larsen Bay*	
Manley Hot Springs	* Placed in service

MEMORANDUM

State of Alaska

TO: George Shaginaw

DATE: February 3, 1977

FILE NO:

TELEPHONE NO:

FROM: Dan Boyette

SUBJECT: Summary of Space & Power Problems

RUBY - Space - We are all still waiting for RCA to fund the shelter that their survey crew decided was needed way back last spring. The funding requested was put in by John Lee 2 1/2 months ago.

Power - The necessary cable and hardware has been sent and received by Scotty Barron, Mayor. I don't know if it has been installed yet, however, I don't imagine the village people see much point in installing a power drop to an antenna with no electronic equipment attached, or able to be attached.

RAMPART - Space - Again, waiting for RCA shelter (same situation as Ruby).

Power - GOT grant of \$15K to Rampart Village Council enabled them to purchase generators that are more than adequate to run the earth station. They have the generators hooked up at the school, as the Village Council had no desire to hassle with a generator.

KWIGILLINGOK Space and Power - The power and space summary issued by RCA says "power not reliable to code." We sent them 1/0 cable to do the drop with and they have since strung the cable over to the store (e.s. equipment location). RCA's problem seems to be that the cable has been strung across the tundra and lies naked to the elements save for its insulation. My stand with that has been that they are not children and if they want the cable that way, it is certainly their prerogative. After all, has it not been RCA who has all along said their concern with power ends at the end of their weatherhead?

CHIGNIK LAGOON - Space and Power - RCA and the Lake and Peninsula School District have finally reached an agreement allowing the earth station equipment to be located in the School Building. The School Building happens to be the only heated building within 100' of the only spot in the village from which one can "see" the satellite. Julius Anderson, Mayor, has seen to it that the village got a generator (4kw Lister) ready! It is housed in the School Generator Building in close proximity to the earth station equipment. Fuel for the generator seems to be the only potential problem.

FALSE PASS - Space and Power - Borge Larsen will supply the power—we sent him cable and hardware for a drop and he installed it. It is waiting for RCA technicians to make the final hook-up at the weatherhead, per RCA's instructions.

PERRYVILLE - Space and Power - The Lake and Peninsula School District and the village of Perryville are currently negotiating the sale of the school generators to the village. They anticipate the deal to be finalized on or about 2/15/77, at which time power will be available. The electronic equipment has been installed at the Community Hall, some 400' from the School. Plans or need for a power drop are unknown to me at this time.

PILOT POINT - Space and Power - The Lake and Peninsula School District and RCA have finally come to agreement to install the electronic equipment in the School Building. The installation should be taking place this week (2/1-5/77). Power is to be supplied by the cannery. We sent them the necessary cable, etc., and they are waiting for an agreement from RCA for the payment of power.

SLEETMUTE - Space and Power - RCA stating that power is not available is incorrect. Power is available from the School and is already connected. The electronic equipment is already connected to the power source. I have assurances from Glenn Ericson, REAA Superintendent, that the power will remain steady at least throughout the school year.

STEVENS VILLAGE - Space and Power - Power has been supplied by a \$15K grant from GOT. That end of the whole thing is squared away and ready to go. The problem lies in the heated space for the electronics equipment. The original plan was to install the electronics in the Community Hall, therefore, the antenna was built adjacent to it. After the antenna was built, the village decided they did not want the electronics in the Community Hall, but in another village owned building some 182' away from the antenna. They have been advised that this cannot be done, but they still don't want the equipment in the Community Hall. This installation will, no doubt, wait until spring when the village is supposed to bring another shelter type building to the antenna.

ST. MARY'S - Space and Power - The problem here is space. The village was going to add on to their city offices in order to house the electronics. The antenna was built adjacent to the proposed addition and we are still waiting for the addition to materialize. Another visit to St. Mary's might spur them on a little, however, with the limited travel money available to us, I'm not sure it would be worth it.

MANLEY HOT SPRINGS - Space and Power - Jerry Hook is setting up a local telephone company for the village thus problems arise with RCA's connecting company relations. Power there is very good.

EAGLE VILLAGE - Space and Power - GOT supplied the generator, etc. The village built a building to house the equipment. They are now waiting for a day tank and some additional wiring before the building is completed and ready for the installation. The additional material is due to go to Eagle on Thursday, 2/3/77 with people from N.C. Company to go there by Tuesday, 2/8/77 to complete the wiring. The last word is that they should be completed by the weekend

of 2/12/77.

BEAVER - The needed power drop from the Safe-Water Building over to the Health Clinic has been finished and is awaiting RCA technicians to make the hook-up at the Clinic and turn up the phone. It was done with GOT supplied equipment and village supplied labor.

POINT LAY - Space and Power - We are all still waiting for the village to move to the new site where the antenna was constructed per the village request.

POINT HOPE- Space and Power - Here too the village is moving to a new site. The antenna was constructed at the new site and, again, we are waiting for the village to provide the space they promised as well as the power. They have a village wide power system more than capable of supplying the needed power and have been planning to remodel an old water barrel to house the equipment. However, none of this has yet been done.

IVANOF BAY - Space and Power - The village has at least one 4kw Lister that supplies the electricity to the Community Hall and the Health Clinic. The earth station equipment is in the Community Hall. The problem with the power here is that the village may not be able to afford running the generator full time. The power here should be adequate.

DEB:elm

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 9:47 A.M. on February 12, 1977.

Representing the House Select Committee on Telecommunications was Chairman Fred Brown. The Chairman was joined by Representative Akers at 12:47 A.M. Representatives Nakak, Bradley and Phillips were out of town attending Capital move hearings.

Also present were the consultants to the Telecommunications Committee, Professors Robert Merritt and Glenn Stanley.

Other Legislators present were: Senator Bill Sumner
Senator George Hohman
Representative Mike Miller, Speaker
Representative Merle Snider
Representative Alvin Osterback
Representative Joe McKinnon
Representative Phillip Guy

Governor's Office of Telecom.: Bob Walp
George Shaginaw
Richard Dowling

Alaska Public Utilities Com.: Marvin Weatherly, Commissioner

U.S. Air Force: Harry R. Mitchel

Hughes Aircraft Co.: Doug Rasmussen

California Microwave: Bill Salber

Anchorage Telephone Utility: Al Pistorius

Juneau & Douglas Telco.: Hal Lincoln
Russ Smith
Ken Larsen (Also State Mgr. of
Glacier State Telco.)

RCA Alascom: Ben Agee
Bill Maguire
Tom Jensen
Jim Hayes
Chuck Robinson
Henry S. Pratt
Gene McGill

Also present was Andy Edge, an Administrative Assistant in the Senate and several unidentified people. There was a total of 37 including the Telecommunications A.A. and Secretary.

Mr. Brown opened the meeting and turned it over to Mr. Gene McGill of RCA who gave a slide presentation.

Following is approximate order in which individuals testified:

Jim Hayes
George Shaginaw
Glenn Stanley
Robert Merritt
Doug Rasmussen
Jim Hayes
Doug Rasmussen
George Shaginaw
Senator Summer
Representative Osterback
Bob Walp
Ben Agee
Commissioner Weatherly

The meeting broke at 11:35 A.M. and reconvened at 11:45 A.M.

Representative Fred Brown asked Mr. Walp to begin. Followed by:

Commissioner Weatherly
Bob Walp
Andy Edge
Ben Agee
Bob Walp
Phillip Guy
Ben Agee
Bill Maguire
Commissioner Weatherly
Phillip Guy
Commissioner Weatherly
Jim Hayes
Glenn Stanley
Commissioner Weatherly
Ben Agee
Jim Hayes
Representative Brown
Jim Hayes
Phillip Guy
Gene McGill
Jim Hayes

Now 12:45 A.M. and Representative Billy Akers has just joined meeting.

Bill Salber
Richard Dowling
George Shaginaw
Bob Walp
George Shaginaw
Representative Fred Brown
George Shaginaw
Alvin Osterback
George Shaginaw
Representative Brown
Representative Phillip Guy
George Shaginaw
Representative Miller
George Shaginaw
Representative Brown
Bob Walp
Representative Osterback
George Shaginaw
Representative Brown
George Shaginaw
Senator Bill Sumner
Representative Brown
George Shaginaw
Representative Brown
Ben Agee
George Shaginaw
Representative Brown
Commissioner Weatherly
Harry Mitchell
Bob Walp
Bob Merritt
Representative Brown
Bob Walp
George Shaginaw
Jim Hayes
Representative Brown
George Shaginaw
Representative Brown
George Shaginaw
Representative Brown

The meeting was officially adjourned at 1:23 P.M.

meeting of
2/12/77

[Handwritten mark]

NAME

TITLE/FIRM

MARV WEATHERLY

COMMISSIONER/APUC

GEORGE SHABINAW

Office of Telecommunications

RICHARD DOWLING

" " "

ANDY EDGE ✓

A.A. Senate

DONG RASMUSSEN

Hughes Aircraft Co

AL PISTORIUS ✓

ANCHORAGE TELEPHONE UTILITY

HAL LINCOLN ✓

JUNEAU DOUGLAS TELE. CO.

RUSS SMITH ✓

Juneau Douglas Tele. Co.

STEVE LARSEN ✓ STATE MGR

JUNEAU + DOUGLAS TEL CO. 909 W 9TH
GLACIER STATE TEL CO SUITE 340 ANCH. AK

HARRY R MITCHEL

1931 Comm Gp (LGP)

USAF

BILL MAGUIRE ✓ / Alascom

Elmendorf AFB

TOM JENSEN ✓ RCA ALASCOM - ANCHORAGE

BOB WALP

Office of Telecommunications

465-3550

OLAV M. STANLEY

Legs. Consult.

333 0107

R.P. MERRITT

LEGIS. CONSULTANT

4797052

BILL SALBER

CALIFORNIA MICROWAVE

408-732-4000

JIM HAYES ✓

RCA Alascom Engineering

BEN AGEE ✓

RCA-A

CHUCK ROBINSON ✓ RCA-A

Henry S. Prett ✓

RCA-A

Gene McGill ✓

RCA-A

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 2:15 P.M. on February 18, 1977 by Chairman Fred Brown.

Members present were: Chairman Fred Brown
Vice Chairman Al Nakak
Representative Bob Bradley
Representative Randy Phillips
Representative Billy Akers

Guests present were: Representative Merle Snider
Henry Pratt, RCA
Commissioner Marvin Weatherly, APUC
Commissioner Carolyn Guess

Commissioner Weatherly testified.

Representative Bradley had to leave at 2:30 P.M., Representative Al Nakak had to leave at 2:45 P.M. and Representative Phillips had to leave at 2:55 P.M.

The meeting was adjourned at 3:07 P.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 2:05 P.M. on February 26, 1977 by Chairman Fred Brown.

Members present were: Chairman Fred Brown
Representative Bob Bradley
Representative Billy Akers

Members absent: Representative Al Nakak (in Nome)
Representative Randy Phillips (In Anchorage)

Guests present: Representative Merle Snider

At 3:34 a short break was called and the meeting reconvened at 3:38.

The meeting was adjourned at 3:57 P.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

A meeting was held on March 2, at 2:00 P.M. with members of the Rural Telecommunications Committee. The members of the House Select Committee on Telecommunications were not in attendance at this meeting because of an extended session of the House. Peter Fromuth, Administrative Assistant to Chairman Fred Brown chaired the meeting.

Attendance: George Shaginaw, GOT
Peter Fromuth, AA, House Select Committee on Telecom.

Deborah Yanover, Dillingham, Bristol Bay Health Corp.

Paula Rasmus, CINA, Anchorage
Paul Walker, Tlingit Haida Central Council, Juneau
Sue Pittman, 1101 H Street, Anchorage, 99501
272-5920, AFN Tele.Com. Consultant
Fred Chernikoff, Jr., Kodiak Area Native Assoc.
John F. Tetpon, North Pacific Rim, Anchorage 99501
Ralph Amouak, Aleutian Pribilof Islands Assoc., Inc.
Anchorage, Alaska
Paul Sherry, Tanana Chiefs Conference, Doyon Bldg.,
Fairbanks
Tom McKenna, Mauneluk - Kotzebue, Alaska

The meeting was adjourned at 3:25 P.M.

The meeting reconvened at 3:40 when Chairman Fred Brown was available.

Attendance: Representative Fred Brown
Representative Al Nakak
Representative Merle Snider
Representative Randy Phillips
Representative Billy Akers

George Shaginaw, GOT
Paul Sherry
Paul Walker
Sue Pittman
Tom McKenna

The meeting adjourned at 4:00.

Representative Nakak asked the Secretary to make note:

AFN Committee would like to be informed when we decide to hold hearings so that they can coordinate input.

DEBORAH YANOVER - DILLINGHAM - BRISTOL BAY HEALTH CORP

PAULA RASMUS - CINA - Anchorage

PAUL WALKER - TLINGIT HAIDA CENTRAL COUNCIL JUNEAU

Sue Pittman - 1101 H ST ANCH 99501 272-5920 AFN Tele. Com. Consultant

Fred Chernikoff JR Kodiak Area Native Association

John F. Tetton North Pacific Inc - Anchorage. Ak 99501

Ralph Amosuk Aleutian Pribilof Islands Assoc, Inc Anch., AK.

PAUL SHERRY TANANA CHIEFS CONF., DOYON BLDG., FEKS

Tom McKenna MANUELUK — , KOTZEBUE

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 11:30 A.M. on March 16, 1977.

Members present: Chairman Fred Brown
Representative Al Nakak, Vice Chairman
Representative Bob Bradley
Representative Randy Phillips
Representative Billy Akers

Guests present: Representative Merle Snider
Representative Nels Anderson
George Shaginaw, GOT

Vice Chairman Al Nakak chaired the meeting to take Chairman Fred Brown's testimony on HB 295 as that was a bill Representative Brown sponsored.

At 11:45 Representative Brown resumed Chair and George Shaginaw testified.

Representative Bob Bradley moved to pass out HB 295 from our Committee. All members were in favor.

At 12:10 Representative Nakak again resumed the Chair so that Representative Brown could testify on a Draft Resolution "Relating to review of interstate and intrastate telephone service and rates."

Representative Bradley moved that Representative Brown introduce that HJR under discussion with a committee report.

Representative Brown suggested Representative Bradley introduce the resolution from his committee as the Select Committee on Telecommunications probably does not have the authority to introduce it.

Representative Bradley amended his motion to have his Committee introduce it. All members were in favor.

The meeting was adjourned at 12:15.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 7:12 P.M. on April 13, 1977.

MEMBERS PRESENT: Chairman Fred Brown
Vice Chairman, Al Nakak
Representative Bob Bradley
Representative Randy Phillips
Representative Billy Akers

TESTIFYING: Charles Northrip
Representative Sally Smith

The Committee took up HB 440 by Sally Smith regarding toll free telephone calling to State government offices.

HB 440 was moved out of the House Select Committee on Telecommunications with unanimous "DO PASS".

The meeting was adjourned at 8:00 P.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 7:30 P.M. on April 20, 1977.

MEMBERS PRESENT: Chairman Fred Brown
Representative Randy Phillips
Representative Bob Bradley

Mr. Bradley left after a few minutes. Representative Merle Snider also attended this meeting.

TESTIFYING: George Shaginaw, GOT
Glenn Stanley, Consultant
Bob Walp, GOT

The meeting was adjourned at 9:20 P.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 8:15 A.M. on April 28, 1977.

MEMBERS PRESENT: Chairman Fred Brown
Representative Al Nakak, Vice Chairman
Representative Bob Bradley
Representative Randy Phillips

GUESTS: Representative Merle Snider

TESTIFYING: Randy Berry, Revisor of Statutes, LAA

The meeting was adjourned at 9:05 A.M.

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS
Fred Brown, Chairman

MINUTES

The meeting of the House Select Committee on Telecommunications convened at 4:45 P.M. on May 11, 1977.

Subject of this meeting was HB 527 Appr. to Alaska Public Broadcasting Commission, and SCR Legislative Teleconferencing Network.

MEMBERS PRESENT: Chairman Fred Brown
Representative Bob Bradley
Representative Randy Phillips
Representative Billy Akers

TESTIFYING: Representative Nels A. Anderson, Jr.
Professor Robert Merritt

OTHERS PRESENT: Dick Dowling, GOT
Larry Goldin
Mary Goldberg

The meeting was adjourned at 6:08 P.M. and the members left on a field trip to Roy Paschal's new earth station at BC Cable.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 4:03 P.M. on May 19, 1977.

MEMBERS PRESENT: Chairman Fred Brown
Representative Al Nakak
Representative Randy Phillips
Representative Billy Akers
Representative Bob Bradley

TESTIFYING: Michael Wheeler, Div. of Data Processing,
Department of Administration
Professor Robert Merritt, Legislative
Consultant
Peter Fromuth, Telecommunications A.A.

The committee passed our SCR 57, Relating to a Legislative Teleconferencing Network with all members voting "Do Pass" except Randy Phillips who voted "No Recommendation".

The meeting was adjourned at 5:25 P.M.

1978

MINUTES

1/13/1978 - 4/21/1978

MINUTES

TAPE NO.

The meeting of the House Select Committee on Telecommunications was called to order at 1:15 P.M. on January 13, 1978.

MEMBERS PRESENT: Chairman Fred Brown
Vice Chairman Al Nakak
Representative Bob Bradley
Representative Randy Phillips
Representative Merle Snider

TESTIFYING: Dick Edge, Attorney at Law, Washington, D.C.
Mr. George Shaginaw, GOT

Also attending were Elaine Mitchell and Mr. Augie Hieber of Northern T.V. Inc.

HB 611 was moved out of committee on a vote of 4 to 1.

The meeting was adjourned at approximately 1:25.



TAPE NO.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 4:25 P.M. on February 8, 1978.

MEMBERS PRESENT: Chairman Fred Brown
Representative Bob Bradley
Representative Merle Snider
Representative Billy Akers
Representative Randy Phillips (last few min.)

MEMBERS ABSENT: Vice Chairman Al Nakak
(Out of town)

TESTIFYING: George Shaginaw, GOT

SUBJECT: HB 545, Alaska Satellite User's Association
T.V. Demonstration Project

Next week we'll have a meeting on Mr. Snider's (40 sponsor) bill, HB 750 LANDSAT Quick Look System.

Professor Glenn Stanley telephoned during the meeting. Starting February 15 he will be home based in San Diego for one month. He will be traveling in the East: Florida, Georgia, Virginia, New York, and Indiana. These are states which have good state statutes on telecommunications and Professor Stanley will be looking at these. He will be available to come to Juneau when needed.

The meeting adjourned at 5:10 P.M.

TAPE NO.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 1:21 P.M. on February 17, 1978.

MEMBERS PRESENT: Chairman Fred Brown
Vice Chairman Al Nakak
Representative Bob Bradley
Representative Merle Snider
Representative Billy Akers
Representative Randy Phillips

TESTIFYING: Via Telephone 1:28 P.M. to 1:49 P.M.
John Miller, Geophysical Institute, on HB 750
LANDSAT Quick Look System

After Mr. Miller testified, Representative Brown turned the chair over to Vice Chairman Al Nakak so that he could testify.

Mr. Brown moved to change the figure on HB 750 to \$350,000 and to move the bill out of committee. Mr. Brown amended his motion to add that the bill would be held in our committee until the members had received copies of the Chairman's Letter of Intent. The bill will then go to Finance which will be asked to hold the bill until all supporting data is available.

The bill was moved from committee with a unanimous "Do Pass."

Mr. Brown resumed the chair briefly and then turned it back over to Vice Chairman Nakak so that he could testify, as prime sponsor, on HB 802 World Administrative Radio Conference.

Mr. Bradley moved to move HB 802 out of committee. There were four "Do Pass" and two "No Recommendation."

Mr. Brown resumed the chair.

The meeting was adjourned at 2:00 P.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 8:10 A.M. on March 2, 1978.

MEMBERS PRESENT: Chairman Fred Brown
Representative Bob Bradley
Representative Merle Snider
Representative Billy Akers
Representative Randy Phillips
Vice Chairman Al Nakak (arrived at 9:00 A.M.)

CONSULTANTS: Professor Robert Merritt
Professor Glenn M. Stanley

GUEST LEGISLATORS: Representative Mike Miller (Majority Leader)
Representative Ernie Haugen

TESTIFYING: Augie Hiebert, Pres., Northern T.V., Inc.
Mr. Al Bramstead, Pres., Midnight Sun
Broadcasting Co.

George Shaginaw, GOT
Robert Wold, Robert Wold Company, Inc.
Wally Christianson, Ketchikan Cable T.V. Owner
Pres., Cable T.V. Association

Subject of the meeting was HB 545, Alaska Satellite User's Association, and the GOT report on the TV Demonstration Project.

The meeting was adjourned at 9:50 A.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 8:20 A.M. on March 3, 1978.

MEMBERS PRESENT: Chairman Fred Brown
Representative Merle Snider
Representative Randy Phillips

MEMBERS ABSENT: Representative Bob Bradley
Vice Chairman Al Nakak
Representative Billy Akers

CONSULTANTS: Professor Robert P. Merritt
Glenn M. Stanley

TESTIFYING: Robert B. Hansford, RCA, Staff Aide to
Executive Vice President
George Shaginaw, GOT
Patrick C. Bohana, Scientific-Atlanta, Inc.
Mr. Lawson, Scientific-Atlanta, Inc.
Wally Christianson, Ketchikan Cable T.V. Owner
Pres., Cable T.V. Association
Leo Brown, Department of Defense
Roy Paschal, Owner, B.C. Cable Co., Inc.

Subject of the meeting was HB 545, Alaska Satellite User's Association, and the GOT report on the TV Demonstration Project.

The meeting was adjourned at 9:58 A.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 7:13 P.M. on March 8, 1978.

MEMBERS PRESENT: Chairman Fred Brown
Representative Bob Bradley
Representative Merle Snider
Representative Billy Akers
Representative Randy Phillips

MEMBERS ABSENT: Representative Al Nakak

CONSULTANTS: Professor Robert P. Merritt

TESTIFYING: Jennifer Wilke, Department of Education
George Shaginaw, Governor's Office of
Telecommunications

SUBJECT: HB 545 Alaska Satellite User's Association
GOT Report on T.V. Demonstration Project

The meeting was adjourned at 8:50 P.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 7:20 P.M. on March 15, 1978.

MEMBERS PRESENT: Chairman Fred Brown
Vice Chairman Al Nakak
Representative Merle Snider
Representative Billy Akers
Representative Randy Phillips

MEMBERS ABSENT: Representative Bob Bradley

GUESTS PRESENT: Representative Mike Miller, Majority Leader
Elaine Mitchell, Capital 78
Jennifer Wilke, Dept. of Education

TESTIFYING: Jim Orvick (via telephone)

The meeting was adjourned at 8:35 P.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 7:11 P.M. on March 27, 1978.

Subjects: CSHB 545 Alaska Satellite User's Association
CSHB 908 Spec. Approp. GOT for Statewide
Satellite Television Service

MEMBERS PRESENT: Chairman Fred Brown
Vice Chairman Al Nakak
Representative Bob Bradley
Representative Merle Snider
Representative Billy Akers
Representative Randy Phillips

GUESTS PRESENT: Representative Mike Miller
Representative Nels A. Anderson, Jr.
Elaine Mitchell, Capital 78
Roy Paschal, BC Cable
Peter Fromuth
Jennifer Wilke, Dept. of Education
Charles Northrip

TESTIFYING: Representative Mike Miller
Roy Paschal
Charles Northrip
Jennifer Wilke

CSHB 908 was moved from Committee with five "do pass" and one "no recommendation."

CSHB 545 was moved from Committee with a unanimous "do pass."

The meeting was adjourned at 8:00 P.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 12:42 on March 30, 1978, without a quorum.

MEMBERS PRESENT: Chairman Fred Brown
 Representative Merle Snider
 Representative Randy Phillips

Representative Billy Akers (arrived at 1:07 P.M.)

The meeting was for a general discussion of any concerns members might have with Professor Robert P. Merritt.

The meeting was adjourned at 1:22 P.M.

MINUTES

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

The meeting of the House Select Committee on Telecommunications was called to order at 12:17 *on 4/21/78.*

PRESENT: Chairman Fred Brown
Representative Randy Phillips
Representative Billy Akers

ABSENT: Representative Al Nakak
Representative Bob Bradley
Representative Merle Snider

GUESTS: George Shaginaw, GOT
Dick Dowling, GOT

Ron Davis, North Star Communications
Lee Davis, North Star Communications

The meeting was adjourned at 1:28 P.M.

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HOUSE SPECIAL COMMITTEE ON CORRECTIONS

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this is copy of all items in SCOMM 25.

9/8/86

~~SCOMM # 25~~
~~SPECIAL COMMITTEE #25~~

HOUSE SPECIAL COMMITTEE ON CORRECTIONS 1978

One folder

Contents:

~~one (1) audio cassette~~ *to be filed with tape collection*

Corrections Masterplan Advisory Committee*, public hearing at Anchorage 12/4/78 notes (5 sheets)

Corrections Masterplan Advisory Committee, public hearing at Fairbanks 12/3/78 notes (3 sheets)

"An Evaluation of the Staff Terminations at the Anchorage Jail Annex," a position paper of the Coalition on Corrections (3 sheets)

* Membership on this committee appears to include Attorney General Av Gross, Representative Russ Meekins, Commissioner of Health and Social Services Helen Bierne, and Commissioner of Public Safety P. Nix. Mr. Fred Moyer was a consultant.

5/6/83 (KHS)

CORRECTIONS MASTERPLAN ADVISORY COMMITTEE

PUBLIC HEARING 12/4/78

DOCUMENT No. 1

AN EVALUATION OF THE STAFF TERMINATIONS AT THE ANCHORAGE JAIL ANNEX

A Position Paper of the Coalition on Corrections

The poor conditions at the 6th and C Jail Annex, i.e., the overcrowding, the inadequate staffing, the poor ventilation, etc. have been a major concern of the Coalition on Corrections since its organization two years ago. We commend the Commissioner of Health and Social Services, Helen Beirne, and her office for the work that has been done to alleviate these and other problems in Alaska's correctional system. At the same time we are distressed by the recent decision of the Department and the Division of Corrections to terminate nine staff members at the Jail Annex.

We do not wish to enter into a discussion of whether in fact staff members at the Annex violated their contract agreement by participating in the alleged "sickout". It is our opinion, however, that even if the staff members in question were in violation, the response of termination was lacking in justice and is having a deleterious effect upon the operation of the Division in general and upon the 6th and C facility in particular.

We think that Superintendent Moses and his staff were doing an outstanding job under very adverse conditions. Despite numerous requests sent through established channels, very little had been done over the past two years to alleviate the problems. Throughout the Spring and Summer of this year, as well as the year before, the 6th and C staff worked double shifts, and often six and seven days a week under great pressure. Our investigation covering this past summer revealed that some of the staff who worked under these conditions did so despite sickness and injuries. And one staff member did so without being paid for the overtime involved. (It should be noted in this connection that the cost of the overtime involved exceeded what the salaries of the necessary additional staff would have cost the State.)

We believe that once these serious problems were brought to the attention of Commissioner Beirne, she began to take corrective measures. Unfortunately, her office did not succeed in overcoming the breakdown in communication that has existed within the Division for some time now. Consequently line staff at the 6th and C facility were not aware of these corrective measures. The pattern of vague reassurances that something would be done followed by inaction seemed to them to be repeating itself. If there had been direct communication between the office of the Commissioner and the 6th and C staff during this time, the ensuing difficulty probably could have been avoided. But, unfortunately, such communication did not occur. Indeed, line staff at the Jail Annex had been explicitly forbidden to initiate any such communication.

Who was responsible for the poor planning and staff allocations, the repeated failures to deal effectively with the numerous problems of the Annex, the undermining of the State Legislature's intent to correct the inadequate staffing by shifting personnel positions intended for the Annex to other services, the breakdown in communication? Again, we do not see it as our responsibility to affix blame

in these matters. One thing is clear, however. The correctional officers and support staff who have been fired are not the ones to be blamed. And in view of the repeated failure of those who were responsible to deal with the problems, the apparently somewhat desperate attempts of Annex staff members to bring the problems to public attention is very understandable, yes, even commendable. If it is in fact the case that violations of contract were involved, it seems to us that a week's suspension - at the very most - followed by commendations for their patience and performance under very adverse conditions would be a far more appropriate and just response on the part of the Department and the Division.

But the injustice done in this matter is only part of our concern. We are also convinced that the public interest has been done a great disservice. Our investigation indicates that the particular staff members involved in this matter were, by and large, notable for their length of service and experience in correctional work and for their outstanding records of performance. Finding experienced and qualified staff to work in our state's correctional system is a difficult problem in itself. Finding experienced and qualified staff to work at the Jail Annex is even more of a problem. We do not believe the experience and commitment of the Annex staff who were fired can be replaced. We believe that the permanent loss of these particular staff people not only has further exacerbated the staffing problem at the Jail Annex but that it is a serious blow to the morale and capability of the whole correctional system in Alaska.

The temporary borrowing of officers from other correctional facilities which themselves are understaffed and the hiring of new and for the most part inexperienced staff, and the shifting of Superintendent Moses to another facility has disrupted the other facilities and lowered the operating efficiency of the Jail Annex to at times near chaos resulting in injustice to inmates, unnecessary inconveniences to the public, and even avoidable injuries to staff members and inmates. And it appears to us that the morale and the potential for more open communication within the Division of Corrections itself has been weakened seriously.

For the sake of a just resolution to these problems which will best serve the public interest, the Coalition on Corrections respectfully urges that the following steps be taken by the Department of Health and Social Services and its Division of Corrections:

- (1) that the suspended officers and support staff be reinstated with full back-pay for those who, after due process,* cannot be shown to have been in violation of their contract. For those who were absent without proper excuse, we urge reinstatement with partial back-pay;
- (2) that Superintendent Charles Moses be transferred back to the Jail Annex;

* A cursory examination of the termination process causes us to believe that due process was denied most if not all of the terminated staff.

- (3) that all Division of Corrections personnel be formally advised that they may communicate directly with the office of the Commissioner without fear of retribution for doing so;
- (4) that a state-wide citizen's advisory board be instituted for the Division of Corrections, and that this board be linked with boards set up for each D.O.C. facility in the state.

The Coalition on Corrections was founded upon the proposition that it is the people of Alaska who are ultimately responsible for how well or how poorly the public institutions of our state are being run. If problems such as those addressed in this paper as well as many others we are facing are to be overcome in the future, it is imperative that there be good planning and adequate budgeting. In general we are very favorably impressed with the work underway in the Master Plan. But good plans without an adequate budget won't get the job done. And if this past election is any indication, adequate budgeting for the programming, staffing, and construction of the few facilities we actually need is fast becoming the major obstacle. What is needed, obviously, is public education. It is our conviction that one of the best ways to accomplish this is to get the public involved in the everyday work of corrections through volunteer and advisory programs and as acceptance and understanding grows, to get corrections into the everyday life of the public through community programs. The Coalition on Corrections and its member organizations are committed to this task of public education through public involvement. And we look forward to the close cooperation of the Department of Health and Social Services and the Division of Corrections in this venture.

FAIRBANKS

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CORRECTION MASTERPLAN PUBLIC HEARING 12/3/78

Rm 127 WOOD STUDENT CENTER, UoFA, FBX.

TAPE 1.

1. OPENING BY MEEKINS

2. MOYER - short presentation, review of consulting work to date

- emphasis of study: just deserts
~~the~~ public attitudes
identified to date

Local control

adequate living conditions

- implication: - A in physical plant

- 3 tiered approach?

- maximum use of alternatives
to incarceration

- greater use of inmate time

- correctional facilities

1. visited most facilities

2. rated them against 72 standards, most facilities fall short

3.

PUBLIC TESTIMONY

1. CHARLES BEHRE

- happy to see high degree of coordination between various levels & branches of govt.
- congratulated chairman on his involvement

2. TED SPONSEL - PRESBYTERIAN HOUSE

- work with juveniles, especially teenage girls
- work both with DHSS & D.O.C.

1. hold teenagers for future disposition if there is no other adequate place.

2.

- would like some kind of security ^{facilities} ~~unit~~ to deal with incorrigible teenagers with a therapeutic approach.

3. RALPH NARKET

- apparently a purchasing officer
- would like sufficient storage space built into every correctional facility

BACK TO CONSULTANTS

NAGEL - PRISON INDUSTRIES

HEARST - JUVENILES

ANCHORAGE

12/4/78

P 1064

CORRECTIONS MASTERPLAN ADVISORY COMMITTEE
PUBLIC HEARING

[AU GROSS
R. MEELEN
H. BIERNE
P. NIX, PUBL SAFETY
FRED MOYER - CONSULTANT

000 INTRO. BY CHAIRMAN

048 FRED MOYER - CONSULTANT

- summary of research to date

311 KALE SAXOA - Coalition on Correction

- in favor correctional volunteer program

- " " ~~de~~ decreasing prisoner population

- " " prison industries

- " " chaplains in prison

- " " community advisory boards &
state-wide advisory board

- " " additional ~~training~~ training for staff

- " " in favor of diversion programs.

- against new pre-trial facility

422 JOSHUA LILJENSTORP - Co

DOCUMENT - submitted written testimony to supplement
IP1 verbal testimony, mostly he just read
written testimony

~600 NUGENT - STUDIO CLUB

629 BEAU BASSET - YOUTH SERVICES

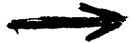
- more community involvement ~~in~~ in
programs for adults & juveniles

- need more alternatives for juvenile
offenders 1. at court intake level
2. at disposition level

BEAU BASSET (cont'd)

- greater funding for probation, many juveniles are detained in facility after adjudication ~~because~~ because of lack of probation personnel
- more counseling & crisis intervention programs
- more group home type of treatment instead of incarceration at McShanlin ~~or~~ or out of state, believe this approach is more "cost effective" (Cooper)

HOLMAN



- in favor of adventure based treatment
- other restitution based programs for public & for juvenile offender, mostly property offender.

793 SYLVIA SHORT - UNITARIANS

- purpose of corrections should be reformation etc
- shouldn't build anymore prison etc

1078 BREAK

~1080 DAVE CLITHROFF - SALVATION ARMY

- wants a chaplain in the anchorage area (this is a resolution by Christian Fellowship & Arch Assoc. of Christian - their name may not be correct)

#1213 LINA BARRELL - OMBUDSMAN (SPECIFICALLY FOR CORRECTIONS)

- will ~~comp~~ submit complete written testimony in Juneau

1254 ~~1254~~ ELLEN

NORTHROP - ANCHORAGE ARTS COUNCIL

- art is a necessity of life; should provide some means for creative expression in prison
- both therapeutic & practical (vocational ed.)
- currently have program of art in prison, ~~was~~ funded by state match grant, have contract with D.O.C.
- wants an art program written into masterplan

1411 MARTORIE McNIEL - AK LEGAL SERVICES

- has been working on Mosby Case.
- correction in AK is inhumane, unsuccessful in illegal, constitutional threat in ~~mass~~ enarmour
- would like 3 things:

1. bring everyone outside home.
2. ~~never~~ incarcerate as few as possible
3. keep institutions as small as possible

1475 Mic MONROE - COALITION ON CORRECTIONS

- quietly in favor of alternatives to incarceration

1500 CHAIRMAN ASKS FOR QUESTIONS

- DUNCAN FOWLER - OMBUDSMAN - will there be any more public hearings when masterplan is complete

Marjorie McNeil - wanted to hear
from Hunter Hearst on juveniles

1545 Bill Mix - comm. member.

- asked question of audience - something
about regionalization I think.

- ~~some~~ further discussion followed.

1835 BILL ~~AG~~ NAGEL - MASTERPLAN CONSULTANT

1913 MARION KOWACOKI - TAGC

- question on presumptive sentencing

2000 BILL NAGEL - MASTERPLAN CONSULTANT

- Prison Industries

2341 HUNTER HEARST - MASTERPLAN CONSULTANT

2697 Closing Comments By Chairman

2756 END

SIGN-UP SHEET TO TESTIFY

NAME

ORGANIZATION

- 1 Kalen Saxton - Coalition on Corrections
- 2 Joshua Lillienstolpe - Coalition on Corrections
- 3 Leonard Nurger Dir. Studio Club -
- 4 Beau Bassett - General Public
835 D St Anchorage 99501
- 5 Sylvia Shesl - Unitarian Universalist Service Comm.
- 6 Capt. Dave Cithreoe The Selection Army
- 7 Lino Barred Ombudsman
- 8 Ellen Northrup Anchorage Art Council
- 9 Margie Mac Neith - ALSA
- 10 MICHAEL MONROE COALITION ON CORRECTIONS MEMBER

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H. SPEC. COMM.
SALE ROYALTY GAS

1977-78

HOUSE SPECIAL COMMITTEE ON THE SALE OF ROYALTY GAS

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1/27/1977

September 8, 1986

The following minutes are a copy of minutes in
SCOMM 15:2 (File no. 2 of House and Senate Special Committees
on Sale of Royalty Gas, 1977-78--SCOMM 15)

HOUSE SPECIAL COMMITTEE
ON THE
SALE OF ROYALTY GAS

Committee Meeting - 1/27/77

HOUSE SPECIAL COMMITTEE
ON THE SALE OF ROYALTY GAS

REPRESENTATIVE CLARK GRUENING:

We will come to order. This is going to be rather informal. This is the first meeting of the House Special Committee to Consider the Sale of Royalty Gas. We have with us tonight Commissioner Guy Martin, who, I think, has been following us longer than anybody, in this room anyway. He is eminently involved in negotiations and what it is to sell this natural resource. With him is Easy Gilbreth who is now head of a new division called the Division of Minerals and Energy Management. And he still has his fingers in the Division of Oil and Gas and knows a lot about the technical aspects of extracting gas and moving it. We also have Fred Boness who is with the Attorney General's office and, as I understand it, is the resident legal expert on the sale of royalty gas and oil.

I think the committee will have some questions, particularly of you first, but we have just received... First let me preface this, that we have lost one of our experts in the House, Willard Bowman, who initially started the interest of the Legislature in this area with his proposal bill which became law. That created the joint gas pipeline committee. With the exception of myself, I don't think any of these committee members have served on that committee although I think they have followed the issue, so tonight I want to cover some of the basics so that we're, maybe, better prepared for the hearings that start on the 31st.

The resolutions just arrived from the Governor and he mentions in them that he wants prompt action on them and that they were introduced on the House side later to expedite the action. Can you tell us, Commissioner Martin, what in particular would require us to speed it up? Is there anything we should know in terms of time limitations and such? It may be our first consideration.

MARTIN: Well, first, Mr. Chairman, I'd say, first of all, I think we've tried to make it clear, when asking for prompt action, that we don't want that in any way to suggest that you ought to act any more quickly than you think you ought to responsibly, pursuant to your responsibilities under the Statute. So we put the matter before the legislature very early in the session. I think either the first or second day, all the materials were delivered and, hopefully, a lot of it was in your hands by various means before the session started. I don't think we mean to at all, pressure the legislature to act more quickly than they think they have to to look at these things closely.

board a full measure of the support of these buyers and their constituencies in the United States. Is it something we don't want to do because the contracts are a bad idea. Because the terms of the contracts are offensive or there is something in the policy that we don't want to do, or don't really want to do them because we now have changed our minds and want to support another route. Any of those decisions, in my view, would be preferable to a lengthy period of indecision while the proposal was before us. And so that, I guess, is the summary of our position.

GRUENING: Okay. Maybe I will be more specific. If there is a need to get into more information, to hold further hearings, do you see any -- In other words, the session could go 90 days and at the end of 90 days, is there anything that is crucial, of crucial importance that we, say within 90 days from now as opposed to something that is going to happen after that 90 day period, later this summer. When you say, "they", these contracts are going to have some affect on "they". I'm trying to determine who "they" might be, and are those persons more likely to be affected later in the year or is it something that requires prompt action?

MARTIN: Clark, that judgement, like a great deal have to do with these contracts, I think has to be made by what I call accumulative subjective judgement. My own view is that every day is important. I was, as you know, the State's representative in Washington during the oil line debate, and you simply can't afford to lose very many days if your position is clear during the decision making process. I honestly can't tell you what days will be the critical days. But I can tell you that if our position is to support the Trans-Alaska pipeline, the gasline route, and our decision is that these contracts are a good idea, the best possible situation would be to have decision right now and start immediately. If there is legitimate doubt, and that is borne out by legislative investigation, we should take whatever time it takes to get there. I know what you are looking for. You are looking for guidelines. Is there something that happens in April or March or June that's very important that you're going to be up against. And the answer is -- I don't think you can go by those guidelines. I think you should ask a lot of people that question and get their view. I think you should start with the delegation in Washington. But I will give you my own views -- that I think the decision ought to be made as soon as possible, one way or the other.

GRUENING: Representative Cotten?

which are preparing the recommendations that go to the President. There is a number of targets that Alaska's going to have to look toward. And Congress is the last of them. The most important early target will be the various agencies that will be making recommendations, the Department of Interior, FEA, Transportation, etc. And quite frankly, because many believe, and I subscribe to this view, that ultimately I doubt if the President will send a recommendation to Congress on this issue, that he doesn't know the answer to. I don't think the President would be in the position of sending a recommendation up there wondering what will happen. So I think that our influence is going to be best utilized at the time that they are making the administrative legislative accommodations.

GRUENING: Commissioner, will there be any holding back by these agencies until the FPC makes a decision?

MARTIN: No. So far as I know we are still very early, just in the first week or so of the new Administration, but my information and my belief is that the agencies are going to go all out to try to deal with this issue. The FPC decision is going to be influential, but let me say that my expectation with regard to that decision is that it will be extremely lengthy, it will be a decision which is filled with a number of conditions and a number of conditional statements, and a number of maybe's, in the sense that it will give a number of conditions that must be met for one not to be satisfactory or another. And the agencies will have guides from the FPC but a lot of clear field for themselves to investigate.

GRUENING: Representative Chatterton?

CHATTERTON: Thank you, Mr. Chairman. Commissioner, Guy, help me here. The reason why I ask this question. Now I am looking for when (quote unquote) your lobbying effort wants to start. Actually, these other agencies of the government can only give testimony to the Federal Power Commission, isn't that correct? They can't...

MARTIN: The Federal Power Commission procedure is effectively over with one exception. The decision on it is going to be rendered probably on the first of next month. And following that there will be a brief period during which briefs will be filed and that will terminate at least the hearing at the Administrative Law Judge's part of the proceeding. How the commission acts, the full commission acts pursuant to that is still an open question. And there are a number of theoris as to what they will do. Whether or not they will engage a whole commission proceeding. Whether or not they will defer to the Judge's decision. Whether or not they simply won't render a

GRUENING: Any questions on that? Will the FPC actually, if this contract is concluded, finally approved before their decision, will they make any certification or approval, or take any note of it? Will they officially take any action to certify or approve or otherwise pass judgement on this contract?

MARTIN: Let me make sure that... Clark, what will happen is that they have two roles under the new bill. First will be, produced the Administrative Law Judge's opinion, next week. Then the FPC will take some action on that, which will be one of many inputs into the national decision process that the President and Congress will make. It will be one of many. Then at the end of the entire process, when the decision has been made by Congress ratifying the President's recommendation, the FPC will come back again at the end and effectively "rubber stamp" the decision by issuing a formal certification. But that will be an administerial act.

GRUENING: Will that administerial act have -- this should maybe be addressed to Fred -- have any legal affect in terms of, say, strengthening our ability to take back gas later, or is that covered in some other aspect?

MARTIN: Yes. I'm not sure we're going to that question, Clark, but our ability to take back would have to be approved beyond any appealable state at the federal level for these contracts to ever be valid. Let me give you a case in point: We could conceivably enter into these contracts and gain the support of the buyers, proceed into the fight, and win the fight, and upon winning the fight for the route that we wanted, achieve the route that we wanted, and if the contracts were not ultimately approved, the take off provision, the ability for the State to take back, if they were not approved and we could not have that take back, the contracts would still be void. So that we could conceivably get it both ways in that situation, although you can tell whether or not that is going to happen. But these contracts will not bind us unless the take back provision is ultimately validated by the Federal approvals.

GRUENING: Commissioner, if the Section 13(b) of the Transportation Act is repealed, as we've heard rumored, would that void the contract?

MARTIN: Not necessarily. Let me talk about that for a second. The best way to look at it, Mr. Chairman, is to go back to the situation that existed before 13(b) was in effect. Under that situation, we would have had to have either gone to the FPC for approval of the take back provision

MARTIN: It is unprecedented. Mr. Chairman? May I make just a short comment on that. There is a lot of speculation about whether or not an attempt will be made to overturn that. Let me put myself on the record on that by saying that it is just very unclear whether that will be the case. I don't doubt that an attempt will be made. There is just no doubt in my mind that individual Congressmen have made it clear that they are going to do that. John Dingell of Michigan said, "I'm going to try to get rid of that." I don't want to sell the committee or the legislature on the idea that they should act in fear of that repeal. I do think, however, that when people talk about what we get with this contract in addition to what we think is a good price provision for the gas and whatever support people believe will come as a result of it, we also get probably our best attempt to deal, or to take advantage of that at this time. And I will tell you just very briefly why.

What we are really doing -- and I think this has been misconstrued a great deal -- is we're telling people, by this contract, in the lower 48, how it is, the terms by which our royalty gas might be made available to them. And we are telling them which system for that to be in, and we are telling them what kind of notice they would get if we were going to take it back. We are being reasonably honest with the people, given the fact that we do want to retain the right to take it back. Really, when you are sitting in Cleveland, Ohio, tonight and you don't have any gas or your thermometer is at 62°, or the gas company can't supply you gas, and you hear the State of Alaska wants the right to take all its gas back to make plastic, it is a difficult case to make. But the only way that you can make it reasonably, is to say, "Alaska has aspirations like any other state and we would like to try to fulfill those aspirations with our share of our natural resources." So what we have done is laid out for them the terms on which we want to do that, without simply being arbitrary and saying, "We want it all and we're going to take it all." We've said, "We will sell it and commit it to these companies in these states, but under these terms -- to take it back at a later time on fair notice." And I think that is the essence of that provision that can be attractive to Congress. And I think can serve as a positive argument that Stevens and Gravel and Young can make, that we've made an attempt to tell them how we've taken advantage of this thing.

GRUENING: Representative Parr?

GRUENING: Well, my point is that some Congressmen may feel that that right only exists by virtue of the amendment.

MARTIN: Certainly. I think they are correct if they say that it exists substantially because of that amendment. There is no question about it. I think they would know that one way or the other.

GRUENING: You mentioned that certain Congressmen had announced a desire to seek repeal. On what grounds?

MARTIN: They opposed it to begin with. Most of the ones who now say they will try to repeal it, were Congressmen who opposed it in the...

GRUENING: I mean, what were their grounds for opposing it?

MARTIN: Their grounds for opposing were basically that Alaska had no right to deprive the rest of the nation of this gas, whether or not it was royalty gas or not.

GRUENING: Representative Hayes?

HAYES: Just to follow up on that. If one or more Congressmen pursue that idea of rescinding that particular part of the agreement that we can withdraw our royalty gas, what is the timetable on that? How long would it take. Do you have any idea of that?

MARTIN: To repeal the amendment?

HAYES: Yes.

MARTIN: Well, it could go as quickly as it could go through Congress. There is no timetable established.

HAYES: About?

MARTIN: Oh, I'd say that it would be difficult to do something like that in any less than a month. But it could be done at a more reasonable timetable -- a couple, three months. It would depend on whether or not it was taken on as an individual issue, which is somewhat unlikely, or whether or not it would take it on as a part of the gas debate itself, and only happened at the end of the debate. My guess would be the latter would be most likely.

GRUENING: The Governor has mentioned, I think it was in his speech and correct me if I am wrong, his speech announcing the conclusion in the contracts, that one of the considerations for prompt action was that this repeal might occur. The inference being that if we approve these contracts before

COTTEN: So the FPC can do it without the statute?

MARTIN: They still could do it. And we think we have, if our argument is reasonable for keeping some of this resource in Alaska, we think it might be the case. If I could, let me elaborate on that a little bit. Let me tell you what might happen in that situation. If we go to the FPC and we say, "We want a total take back pursuant to the terms of this contract," I've always thought the chance that they would approve that are low. So this term may not survive. But putting this contract aside for a second, what is it that we might be able to slide by the FPC? What the most reasonable grounds would probably be is a provision where we maintain some kind of a right to keep resources in Alaska, gas resources in Alaska, for certain priority uses. For instance, we might be able to protect ourselves for the future for things like municipal gas supplies, domestic uses, and so on. But they would draw the line at the point that you're making maybe petrochemicals or something that would be secondary use in the lower 48.

COTTEN: In other words, they might let us keep some of it.

MARTIN: That's right. That would be our...

COTTEN: Where would that take place? At the end of the Congressional decision?

MARTIN: Well, it depends on what happens to 13(b). But it would take place at the end of the Congressional decision.

COTTEN: What happens if the FPC got in there before and had...

MARTIN: It would take place at the end.

COTTEN: So then they would be conducting more than an administrative function, is that _____?

MARTIN: Yes. But if 13(b) were in place, it would probably be administrative, if it weren't, that's right, it would be a very very difficult procedure.

GRUENING: Representative Chatterton?

CHATTERTON: Are we still on the contracts or are we ready to proceed to another question?

GRUENING: I think we will shortly, but I had one question. Representative Meekins?

MEEKINS: Commissioner, in following up what Sam talked about, I don't know the inner workings of these things but it

came back to the owner of the land. The FPC said that even though he had not been involved in any of the sales by the oil companies, gas to purchasers in other states, even though he hadn't been involved in any of those sales, when the lease came back to him, his gas was committed to the interstate market. And he said, "Now, wait a minute. I wasn't involved in that. I want my gas. The lease is over, it is my land, and I want it." The FPC said no. He was committed. We were concerned that the same thing might happen to us if we didn't make known that our lease allowed us to take back our 8/8s and the producers, that is, our leasees, the oil companies that we issued the leases to, who are producing the gas, sold all of the gas, because at this time we were taking in value. The FPC at some later date, would say, "Now, we certified all of that gas to move in the interstate market and we are not going to let the producer comply with this lease. We are not going to let him comply with your notice."

PARR: Isn't it against the law to sell something that doesn't belong to you?

MARTIN: The confusion here is -- that may be right -- but under oil and gas leases the producers, the people who you sell your leases to, under ordinary circumstances, take the royalty 1/8 in addition to their 7/8, and sell it all and simply give you the money back. So what we are dealing with here is a circumstance where, if they do that (cough) under whatever circumstances, and then we decide that we don't want them to sell our 1/8 anymore, but we take it back and use it some other way, that we were afraid that these cases colored our right to do that. So what we are doing is intervening in every case where what we think our rights might be are colored and attempting to make our point.

GRUENING: The situation then would really describe the problem that the State would have without a Congressional take back authorization without FPC approval. In other words, we could have 8/8s of our gas if we hadn't used it in the beginning when the lease was used, chances are we would lose that 1/8. Isn't that the purpose of your intervention? Is to prevent that situation from happening?

MARTIN: Our purpose is to prevent other cases from coloring that decision. There doesn't appear to be a decision that's exactly on point, but we are intervening in all the cases that would appear to create prejudice against what we might want to do.

BONESS: Clark, let me say, harkening back to last year's discussion with Russ Moody. You are right. I think the answer to your question is yes. That that is what you would hope to accomplish. At that time I think we expressed the same reservations we are expressing now. And that is, he made it clear that that does not buy you protection. He made it clear, on the other hand, that that was probably the best course that he thought you could take to attempt to do that. So that what we think we've done with the royalty contracts is to combine that idea with the idea of gaining whatever additional support for the route we want, plus gaining utilization of 13(b) at an appropriate time. So we are really proceeding sort of on all three theorys. But to be perfectly honest with you, we've always had reservations about the ability of the theory that Mr. Moody advanced to help us a great deal. In other words, it is the weakest link in the things that we get. But sort of about fourth down the list. Yes. We're taking advantage of that and think that it is something worth pursuing.

GRUENING: Could we accomplish that Moody theory or the Moody -- or let's say the approval theory -- just as well with the cases that you're intervening in, by doing it in a direct sale as proposed before, in terms of the Prudhoe Bay sale. And take out of that the amendment. Do you understand the question?

BONESS: Would we benefit by simply having one of those cases win and not need to do anything ourselves?

GRUENING: Yes. I mean, do you see any added benefit, assuming there were no 13(b), of trying to make a sale?

BONESS: I understand what you are asking, Clark. I think, first of all, none of those cases are related to 13(b). None of those cases, even though they are influential, are on point with our situation. I guess our statement would be -- we really don't think we can afford to lose any of those, very many of them. But we don't think that we are the direct beneficiary of any of them winning. We would not gain certainty from victory in any of those cases. But we would gain certainly from getting our contract approved.

GRUENING: Even without 13(b)? The question is...

BONESS: If our contract were approved all the way through the FPC...

GRUENING: I guess what I'm saying is, would you recommend a gas sale of this magnitude... (end of tape)

to be approved insofar as the State making the sale of the gas concerned. If we lose that, this contract must be approved. If Texas loses that and we are unable to distinguish ourselves from Texas, and there are some grounds for doing so, if Texas loses and we end up in the same bag, then this contract will have to be submitted to the Federal Power Commission for approval.

PARR: Mr. Chairman. I'm just a poor old dumb country boy and I have to take this a little slow. Alright, we are contracting to -- if I hear what you just told me -- we are in the process to sign a contract to sell 1/8 of the natural gas existing in the Prudhoe Bay oil pool. There is no contract that I know of for the sale of the remaining 7/8s. Your concern is, if I am hearing you right, that if we lose this North Carlina case, why it's going to be a matter of -- the 1/8 tail does not wag the 7/8s of the dog. Is that it, as far as the FPC is concerned?

MARTIN: Okay. When you jumped from the 7/8 to the 1/8, I think you may be confusing the Pacific Alaska case...

PARR: I don't even know about it so I can't confuse it.

MARTIN: Okay. Let me come at it this way. What happened in Texas was, Texas leased the land and they discovered gas. The oil company sold all the gas...

PARR: Yes, the landowner chose -- if I can help along here, so I am understanding and we get it across -- the landowner there chose to take his royalty share of gas in value. He already exercised his election with his lease, to take it in value. Now, I can readily see where he gave up his option there, at that point in time. I can readily see that we have elected our option to take in kind before the first cubic inch of gas is moved, is that right?

MARTIN: Okay. But the problem from the point of view of the FPC is that every sale -- it doesn't matter whether you make it on the first day that gas is produced or you wait two or three years and then take your royalty in kind. Every sale in interstate commerce for resale must be approved by the FPC. There is one exception to that which we believe exists. And that is states do not have to have their sales approved. That is what is being argued in Texas, and that is what we are arguing here.

GRUENING: I want to mention one thing that if we have any questions of Commissioner Martin -- I didn't want to keep him here too late, he has another commitment. He was gracious enough to come, even with the conflict. We will get him back again. Charley?

MARTIN: If anybody's gas goes to the lower 48, then they get control of the pipeline.

PARR: The point is, unless we used all that gas in the State of Alaska, then the Texas case, even if it is won, doesn't really mean too much to us. We could have the authority if the Texas case is won, we could sell it to anybody we wanted to...

MARTIN: Let me just say this. I don't think you can say that it doesn't mean anything to us. But it doesn't solve all our problems. It would be bad to lose it. It would be better to win it. But it certainly doesn't solve all our problems. There are other hurdles to be cleared even if we won it.

GRUENING: Representative Hayes?

HAYES: Recognizing that Commissioner Martin has to leave, I just want to make the comment that there are some questions that I wanted to ask that are not related to what we are talking about now, so I will defer to a later opportunity.

GRUENING: Well, I intend to go on unless there are more questions in this area, on the FPC.

HAYES: I just wanted to ask one question regarding what we have been discussing so far. Just a little bit of background -- since you were in the last legislature -- apparently there was legislation passed prior to now that essentially directed the Governor to enter into or to pursue selling our royalty gas. Was the thinking behind that legislation essentially what we are talking about right now? To try to preserve the right? What was the motive in asking the Governor to pursue this? To confirm our ability to sell it or were there other motives? I'm getting the feeling so far -- up to this point you get the feeling that the only reason we have a contract before us is because we are trying to preserve the integrity of our right to sell our royalty gas. Is that a true statement? Is that what this was all about before? Is that what we're...

GRUENING: I can't speak for the other 59 members. There was an appropriation of \$50,000 made to the Department of Natural Resources to negotiate a contract. But, no, in my opinion, that appropriation was not made for the sole purpose of entering a contract so we could secure before the FPC a right to take back, no. But I think there were a lot of motives for people voting for it and maybe it is appropriate now if we have questions for Commissioner Martin, to ask him. What was your understanding of what you were supposed to do with that \$50,000?

MARTIN: I can't give you those figures off the top of my head. We can supply them to the committee.

McKINNON: The point I was thinking about was considering if they do represent a substantial portion of their reserves, how reasonable one and two year notice provisions are going to be seen by Chicago...

MARTIN: I do understand your question. Clearly, you could make the attempt to essentially take advantage of the terms of 13(b) as more reasonable and more reasonable. For instance, the most reasonable way to make it would be to lengthen out the notice provision to a great length, five or six years, and then allow the State take back provisions only for certain specified priority uses omitting heavy industrialization and so on in Alaska. There is no question in my mind that it would make it more attractive.

GRUENING: By reserves, I think you were referring to, Joe, the amount of gas they had committed under sales or commitment to sell.

_____ : Mr. Chairman, for clarification. Joe, are you thinking of the companies who owned the 7/8s of the gas?

McKINNON: No.

MARTIN: You are asking, for instance, if Southern Natural Gas buys a quarter of our gas, how does that compare with what they had. Is that half of their gas or more? The answer in broad terms is -- in a company like Southern Natural Gas, it represents a very substantial amount of their reserves, not half by any means but in the case of both Tenneco and El Paso, it represents a much smaller percentage.

Incidentally, I might just say that I don't know if anyone here is familiar with the advance gas contract and procedures but, it was a way that people bought gas during the past few years until it was finally outlawed at the federal level. What it did was, it took to the ultimate extreme, the sort of ripping off of gas companies by the gas owners, by making them pay huge cash sums in advance of the time they got any gas. And in some extreme cases they paid in advance for gas that wasn't even produced yet and they didn't get their money back if they didn't hit gas. That's how bad it got before they struck the contracts down. So compared to some of the arrangements that have been in effect in the United States over the past years, ours is not exactly the level of reasonableness, but it is very reasonable in comparison to some of them.

and their users are being supplied. In other areas the distributors have not paid those prices and therefore do not have gas available. But in order for sort of an equity where everybody has gas, there's sort of a movement to take it away from where it is already contracted to and distribute it to where it is needed. So that is just this situation now, and if we can expect, I think, in years to come, still to be those kinds of problems, I think if you extend that logic out, if they do that, set that precedent -- and then, as you indicated, it is a very tenuous and insecure situation to say, "Well, you are using our gas and we are going to take it back." And regardless of contractual provisions or anything we may think we have legally, I think those might be overridden. If we try to take our gas back at some future date when it is already sort of committed or at least needed in a certain area, I think it would be, just as a practical matter, it might not...

MARTIN: I can't resist a really obnoxious pun -- that the climate for what the State wants to do is very bad.

GRUENING: Representative Cotten?

COTTEN: Well, just on that point, I heard on the radio that they are asking the President to declare a national disaster area. So under that, if he does declare it, then they can _____ it I suppose something like that would have to happen before they could ever do it.

MARTIN: I don't think that is the necessary prerequisite but that is the kind of situation we'd have to be in.

GRUENING: Is it possible, Commissioner, that these companies that have these contracts -- the three contracts in question -- as soon as we approve this contract, turn around and sell that gas to another company? There is no prohibition in the contract is there, any of them, to prohibit that, is there?

MARTIN: They are under curtailment which would act as an effective prohibition against that.

GRUENING: I don't understand.

BONESS: Curtailment is where the pipeline company doesn't have enough gas to meet all the contractual obligations that have already occurred. When you hear that gas is being cut off at factories and people are getting laid off, that is the result of curtailment. There is a priority category set up in the FPC which involves a section of four categories.

CHATTERTON: That is my recollection... (indiscernible)

BONESS: I'd have to check that but that sounds...

CHATTERTON: _____ is still legal, whatever amount it is. It survived all this. I'm through with the question on those points. I've got three more on different subjects.

GRUENING: Okay. We will be shifting here... Senator Hayes?

HAYES: Inasmuch as I think maybe one of the three is going to be what I'm going to ask, I will defer to Chatterton to ask his three questions.

CHATTERTON: I bet it will not be one of the questions. First of all, I have read the contracts, Commissioner Guy, and I think considerable other people have read it, and I am getting a little bit of difference of opinion on this one particular subject, and I would like clarification for it. Let's say that we have gotten all through this mish-mash procedure, the all-Alaska pipeline is approved and these gas sales contracts are approved, and everything else. So let's say it is January 1, 1978 and everything has been taken care of back in Washington -- Do we have any right under this contract to terminate or back out of it? Is there any clause in the contract which permits us from then on til the end of 20 years to back out of it? Let's say we don't want to do business with them. Is there anyway we can do that?

ANSWER: (Indiscernible)

CHATTERTON: The next question that I have, real quickly, is that as I remember, and I couldn't spot it as I ran through here, but there is a little bit of dialogue on whether or not the FPC will include in the rate base the cost of cleaning the gas for transmission. Could you refresh my memory on that. What exposure do we have under that situation, and if there is cost that cannot be passed on because the FPC will not include it in the rate base?

BONESS: If it is a cost which we would not have borne had we taken in value, then our purchasers are obligated to bear that cost, even if the FPC will not allow them to put it in their rate base.

CHATTERTON: Thank you.

MARTIN: Let me just say that this term is one of probably five or six in the contract that were absolutely most hotly negotiated.

that we held, and the owners of that gas have certain rights with respect to it, including the right to attempt to build a pipeline to move it. And our rights to negate that contract, or say that we don't want it moved now, are limited by that prior commitment that we made. So to some extent, the State's determination is limited and within those constraints, yes, we think that this is the best approach.

HAYES: Well, I have been under the impression, perhaps, erroneously, that the State had absolute power to determine when gas would flow, so that if we needed it _____, reinjection in that field or adjacent fields...

MARTIN: There is really a difference, Representative Hayes, between absolute power to determine it and the second statement you made about reinjecting it in the field, which really alludes to the conservation statute. The statutes have been upheld, in jurisdictions, have been upheld for the purpose of achieving the maximum efficient production of a very important resource, oil and gas. And the courts have allowed states to have very important powers over the production of oil and gas where it can be shown that your public objective is to ensure that you don't waste oil and gas. That you produce it in a way that maximizes the amount you produce. But where it simply -- an arbitrary judgement by the State for some other purpose, then the State's powers start being limited fairly drastically and you run into what is called interstate commerce problems. So absolute powers are pretty much intrastate.

HAYES: Well, yes. We probably would not be in a position to determine, absolutely, for a number of years. Is that right?

MARTIN: Well, this is one of the things that Mr. Gilbreth is going to talk about but let me say that the determinations under the conservation statute, which is our greatest extension of power _____, are based now on modeling, computer modeling, and we believe we will make additional decisions based on that, will be based subsequently on the early production history of the field, which will give us a better idea. And it will be adjusted from time to time during the life of the field as appropriate, based on what is happening with the reservoir.

GRUENING: Representative Meekins?

MEEKINS: On the other side of that, perhaps this is better asked of Mr. Gilbreth, but at the same time that in order to maximize the recovery of the reserve by reinjection... _____ want to reinject the gas in order to

MARTIN: I'm going to defer on the question for this reason, Mr. Chairman. Both Bob LeResche, Director of the Division of Policy and Planning and Av Gross, who is Chairman of the Pipeline Task Force, and Sterling Gallagher are going to be at the hearings on Monday to talk about just that subject. And I'm not certain the answer to that is absolutely yes. Generally speaking, it is yes. That represents the summary of the information we used.

GRUENING: These gentlemen might supplement that?

MARTIN: I'm sure they will be able to tell you if there is something that they would want to add or that they thought was particularly persuasive.

GRUENING: But you don't know of anything beyond that?

MARTIN: No. And there have been assertions of items like, for instance, the tanker subsidy idea, or something. But in the case of that one, for instance, the decision and the analysis was made absent that. In other words, that wasn't figured in the decision and then left out of the summary. It would have been an additional backup and included. It was sort of a hypothetical additional case, that wasn't put in the summary. We thought that -- in other words, we concluded that the summary justified the result even without that thing included.

CHATTERTON: Mr. Chairman, I'd like to help the Commissioner out, for his information. There was an addendum to the November 1976 report. I have it here at hand. I believe it came out quite some time after the decision was made to have the... (indiscernible)

MARTIN: It wasn't taken into consideration at the time, but when I speak of the document, I include that being in it. The Governor made it clear that our work on the thing is ongoing. For instance, we take the letter of transmittal from Attorney General Gross and both the Governor's speech and my statements have made it clear that the way our royalty statute works, you have to make certain decisions are locked in time. One would wonder what would be the political climate in the state if these contracts had not been put before the legislature on the first day and we were taking the line that you're essentially taking -- that we are just not sure, and we just want to keep looking at it for a little while. I suspect that we...

GRUENING: I don't think anyone has taken a position. We have a duty to look at the contracts. The appropriation of \$50,000 did not require us to approve the contracts. It only required negotiations and now that they are here we

GRUENING: Despite the fact that the contracts were negotiated, it still is a statutory requirement, isn't it, or did we find that there is a surplus before the sale is made? Is that correct?

MARTIN: Yes. We attempted to deal with the surplus question. I think we have dealt with it, in the terms of the contract. There are two ways to approach it. It would take a long time to talk about the surplus issue. I won't do that here. One way to do it is to attempt to predict what the surplus would be and then try to match what you sell against what you predict and then see if everyone agrees with your prediction. What we've done is simply provided flat out that we have a right to take back whatever we need. So we have, essentially, a legal surplus. We have a surplus which is protected by the terms of the contract rather than trying to identify it by some quantity.

GRUENING: There are no studies to your knowledge? There are studies?

MARTIN: Yes. We are going to be prepared to advance and have advanced at prior hearings before legislative committees, our work on surplus gas and what it consists of basically is projections of various low, medium and high growth scenarios that indicate what might happen. Because ultimately all surplus is, is whatever you believe will happen in the State, minus whatever we'll produce. And if you believe we will build a petrochemical plant then the surplus is one thing, if you don't, it is another.

GRUENING: Is that a completed study or one to be done?

MARTIN: It is complete. It is completed and it will be ready to be advanced. But it is one that changes constantly, Mr. Chairman, because you learn more about what the reliability of your predictions are. But it is completed and we will be prepared to advance it.

GRUENING: Is it in a form that we could look at?

MARTIN: We will submit it to the committee.

GRUENING: Okay. I think we would all like to look at that. Representative Chatterton?

CHATTERTON: Mr. Chairman, Mr. Commissioner, on the subject of surplus I have this question. First let me read from the transcript of the Royalty Oil and Gas Advisory Board Hearing. It says, "at that time you define surplus" the word surplus, or the Board did, "as the volume of gas available in excess of residential and commercial needs of the state." Now, my question is -- when we speak of surplus in the context of our contract here, is it still by that definition?

large scale project that would come forward. We will try to demonstrate this in the hearings but one year notice periods built on this schedule, this 25%, 50%, 75%, that curve that is drawn by that 25%, 50%, 75% thing each five years, roughly corresponds in a kind of a stair step fashion to what we would call the moderate growth expectation. It makes certain assumptions in regard to what might happen, so what we have done there is just provided a secondary take back term that roughly follows it. But it is the two year term that is really important.

CHATTERTON: Okay. This is vitally important to me Guy, and I'm serious gentlemen, if I could just hold you up for a minute. You can almost make or break me as to how I feel about this contract. So it is important to me, personally. Do I hear you right, that in effect, we only are giving a two year contract that I can give some type of a notice and two years after the giving of that notice, I can stop the flow of gas through that pipeline and convert it to an existing instate use. And you are telling me that I am sole judge of what the instate use is?

MARTIN: Not you, Representative Chatterton. That's is right. The criteria for that must be that the use exists.

CHATTERTON: If I suddenly decide, then, that I want to use that gas to maximize the recovery of black oil from reservoir X, to geographically remove it from Prudhoe Bay, that is an instate use by the definition that you are saying, and I can just quit selling gas?

MARTIN: That's right.

GRUENING: Any more questions of Commissioner Martin? Representative Meekins?

MEEKINS: Commissioner, just on the exact line of questioning, have you not pointed out that even though that's what's in the contract, there are two considerations, one being the possibility of some sort of emergency gas problem, veto of that provision if there was something going on that if we were trying to take back a large portion of our gas...

MARTIN: Yes, I doubt if it is possible. Assuming that this provision is approved and we begin to operate pursuant to it, I doubt if we can get anything that's more reliable.

MEEKINS: I understand that, but I don't understand...

MARTIN: There are imponderable problems. And you can't foreclose the possibility of a simple national emergency.

GILBRETH: Mr. Chairman, I'm sure most of these people here are not too familiar with what happens in an oil and gas field and oil and gas reservoirs. I will take just a few minutes and start in on some of the basics and work up on it.

Of course a lot of you have heard that we have a big field of crude oil. It is a large field... (end of tape)

We have other pays at Prudhoe also. The main pay that you all hear about, the big pay, is the one that contains 9+ billion barrels. That occurs around 8,000 or 9,000 feet. Then we have a shallower series of sand stones, Nika Park River Pay. They are characterized by high productive wells. They flow real easily to start with but expected to drop off very rapidly. Those go to the west of the main portion of the Prudhoe Bay field and could extend as far as 20 or 30 miles out to the west.

Lying underneath the main pay vents to the east side, we have the Lisbourn Pool. And the Lisbourn had been tested in many, many wells, but not found to be commercially productive in very many. It covers a large area and if it should ultimately be economic and give up enough oil in commercial form, it could be a sizeable field, but at this stage it doesn't look like it is a sizeable field. So what we are generally talking about is the main Prudhoe reservoir, the big reservoir. And the operators are trying to unitize the reservoir now so that, in effect, the entire reservoir will be operated by two operators on behalf of everybody else. They would operate the whole field so that you would get advantage of the economies of operation, you don't have competitive forces operating and . Now the operators have submitted preliminary draft agreements to us and we have gone over them and they have proposed a unit outline of what area this unit is to cover. The outline has not been or the boundary around the unit has not been decided yet. There are some wells that still fall within the confidential status under our two year confidential statute and the operators themselves are not even trading information on these. So we find ourselves in a sort of a touchy position where we can talk to one operator and we can't talk to another operator across the table because they don't want to exchange information.

So we don't know at this stage just exactly what the unit area is going to be around this unit. It will be decided sometime in the next couple, three months probably. But the gas contract had been written so that it will correspond to that area, whatever it finally turns out to be. So we're talking about gas that will fall under the ultimate unit area for the main reservoir only. I wanted to point

And just some ball park figures -- Mr. Chairman, let me point out that any figures I throw out here tonight about recoveries and rates and so forth, are subject to later correction and refinement by Hoyle Hamilton, the Director of the Division of Oil and Gas. He is in Denver now doing simulation work to try to bring our figures up to date based on the latest plan the operators have told us about. Some of our earlier work, I'm sure, will be changed somewhat but not significantly. But we are trying to get a refined position now to try to determine what the production rates in Prudhoe are likely to be. Up until this time, we in the Department have taken a very firm stand in not committing to any production rate because we have not had enough information to tell what would be a good rate. We have had some ballpark figures based on early data but we didn't know what the operators were going to do. Now, along with the unit, the operator is required to submit a plan of operation, what he plans to do in the way of drilling additional wells, and putting in projects or increased oil recovery pools. So the operators have filed information with us, we have gone back and requested more information on a couple of occasions. We have had several meetings. We have had meetings with our engineers, with their engineers, and I will say this, that the operators have very graciously, if you please, given us proprietary data to help us in our analysis. We now have enough information that we can put into the computer and get some sort of a reasonable prediction on what probably will happen with what the operators plan.

Because of these characteristics that I mentioned, the permeability characteristics, the recovery that we anticipate based on what we see right now, without anything, would be probably in the order of 30% to 32% to 33% of the original oil that's in the reservoir. Now to give you an idea as to how this might compare in the Cook Inlet field, some of those which do not have gas caps, do not have _____ water drive, we are looking at recoveries in the order of 14% to 16% to 18%. So without doing anything at Prudhoe Bay, we will have a fairly efficient recovery mechanism. Now this recovery is achieved by the gas pressing down or working on the oil, if you please, furnishing pressure energy there and also by the water furnishing pressure energy on the bottom side in an upward direction. Now with the good vertical communication we have, the gas cap looks like it will do an excellent job. But with the permeability that we have and the tar matt that we have, or the heavy oil zones that we have, there is quite a bit of question about how effective the existing water drive will be and how much the operators are going to have to supplement this water drive. Therein is where most of the discussions are being held now days.

that is going to take a couple of years to figure out what kind of a program we really need. And then it is going to take two or three years to design it, finance it, install it and put it into operation. So from the standpoint of water injection, we're probably looking at something four, five or six years down the road before an effective water injection program can be installed in the field. We are incorporating timing of this type into the computer program, in terms of ultimate oil recovery, to see what the effects are of delaying water injection. What could we do if we started now. And what could we do with large volumes, small volumes, and intermediate volumes, and so forth.

So about the most I could tell you in terms of rates are that the operators are planning to start out, and in the not too distant future, get up the rates in the order of 1.6 million barrels of oil a day. These, with the gas production in the field -- there would be gas available to sell as much as two billion cubic feet a day. Now we don't have a gas line. We don't have a gas line authorized. And we don't have facilities in the field to process the gas to get it in to _____. So it is going to take quite some time and as Commissioner Martin said a while ago, we are looking at least to 1982, we think, before a line could even be constructed to take the gas. So during this interim then, we have a tremendous volume of gas that is going to be produced on a daily basis that something has to be done with.

So the operators have designed an injection plant or program to return this gas to the reservoir during the interim period, until such time as they are permitted to sell gas from the reservoir. Let me reiterate again a point that Commissioner Martin made. Under AS 31, we have a waste prevention statute which says that you can't waste oil or gas in the state, and the Division of Oil and Gas Conservation has authority, under that statute, to regulate the flow of oil or gas or both for conservation purposes to achieve maximum recovery. Nothing in this contract that we know of, and we have been very particular to see that nothing _____, would interfere with that or in any way relinquish any of the State's authority to make that determination. That determination will be made exclusively under AS 31, and regardless of what this contract says, the field will be operated at the MER or most efficient rate of production. Now this contract is set up to sell any gas that is produced and sold. If the Conservation Committee permits them to produce at such rates that they could sell gas, then whatever that rate is, then we are committed that volume. If they could only sell 100 mcf a day, then that's what we sell under this contract. It is only what can be produced under this section at the MER.

HAYES: What I don't understand is -- how can a prospective owner and constructor of a gasline get financing to start construction when he doesn't know until the time he knows what he is going to be able to get? Nobody is going to loan him the money.

GILBRETH: That is true. This is a real problem in the area. What we hope will come out of this, we hope that there will be some clear cut information what will say to us and, of course, we are going to have hearings on this and make a determination but, we are hoping that something can come out that we can say, alright, based on the best information we have -- and I am going to use two billion a day as purely an example, I don't want to write that in concrete -- but let's just say that we hope that our information will show us that if you sell 1.75 to 2.25 billion cubic feet a day, you are not really going much difference in the reservoir, at least within the experimental error or engineering error that we can see in our model, in our data, and our figures. And we will be in a position to say to the operator, if they so request, if they want to produce enough to sell 2 billion a day, say, alright, we will give you a temporary authority to produce for two years, or three years, depending receipt of reservoir data to confirm it. And the first time that we get reservoir data that says that is too high, we are going to have to cut it back. And this is going to make it rough on financing because nobody can guarantee that we are going to let them produce two billion or three billion or four billion cubic feet a day for the 15 or 20 or whatever years that they need to finance the loan.

GRUENING: Representative Parr? And then Mr. Meekins.

PARR: (Indiscernible) ...Well, what I am leading up to Mr. Chairman, is in the contract _____ maximum use would be committed for, one trillion, 300 billion. Was that... (indiscernible)

GILBRETH: No. It is. What we are committing through all three contracts is 2.6 million. And the one you happen to be looking at is one that -- that company gets 50% of our royalty gas, so they get the maximum of 1.3 billion.

PARR: Okay, that's ... So we are actually committing everything we would reasonably expect to be produced according to (indiscernible)

GILBRETH: No, this is from the 1/8. This is not the...

PARR: I understand that. I'm sorry I _____.

GILBRETH: Okay. But the 2 billion a day is 8/8 of the gas. It is not our 1/8.

comes off after the condensates drop out, still have liquids in them, and they are liquids that you have heard of -- propane, butane, pentane, ethane, hexane -- and the composition will depend on the separation characteristics as you go through each of these steps down the way. Initially, the plans are -- and I didn't tell you that Prudhoe Bay gas has about 10% or 12% carbon dioxide in solution with it, it is there, and it is an impurity, and it can't be burned, it is a pain in the neck. It has to be removed before it gets to your kitchen for fuel. But initially, until a pipeline and other cleaning systems are installed, the plans of the operators are to go through the separation stages, take out the impurities, and anything that is not stable and then just recompress the gases and reinject them right back down into the reservoir. This would include what we call natural gas liquids or ngl. The condensates will be taken off and sold as crude oil during the interim period. And anything that can't be dropped out.

Now, once a pipeline goes in, however, it is a little different story. The condensates will still be taken out, but there will be some additional equipment installed and as of this morning the operators have not designed the equipment and not ordered it and not installed it. It is gas conditioning equipment to take care of the natural gas liquids, or to extract these liquids out of the gas stream. Their intent at this stage is to take out as much as they can that is stable enough to go down the crude line and meet pipeline specs, and then any of the other products that come out during the stabilization and cleaning process, where they take out the carbon dioxide and the water and so forth to make it of pipeline quality. Anything that can't go down the crude stream, at least initially until there is some market for it or some need or some way to use it, will be pumped back into the reservoir. It will go into the reservoir as a liquid and will obviously revaporize. It will go in under high pressure and will be there for ultimate recovery later. But at this stage there is not a plan to take all of those liquids out and try to send them down a third pipeline or try to do something else with them. They are unstable. It is not feasible to put a lot of gas down the oil line and it is not feasible to put too many of these down the gas line. It can be done, and under the right conditions, might well be done. But I just wanted to point this out to you that the plans right now are very indefinite on what to do. Some of the operators propose to have their purchaser extract these products. Some of the others do not.

In the contract before you, provision has been made that the State will reserve the right to take those out where-
ever _____.

PARR: Okay. Presumably these are valuable because the State retained the right to receive them. If they weren't worth a thing, we wouldn't want that right. I have somebody who is supposed to know something about this subject, which I don't, and who felt this contract was very deficient because it didn't refer to residue gas. If I understood him correctly, residue gas was the gas after the liquids were taken out, and that we should have been in the contract only agreeing to sell residue gas, still the one thousand btu. Only residue gas -- it is important is it not -- why...?

GILBRETH: Okay. Let me go back just a second if I may to our original lease and Fred may have to help me here, but our original lease, we sell the right to an operator to explore for, drill for, produce, sell, and market, oil and gas produced on the property. And as a consideration for that, he gives us a 1/8 royalty when it is produced at the surface and so forth. Now our rights are to take that at the wellhead on our lease. Which can mean the hole coming out of the ground. We are talking about gas sales here that are occurring through many millions and billions of dollars worth of equipment. There is a question -- well if we don't sell our royalty gas, it goes through the separation process and the condensates are knocked out, and it goes ultimately through the conditioning plant and then the tail gas, or the output of that plant is what would be going in to the pipeline, after those liquids are knocked out. Now, there is a long step between the wellhead and wherever that point is going to be. And we don't know at this stage, where it is going to be and the operators don't know. We have written the operators to please tell us and they say, we don't even know yet where the delivery point is going to be. Whether they will deliver it to us back at the wellhead or after it goes through one of these separation facilities. We want it where it is free to us. We don't want to have to pay anything. Now if we get it, ultimately, at the wellhead and we sell it to somebody as tail gas out here, we are going to have to pay for the processing going on through all these plants. So what we did here to insure that we didn't get stuck with some of that, was to say that we're going to reserve the liquids, wherever they are taken out. If they are taken out in the field, if they are taken out at Fairbanks, or if they are taken out at Valdez or if they are taken out in California, the State of Alaska wants to reserve those liquids. And the gas purchaser is going to pay the price of taking those liquids out wherever it is. That is something that we would have gotten had we not taken it in kind. If it is something that we would have had to pay for anyhow, then that is a different story. So what I am saying is, in essence, selling the tail gas, we are not calling it tail gas. We are selling the gas and reserving the right to take the liquids out of it. Am I confusing everybody?

weather, why the liquids will drop out in low places. They are called the sludging of the fluid in the line and the gas and so forth. So the gas companies require that you put the gas into the line with a certain quality. And the gas conditioning plant that we are talking about that's going to take four or so years to construct, that plant will take out everything that is required to get it to pipeline quality. Most of these liquids that we are talking about will be taken out in that plant and the ones that are not stable enough to go down the oil line, if there is not a market for them, will be pumped back into the reservoir.

GRUENING: And the cost of this cleaning is borne by the people that are buying this gas, is that right?

BONESS: I would like to interject something here. Our lease says that if we take royalty in value, the lease is silent with respect to cleaning and dehydrating the gas, either oil or gas. But it says if we take royalty in kind, we agree to pay actual value or actual cost of cleaning and dehydrating the gas. There is some question as to first of all, whether that term can be in the lease at all. Whether it exceeds statutory authority of the Commissioner in terms of issuing the lease and even if it does, whether therefore it can bind us. There is also a question of what it means by actual cost. These were debated in the oil pricing case in Cook Inlet and that case was settled. We don't have a legal judgement on those. That question with respect to three of the people in the Cook Inlet case is still open. And we may get some litigation. We may get a court decision on what that means or not.

If we incur that cost solely as a result of taking in kind, and would not have incurred it had we taken in value, then our purchasers would pick up that cost. If it turns out that we must pay that cost, even if we take in value, the lease is silent in that matter, then our purchasers are not obliged to pay that cost. And the reason for it is, we didn't want to be in a position where we would have gotten less revenue by virtue of having taken in kind than we would have gotten had we taken in value.

GRUENING: In other words, the uncertainty in the lease is in the contract as well?

BONESS: That is right. There was no way to contract out uncertainly in the lease.

GRUENING: Why is that? Because they wouldn't buy it?

BONESS: They essentially did buy it. They are going to pay the costs if it would have been put upon us.

BONESS: Yes.

PARR: Mr. Gilbreth never really answered my question exactly a while ago, and I guess I didn't state it clearly. I said somebody who is an employee knows something about this and he said that the contract was wrong because it say residue gas. You didn't answer that (indiscernible)

GILBRETH: I'm sorry. I don't feel that it is important because I think we have covered it in essence in the wording by saying that we have the right to take the liquids out of the gas. And that is all that happens between the time that you initially separate it and it goes to the pipeline, you take the liquids out of it. You can call it -- there would be no problem...

PARR: Residue gas, I assume, is a standard term. What does it mean?

GILBRETH: It means the gas that comes out of the gas conditioning plant. In essence. Residue gas generally is a term that is applied when you put gas into some sort of a treating plant. And it doesn't have to be a conditioning plant like we have. It is just the gas -- the residue after the treatment. It is a fairly well understood term. If you come out to any plant, you can have the residue gas.

QUESTION: (Indiscernible)

GILBRETH: In this case, yes. The gas coming out of the gas conditioning plant, the residue out of that, would be what goes into the pipeline. But the residue out of one of the other plants, the injection plant or something like that might not be the gas that goes down the pipeline.

GRUENING: Mr. Meekins?

MEEKINS: I just have a technical question, as I understand it, the names for these different things are related to the number of hydrogens associated with the carbon atoms. Is that correct? Like hexane would be six hydrogen, right? Which ones are which? Does propane mean one and butane mean two?

GILBRETH: Methane, ethane, butane, propane, pentane, exane, and haptane. Methane and ethane are your two very lightest ones. And then as you go down, they get heavier.

MEEKINS: And all those are gas, right? And then octane would be oil, right?

GILBRETH: Yes.

GRUENING: Okay. The question I want to get at...

BONESS: Mr. Chairman, I think I can answer your question. Each pipeline by tariff says what the gas has to be, sets the pipeline specifications. And they will say you can have so much propane, butane, ethane in the gas. And you cannot have a higher percentage than they tell you. They will determine that by engineering characteristics.

GRUENING: Right. What is the relationship - If you examined the three proposed routes. And what can you tell us about the different characteristics in terms of gas quality that they can take. Is there a substantial difference between those three lines? I only say this...

GILBRETH: I have not examined that myself.

BONESS: I have examined it slightly, but not having Easy's background, cannot tell you very much. But I can tell you that because the El Paso and Arctic Gas pipelines are higher pressure, they are able to carry a higher percentage of propane, butane, ethane, than the Alcan, which operates at a lower pressure and therefore is not able to carry as large an amount. I believe I could supply you with the pipeline specifications that were submitted in the tariff if you are interested.

GRUENING: Yes. The question is, why the difference -- as a result of pressure? Is that...?

BONESS: Easy could explain to you, but it has to do with the dew point. If there is greater pressure the heavy hydrocarbons will not come out to form a liquid as easily as if...

_____ : I understand that, but why is there pressure differences between Alcan and those...

BONESS: The Alcan proposal makes use of existing pipeline facilities in Canada, whereas the other two build all their own facilities. So, those in Canada are low pressure and they have to be compatible.

GRUENING: Mr. Chatterton?

CHATTERTON: Mr. Chairman, because this may be important in the lives of some people, I'm not too sure what is important, I would like to have Easy and I caucus but I guess we can't do that. But I have a hunch, if my memory serves me, and so I guess it is a question to Easy -- is that generally liquids will vaporize more easily at lower

under the contract, unless we chose to take them out at some point, I mean, they have the right. They pay us for it, but they have the right to sell those liquids. Right?

BONESS: Yes. If nobody takes the liquids out of the gas, the liquids will just be burned as part of the gas stream. You will have a higher btu content gas stream. If somebody choses to take the liquids out, and we don't chose... The one way that this is very likely to occur or at least could occur, is all of the different people who own the gas may get together and decide to build a processing plant and take the liquids out. They will share in the cost and share in the percentage of the liquids that come out. We elected not to do that, but if the purchasers of our gas did elect to do that, yes, then they would own the liquids.

GRUENING: Are you aware of any plans on the part of the purchasers to do that?

BONESS: No. There are no purchasers for the other 7/8, with the one exception of Columbia Gas.

GRUENING: Which constitutes over 50% of the 7/8? Right?

GILBRETH: I heard that 50% figure...

(All talking at once)

GRUENING: 37% of the 7/8. What is the percentage?

_____: May I answer for you because I was the one who made the statement. And I find that I did not know there are two participating areas. One is for crude oil and one is for natural gas. So on the basis we are now told that about 37% of 7/8 is committed. (indiscernible)

GRUENING: Well, was it Commissioner Martin's statement that that was his understanding of the amount of gas committed?

_____: I thought that Commissioner Martin said that he was aware that some had been committed but he didn't know what the percent was.

GRUENING: Any questions?

_____: I have a question, Mr. Chairman. (Indiscernible)

GRUENING: Do you have any more questions right along this line?

HAYES: I have a question of a non-technical nature. Maybe this should have been directed to Commissioner Martin. Does or would the FPC allow, it is on your royalty gas, or its selling gas to a purchaser, do they allow unusual restraints against getting a premium, selling the rights? If we had found a willing -- if people had been so inclined -- would it have been possible to get everything -- what we have in this contract is they are going to buy this gas at the best rates and there other considerations which support the all Alaska line. Could we have, also or instead of, got a billion dollars _____? Are these the figures? Are these the only figures around here? Is it a consideration?

GILBRETH: Let me take one shot and then let Fred take one. I know some of the discussions that were had on it. The purchasers pointed out that any payment that they made would not be recoverable through their rate structure and it would have to come out of their own back pockets. And they could pay something, but it would be relatively small because it would come out of their pocket. Fred?

BONESS: To my knowledge, there would be nothing unlawful about that.

HAYES: We do sell oil and gas leases. And we get a premium and that comes out of profits. _____ we could sell... You'd finally have something in your hands... we could have done it if we could have found somebody willing to do it?

GILBRETH: Well, you are talking about two different types of companies, now. You are talking about selling oil and gas leases. Those people are in the drilling exploration and they are not controlled, whereas the purchase is our control on their properties.

GRUENING: As I understand it though, nobody was ever asked to bid on the gas on a cash bonus or premium basis. Is that correct? To your knowledge? Either of you.

BONESS: There were some early discussions. The very early offers. These offers were made actually before the price, or advance payment ruling came down. There were offers to put up front end money. I believe all of those were withdrawn after the advance payment ruling. There was no other bidding...

GRUENING: There have been no... any bids invited?

BONESS: That is what I mean. That's right.

GRUENING: Mr. Meekins?

BONESS: They are pipeline companies. They make money by having -- the only way they make money. And you ought to explore this with them in greater detail. But the only way they make money is by owning a pipeline and moving gas through the pipeline.

GRUENING: Mr. Meekins?

MEEKINS: And for doing that they receive a certain return on their rate base because the cost of building that pipeline or whatever?

BONESS: That's right. All of the sales in the natural gas industry except direct sales in interstate commerce, are regulated, either by the Federal Power Commission or by State commissions.

_____ : (Indiscernible)

GILBRETH: Their ownership in the pipeline, percentage, would be greater than...

BONESS: If you were moving one cubic foot through a pipeline, that means you'd have to distribute all of the fixed capital investment over that one cubic foot. And you wouldn't be able to sell that one cubic foot for the hundred million dollars or whatever it was that it cost to build the pipeline. So you have got to have gas in the pipeline in order to distribute it. A lot of gas in the pipeline, to distribute the cost.

GRUENING: I think what everyone is struggling with is trying to find out what is the probable value of what we are selling here. And along that line, can't these gas companies that we are proposing to sell gas to, they can sell it to someone else, not for resale, can't they, and get whatever price they can, that the market bears at that time? How does that relate to the price we get?

BONESS: I believe if they were not in curtailment they would probably be able to do that. In the curtailment situation that they are in, I don't believe they can do that.

GRUENING: Yes, but, we are talking about seven or eight years from now. With deregulation there may be no curtailments. Is that a safe assumption?

BONESS: That is a possibility. I'm not sure if it is likely.

GRUENING: Mr. McKinnon?

McKINNON: Curtailment _____. What is it based on?

and places like that, it is selling anywhere from \$1.75, \$2.00, maybe even a little bit more than \$2.00 mcf contract. There is something called emergency sales. Which means for a short period of time, or under certain other kinds of conditions, gas can be sold in the interstate market, in an essentially non-regulated fashion. It is not completely unregulated, but it doesn't come between the price that is otherwise applicable. I believe contracts there were going for about \$1.50, \$1.60, before the new rate took place. I don't know if that really answers your question, but maybe it is some help.

GRUENING: Mr. Gilbreth?

GILBRETH: Also, I believe that the volumes of gas that we're talking about here are significant volumes without a known use for it now in Alaska, necessitates that it go to the south 48. All of the companies who have talked about it, to the best of my knowledge, would be regulated by the Federal Power Commission and they are regulated on what they can pay for it. So you are talking about FPC regulation, whatever that turns out to be.

GRUENING: If we are not a person -- you might want to follow this up - if we are not a person under the natural gas act, and we sell to somebody who isn't going to resell, say an industrial user is going to turn it into something or do something with it right there, what kind of price could we expect to get? Do we get a premium price for that?

BONESS: If there would be no FPC restriction on them paying the premium price, whether we could or not, I can't answer you.

GRUENING: Okay. Has that question been explored in terms of...

BONESS: The Royalty Board made a number of solicitations that you may be aware. I don't believe any responses came in from direct purchasers.

GILBRETH: Commissioner Martin would probably have to answer that.

GRUENING: Mr. Meekins and then Mr. Hayes.

MEEKINS: I just have a short question. What is the total volume of gas included in the sale in the contract?

GILBRETH: 2.6 trillion for the three contracts.

GRUENING: Does that appear correct to you or...

GILBRETH: _____ says _____, Department of Interior.

GRUENING: Mr. Meekins?

MEEKINS: Mr. Chairman, if you say the new rate if \$1.50 -- just assuming that, I think the logical assumption is that the price is going to go up, simply because there is a possibility of deregulation, there is a scarcity, all sorts of combinations like that. But if you don't even take in all the things you should consider and just multiplied volume times the price, you get four billion dollars and that is not considering increases or discounted value of it for the future and all that kind of stuff. But just how much it is worth sitting there, I guess. Right now the current price is four billion at _____.

GRUENING: Mr. Chatterton?

CHATTERTON: Mr. Chairman. I have a series of questions that would be completely within Mr. Gilbreth's discipline. And depending on time, why I can ask them to my satisfaction now or, I don't know what his schedule is...

GRUENING: Let me ask the committee -- What are your wishes? It is quarter after ten, now. There are going to be long hearings next week and we've been told by all these gentlemen that they will be happy to appear. Mr. Gilbreth are you going to be staying through til Monday?

GILBRETH: I have to go back for a meeting tomorrow and one on Saturday. I will be back Sunday.

GRUENING: I think it is kind of late. Are there some immediate questions that are left hanging that you want to cover? If anyone wants to stay and talk to Mr. Gilbreth, and he wants to stay, that is fine. Mr. Gilbreth?

GILBRETH: Mr. Chairman, I'd like to say that in our little discussion between Mr. Chatterton and I about the pressures, I will do some checking. I think we are talking about two different things and we both may be right.

GRUENING: Mr. Parr?

PARR: Let me ask one very quick question. Mr. Boness, something has been said about the possibility that the State of California might want to buy the gas from us _____, they're not regulated by FPC either. (indiscernible)

BONESS: Probably Commissioner Martin is the person you ought to... I don't think I know really any more than any of

GRUENING: Any questions you want to hit tonight? I want to thank you both Mr. Gilbreth and Mr. Boness, for sticking with us tonight and we thank Commissioner Martin for being here for a short time. Thank you.

SPEC. COMM. (T1)
N. SLOPE HAUL RD.

1977-78

SPECIAL COMMITTEE ON THE NORTH SLOPE HAUL ROAD (JOINT)

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SPECIAL COMMITTEE ON THE NORTH SLOPE HAUL ROAD (JOINT)
MINLOG

1978

MINUTES

2/9/1978 - 3/9/1978

SPECIAL NORTH SLOPE HAUL ROAD COMMITTEE MEETING
THURSDAY, FEBRUARY 9, 1978 - RM. 205 - CAPITOL BLDG.

Senate Members Present: Senators John Butrovich, Chairman;
Frank Ferguson, Peter Meland
House Members Present: Representatives Charlie Parr, Chairman;
Don Bennett, Leo Schaeffer
Guests Present: Representative Larry Carpenter

The first meeting of the Special Committee on the North Slope Haul Road was called to order by Chairman, Senator John Butrovich at 2:15 p.m.

Butrovich informed the Committee that he had invited Representative Carpenter to sit in with the Committee due to his wide knowledge of the road.

Butrovich announced that this meeting would be primarily an organizational meeting and asked for suggestions from members on what role they felt the Committee should take on this issue.

Schaeffer stated that he has traveled the road, however, was not up-to-date on the present maintenance.

Butrovich stated that he had received a report by the Alaska Truckers Association and would make it available to the members. Also, a resolution from the City of Valdez had been received in answer to the Committee's request for a position paper.

Ferguson stated that one of his main interests with the Committee would be as a representative of the Arctic North Slope Borough and that he would recommend no hunting off roadway.

Bennett stated that he felt road should be treated as any other state highway and maintained as such.

Parr spoke on the highlights of a bill draft that he is sponsoring relating to the North Slope Haul Road. NOTE: SSSB 107 (introduced on 2/10/78 by Senator Huber) is identical to Parr's draft.

Meland expressed that his position regarding the Committee's direction would develop as he learned more about the road. Since the road is out of his district, he stated that his contribution would be more or less as a balancing agent to the Committee.

Special North Slope Haul Road Committee Meeting
Thursday, February 9, 1978
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Butrovich stated that he had traveled the road this past mid-September with Bennett and found the road conditions as follows:

Fairbanks to Livengood - poor
Livengood to the Yukon River - good
Yukon River north - excellent gravel road

Ferguson expressed his concerns regarding maintenance costs north of the Yukon river and the problems to the state if people have unrestricted access to the area.

Schaeffer concurred with Ferguson's remarks and added that he was concerned about the dangers of road travel during the winter months.

Bennett sited other northern highways that are open, with minimum maintenance, during the winter months and full maintenance May - September. He suggested possible use of convoy concept during winter.

Butrovich reminded committee of 40 Mile Road in interior where signs are posted 'Proceed At Own Risk'.

Parr related other road maintenance policies of interior highways.

Butrovich stated that he was more concerned about access to the surrounding country side than road maintenance. He felt that the 5 mile limit barrier on each side of the road could be the policy on this road, too. He stated that one of his main concerns is that the Committee needs to see sensible (realistic) figures on maintenance of the North Slope Haul Road vs. costs for keeping other northern roads open, such as the Steese, Elliott, etc.

Schaeffer requested that Barrow residents have a chance for input into Committee....either with hearings in Barrow or have Barrow representatives here to Juneau to testify. He informed committee that Barrow residents have talked about connecting with North Slope Haul Road.

Meland asked if the Committee was going to address the Governor's proposal (Statewide Radio Address, January 18, 1978) on the North Slope Haul Road.

A discussion was held on the Governor's recommendation with emphasis on the following statement by the Governor:

"I urge all of you to participate actively in the Public process that will finally decide how we will use the road. My proposals are not struck in stone. We have already received much public comment and I hope these proposals will elicit more."

Carpenter explained Alyeska's position and plans regarding the road:

- 1) List of jobs to be completed by Alyeska before road turned over to state is available
- 2) Stock piled graveling material for use by D.O.T.
- 3) September 1 pull out - target date
- 4) Company never been in favor of opening highway to public

The question of pipeline security was raised by several members and a discussion followed regarding types of security possible.

Parr suggested State Patrol manned check points, helicopter surveillance for security of pipeline as well as fish and game infractions.

Bennett told members that if highway were closed to vehicles, planes could still fly in and land on roadway. He stated that, in fact, hutners this Fall were dropping in by plane.

Ferguson expressed his greatest concern was that limits on hunting and fishing needed to be maintained.

Butrovich asked members from what factions they wanted to receive testimony. The following suggestions were made:

- 1) Administration people - i.e. D.O.T. personnel
- 2) Doyon, Ltd. (Tim Wallis)
- 3) Arctic Slope Native Corp. (Eben Hobson)
- 4) North Slope Borough
- 5) Communities effected - i.e. Barrow, Wiseman, Bettles, Stevens Village
- 6) Representative from unitized field at Prudhoe Bay
- 7) Truckers Association
- 8) Others to be determined as committee's work progresses

It was the Committee's unanimous decision to call for a public hearing possibly within the next month.

Meetings will be held on Thursday's at 2 p.m. The next meeting is scheduled for February 16, 2 p.m. in the Senate Resources Committee Room (Room 120 - Capitol Building).

Butrovich announced that he would invite Commissioner Don Harris and Deputy Commissioner H.D. Scougal from the Department of Transportation to appear at the next meeting.

Meeting adjourned at 3:08 p.m.

Special North Slope Haul Road Committee Meeting

Thursday, March 2, 1978 - Room 126 - Capitol Building

Senate Members Present: Senators John Butrovich, Chairman;
Pete Meland

House Members Present: Representatives Charlie Parr, Chairman;
Don Bennett

Guests Present: Commissioner Don Harris (Department of Transportation and Public Facilities), Commissioner Richard Burton (Department of Public Safety), Deputy Commissioner Jim O'Sullivan (Maintenance and Operations, DOT), Deputy Commissioner Mel Personett (Department of Public Safety), Larry Soden, Assistant Regional Planning Engineer Fairbanks (DOT-PF), Commissioner Avrum Gross (Department of Law), Bill Luria (Division of Policy Development and Planning - Office of the Governor), Andy Karella (Assemblyman, Fairbanks North Star Borough), Virginia dal Piaz (Alaska Conservation Society), Mark Jensen (Associated General Contractors), William J. Moses (Northwest Alaskan Pipeline Company) Ruth Harris and Don Dickey (Alaska State Chamber of Commerce), Ken Rosenstein (Legislative Affairs Agency)

The meeting was called to order at 1:37 pm.

Senator Butrovich opened the meeting to anyone present to testify.

STATEMENT OF COMMISSIONER DON HARRIS (DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES):

Mr. Chairman, essentially you asked us to be prepared to answer on three (3) specific items that were indicated. One being the maintenance plan, budget, and how we intended to incorporate Northwest Pipeline into the maintenance effort. At this point in time, our discussions with Northwest Pipeline have been very tentative. But, essentially from our point of view, we intend to confront Northwest Pipeline with our demands when they want to talk about right-of-way lease. We intend to tell Northwest Pipeline then what we've developed in the way of the State's demands as to how they are to operate on the Haul road and what we expect them to do. In discussions with Northwest Pipeline, we're looking beyond just the Haul Road area. We're also looking at some of our other road systems in conjunction with our experience with Alyeska's efforts and what it cost it in terms of road. As we see it now, the State of Alaska's replacement costs on the Richardson Highway is in the neighborhood of \$80 million.....to replace the damages that were done there. Also,

we've been very recently put on notice by the federal highways (all the states have been put on notice) that they're going to lose their federal funds unless the enforcement of weight limitations are adhered to. I think that nationally, we're seeing significant road deterioration. We're seeing the energy conservation effort turn down, to some degree, the earning power of the highway trust fund; so dollars are becoming more scarce at the same time that we're experiencing a rate of inflation that reduces our ability to get as much for the dollar as we have. The net affect of Alyeska's effort was that the State is programming a lot of its matching funds and State dollars to reconstruct road that we lost during their construction efforts. We feel that the losses in our road system due to that kind of an effort.... that fact that Congress may very well set a rate on domestically produced gas that is favorable to customers in the lower 48 but works at a disadvantage to the State of Alaska that we should challenge Alcan or Northwest Pipe or the federal government at the very out set and make a record saying that they should pay for the replacement costs of some of our road system. And, that's what we're looking at - is major reconstruction on the Elliot Highway and that portion of the Alaska highway that we feel will deteriorate significantly from their effort.....from Delta to the border. And, our estimates for that work range from 200 to 250 million dollars. We think that, if in fact federal Congress sets a favorable domestic rate for the south 48 consumer, either the Congress should then appropriate monies from the trust funds as a special allocation to the State for that road reconstruction costs or that Alcan pipeline should come forth with those monies and put it in their rate base, so that the State of Alaska does not suffer a loss. And, that's essentially what we intend to confront Northwest Pipeline or Alcan with at the time that they come in to begin the negotiations for their right-of-way.

Butrovich opened the meeting to questions from committee members.

Senator Meland stated that it seemed to him, that in listening to questions and testimony so far in the committee's meetings, that people were definitely leaning toward at least a seasonal opening of the highway. He continued by asking the Commissioner if there were any facts and figures that would change drastically if the highway were kept open year round? He stated that he could imagine a lot of problems if the road were left alone all winter and opened in the spring (i.e. culverts choked up, and maybe flooding back and tearing down the tundra, etc.). He questioned the Commissioner by asking if there would be a lot more expense in just keeping it open year round if this was what the State decided to do? He asked the Commissioner also if there was a lot of snowfall up there?

HARRIS.....North of the Brooks range there certainly isn't a heavy snowfall. It's a very light snowfall...the main problem being drifting, but I understand the winter maintenance problems as far as snow is concerned is fairly insignificant other than that you do have to have crews there to take care of whatever conditions prevail as far as whatever road conditions may be generated because of drifting. You have to man it; you have to keep your stations open and so on to take care of that. But, we have our maintenance people here and they can give you the figures on the differences in cost. Jim O'Sullivan is here and Larry Soden from Fairbanks, our assistant manager for maintenance, and they can answer the questions in regard to the maintenance plan and at least some of the cost figures that we've generated to date.

Representative Parr informed Harris that he had received some information from people who had worked on the road and they have told him that it was really not up to standard for a secondary road. He asked Harris if the Department was satisfied now that the road is up to secondary road standards or that it will be by the time we take it over?

HARRIS.....We're satisfied that it will be when we take it over. The reason for the October '78 date was to give Alyeska time to bring it to secondary standards and we feel they will meet secondary standards by that time. There is a work plan layed out.....if they meet that work plan, well, we'll have a road that meets secondary standards.

Representative Bennett stated that it was his understanding that during the construction of the highway.....that period of time ('74 and '75) that there were state engineers in each one of the Alyeska camps and that they did, in fact, perform inspections. He asked Harris if there was a standard required at that point in time?

HARRIS.....Yes, there were and we did have State inspection throughout the construction.

Bennett continued by asking if there had been variances or something that would cause this latter question as to the quality of the road? He stated that he was wondering why, at the time, it wasn't taken care of?

HARRIS.....The most significant items remaining are, I would say, are culverts...placement of culverts that perhaps need to be changed - a number of them were changed last year. There's culverts that have water velocities through them that aren't acceptable and a number of them are programmed to be changed this coming summer. There's been a widening of that road bed that Alyeska's agreed that they're going to have crews on this summer to pull that road bed back into the width requirements that meet the width requirement of the road design. One of the reasons for that is that as that thing widens out some of the culverts are beginning to.....high water wash is beginning to take some of the road bed material and wash it into the culverts and they're going to have

to pull that in and that's one of the things they've agreed to.

Bennett said he had heard discussions in reference to the grade over Atigun Pass and asked the Commissioner if that was resolved with any particular exception to grades or standards?

HARRIS.....No, we don't take exceptions to the grades that exist there now.

Butrovich asked Harris how he would evaluate the road from Livengood to Prudhoe as compared to the other non-paved, gravel roads (highways) that his department maintains in the state?

HARRIS.....I think that the Haul road is superior to many of the secondary, standard roads we have in the state today. The reason for that is that those standards have changed over time and a lot of our secondary roads were built under different standards.

Butrovich stated that he felt that the Commissioner had covered two of the three items that the committee members were concerned with...what the maintenance plan was and Northwest Pipeline's involvement at this time. He continued that the third question the members had was the budget submission to support the maintenance plan and he asked the Commissioner if such a document existed?

HARRIS.....We have a work-up on the budget submission. It's, as I told you at the last meeting, being revised as this time...I think that we've got the revisions completed as far as what we propose for camps. The one thing that we've left to finalize and that's our equipment costs and we had people out inventoring the equipment in the various regions of the state to see what is excess and what we can use of that excess to move into the Haul road maintenance program. That hasn't been completely determined yet and, therefore, our total budget is not finalized.

With no further questions forthcoming from members, HARRIS stated..... I think that Jim O'Sullivan and Larry Soden can give you the maintenance answer costs and any specific questions you might have on the maintenance plan, etc.

James O'Sullivan (Deputy Commissioner, Maintenance and Operations - Department of Transportation and Public Facilities) told the committee that Larry Soden is in planning in the Interior region.

Butrovich invited either or both to testify before the committee.

O'SULLIVAN.....Perhaps, it would be easier to respond to questions to know where to start.

Parr reverted back to Meland's questioning of Harris regarding the differences involved in the cost between year-round maintenance and the part-year maintenance, when you subtract the repair work you'd have to do if you don't maintain it in the winter. Parr asked what additional costs they were talking about in terms of dollars?

SODEN.....I should specify..I have been down here since the first of the week on some other matters and I am attending this hearing today on rather short notice so, I don't have any of the budget documents with me. I do have some current costs on the camps that have been revised and are the current costs to date. I would like to say something in regard to the costs in damages to the roadway that you mentioned, if it's left closed during the winter. The seasonal budget estimates that we will submit (has been prepared) includes the cost of the spring time opening of the road which hopefully would circumvent the damage that you're referring to. That cost, or the avoidance of that damage, is included in the seasonal budget estimate that we're generating. In other words, we'll treat that road like we would any other seasonally closed highway. We'll send special crews up there in the spring time who will open the road while the snow is still on the ground and remove the ice where necessary, open the culverts..... do whatever normal maintenance functions we usually do in that respect to keep the road from washing out and deteriorating during breakup. So, that cost is included in the figure that we had...(He asked O'Sullivan if he had those figures.....O'Sullivan answered in the affirmative).

Butrovich asked if O'Sullivan had a year-round figure?

O'SULLIVAN.....No, I don't have a year round figure, Senator. Keeping it open in the winter, of course, would result in 12-month crews instead of 6, so, these figures are doubled. Plus, the fact the depreciation on the equipment and the maintenance of the equipment, the heating of the camps - it's significant, of course. It should be basically double.

Meland questioned that it would be double costs?

SODEN.....It wouldn't double. I have some figures here that we generated for a report that was put out by the Governor's office here several weeks ago. Now, these won't be the figures that will come out in the final budget document, because that's being refined as it's being prepared. But, to give you a general idea of what the difference would be between year-round and seasonal maintenance...for summer only - restricted use for '79, we had an operating budget of \$4.79 million. For restricted use, year-round that went to \$6.62 million.....it increase by roughly a third (1/3) and I think probably most of that cost you could trace to personnel costs and equipment rental. Like Commissioner

Harris said, you have to have people there all the time and that's the major difference...that and the equipment rental costs which we cranked into this. So, I think there's a major difference between the seasonal and the full-time operation of the road; that, and the on-going cost of maintaining the camps up there, too. I think the most significant costs would be your personal services, the per diem which is a very heavy part of the budget (the way we scheduled the maintenance up there) and the equipment rental cost. But, to get back to your original question...I think you're looking at roughly a 1/3 increase in the budget from a seasonal to a year-round status.

Meland stated that he would imagine that when spring came they would be working around the clock - lots of overtime pay, etc. versus someone being there all the time?

O'SULLIVAN.....Well, of course, in the winter they're essentially moving snow and that's all they're doing. But, it takes the same number of people and same facilities as if they're cutting brush or whatever. And, as Mr. Soden points out...in the spring, however, if we did not maintain it in the winter, we would probably go out (this of course needs to be time tested) in the latter part of April before any thawing takes place and remove the snow from the road, provide for the drainage, take care of the glaciating. So, that when break-up came it wouldn't be a dramatic thing.

Bennett asked how many maintenance camps were proposed north of the Yukon and their approximate location?

SODEN.....There would be seven camps. There would be proposed locations at: 1) 5 Mile, 2) Prospect, 3) Cold Foot, 4) Chandalar, 5) Toolik, 6) Happy Valley, and 7) Franklin Bluffs. Roughly each camp being responsible for on the average of about 50 to 60 miles of highway. That's an average figure.

Bennett asked if there would be anything located at Deadhorse?

SODEN.....We're not planning to at this time, no.

Parr asked if the camps they were referring to were the Alyeska camps?

SODEN.....They are at the locations of where the Alyeska camps are... most of them. There are a couple of exceptions...Prospect and Toolik would not be located where Alyeska's construction camps were.

Parr continued that what he was wondering was if the cost figures were based on leasing BLM lands for this purpose or taking over a lease Alyeska now has on a facility?

SODEN.....They're based on getting a grant (a land grant) from the BLM on the existing Alyeska camp sites or a portion of it. We don't need as much area as what Alyeska had up there for their camps. But, upon the expiration of Alyeska's temporary use permits...in fact, we have already top filled over those sites and we are in the process now of finalizing or refining our applications to BLM which is a rather time consuming process. You have to make plats, surveys, descriptions, etc. We would apply for legal title, so to speak, a grant of that land from the BLM on a portion of the existing site. And, the purpose of that, of course, would be to avoid the cost of constructing entirely new gravel pads somewhere down the road. We cannot use most of the existing camp facilities themselves. The buildings, the support systems are designed for operations that are far and above what we're going to have up there and they are just not usable for our purposes for the most part.

Parr said he could understand that they are a larger scale operation than the State would have but he asked if what they were saying is that it wouldn't be feasible to take a portion of the Alyeska facility and use it but that the State would have to start from scratch and build from the ground up?

SODEN.....It might be feasible and we've looked at this to utilize say some of their (i.e. a couple wings off of their dormitory units and modify them somewhat to fit our needs). The water systems, distribution system, the sewage system and the electrical systems are all far bigger than what we could utilize or afford to maintain. Their sewage systems were designed for camps of 1,000 to 1,500 people. They have very large self-contained sewage treatment plants which were extremely expensive to purchase and to operate. The generators were a minimum of 300 to 400 kilovolt and some camps they had 600 KV generators. The electrical distribution system is the same way...it's all designed and installed for a large scale operation. There are, and there may be portions of it that we could utilize and we're certainly going to do what we can with it. We're going to try to utilize the wells, for example, at each location and possibly some of the water distribution systems if it's feasible. But, you talk about maintaining an 8-inch water line over 3 or 4 hundred yards or a half of a mile on a year round basis, it's not the same as a 6-inch well with just a water pipe and some heat trace around it that you can get in closer to camp.

Parr asked Soden if their considerations so far had just dealt solely with what State facilities would be needed (i.e. Highways and Public Safety)?

Soden answered in the affirmative.

Parr continued by saying that he and Representative Bennett had discussed, after the last meeting, the desirability of requiring that any private facilities placed on the road (such as service stations, lodges, restaurants, etc.) be placed adjacent to the state facilities. He asked if some of those existing Alyeska facilities (if they were made available to private industry) be used for those purposes since he presumed that the State is going to take over, in effect, more than just the absolute minimum that it would need for its operations? He continued by giving examples of tourist lodging in the vacant camps, using the sewer facilities, etc.

SODEN.....We haven't gotten into that area in detail and the Bureau of Land Management is undergoing a separate study of their own (a land use study for the corridor) which, I think, is going to come out emphasizing what you just mentioned...the fact, that any development that occurs up there should be concentrated in certain areas along the road - including highway maintenance and state facilities along with commercial establishments. I think there are facilities in those camps that might be utilized to some extent by commercial people but, again, it would require some modification in those facilities. The way those camps are constructed and put together, the only way you could use them as is is to go in with another scale similiar to what Alyeska had there. But, they're modular units - they can be taken apart again, put them together into smaller complexes, as far as the bedroom units and the washer units and things like that. The dining hall facilities - it's possible that some of those might be usable for say a lodge (an overnight type facility), yes.

Bennett told the committee that some of the main structures that he has thought would certainly be compatible with State use would be the shop buildings. He stated that he'd gone through several of the State maintenance shops and found them nearly identical to some of the large metal shop buildings that Alyeska has at some of these locations.

SODEN.....We have looked at the shop buildings. They're pre-fabricated, metal buildings and we do have some buildings like that at our camps. The only camps, other than the one that I know of in the Interior where we utilize that type of building are seasonal camps. And, that's something that's been hashed over in the regional office up there quite a bit lately when we started trying to pin these costs down as exactly what kind of a building are we looking at? and what can we utilize? And, I would say at this time that it's still possible that some of those shop buildings might be utilized by us. But, having seen most of Alyeska's camps on several occasions, there's very few of those buildings that I think I would care to take over for State use. They were thrown up and utilized with a short term operation in mind and most of them, and in fact virtually all of them, with one or two exceptions, don't have floors in them; they're not insulated (very poorly insulated) and in the course of the pipeline construction, some of them have been damaged to the point where...I've seen shop buildings up there where you couldn't get the doors to close to a gap much more than a foot and

you can just see the heat waves flowing out of there when it was 40 and 50 below and they were just burning the oil to heat it as fast as they could. So, even if we got some of those shop buildings, I think we'd be looking at some major modification and repair costs to get them - we're looking at a permanent long term arrangement up there and we want some well insulated buildings and we want some facilities that our people could utilize over a long term basis and would be fairly low to operate on a yearly basis. So, I think for the most part their buildings are either too big, or too poorly constructed for what we want; but we haven't completely sold out the idea of using some of them.

Bennett then asked if their cost figures were actually for the most part based on fabricating a complete highway camp at each one of these locations?

O'SULLIVAN.....All new.

SODEN.....That's correct. These figures are for an all new facility.

O'SULLIVAN.....Another thing, Mr. Bennett, is that we have no assurance that any of those buildings will be there when the time comes to move in. They're all for sale and Alyeska will sell them to the first person who comes along - in piece or by the unit or whatever.

Butrovich asked if Alyeska was stipulating that the buildings be removed when sold?

O'SULLIVAN.....Well, it depends on who the buyer is. If it's Alcan, Alcan would work out their own arrangements. But, if anyone else bought them they'd have to take them off.

COMMISSIONER HARRIS.....I think that Alcan and Alyeska have arrived at some understanding on a number of those camps now and there is a commitment between those two parties that exists at this time. The other thing that I would like to say is that we certainly want to look at the camps that we put in there on a permanent basis...we want to look at the life cost of them. The temporary construction type camp facilities that Alyeska went in with certainly don't blend themselves well with that long term considerations.

Meland questioned the winter maintenance problems again with regards to snow and drifting snow.

HARRIS.....You've got two different considerations over the length of that road. We've got about 200 miles that is in the Yukon and Koyukuk valley where your snowfalls are considerably heavier than they are in the Brooks range and the north side of it, and you've got two significantly different environments there as far as the maintenance on that road. If you're talking about the north side of the Brooks range, you've got

a very light snowfall to deal with. And, we're looking at perhaps contracting that part of it out so that we'd only have state crews on that portion on the south side of the Brooks range.

O'SULLIVAN.....I wanted to express to Mr. Meland that it would take the same number of people in the winter as in the summer. We're only talking about 48 people total in the 7 camps including the superintendents, etc. And, when you put 4, 5 or 6 men in a camp, that's the minimum you can have regardless of whether there's anything for them to do or not. I'll admit that if it doesn't snow they can't move snow, but we can't send them all back to Fairbanks. As the Commissioner said, we have two very separate weather patterns... north of the Brooks range is arid; south of the Brooks range they get a considerable amount of snow. You have the drifting in the north and you have the other situation in the south and the same thing with the glaciating.

Butrovich explained that the committee had gone into this maintenance situation extensively and asked Commissioner Harris if it was a fair statement to say that until at least the gas line is built, someone is going to maintain that road? and the State would have to move rapidly to set up whatever kind of facilities they needed?

HARRIS.....We have a commitment to maintain that road. The Governor's made that commitment to maintain the road.

Butrovich continued that this committee was only concerned about the road being maintained but not out of what facilities it takes place.

HARRIS.....As soon as we have the budget together, I think that we'll be asking for a supplemental to get that funding in hand to move ahead as early as possible. It's going to be a tight time frame to get the job done.

Butrovich asked if they could expect to get something before the legislature before they go home? and which will probably answer a lot of their questions.

HARRIS.....Very soon now.

Butrovich informed Harris that he thought the concern of the committee was that the general public might have the feeling that a lot of this expense that is going to be generated is being caused by public demand to keep the road open, which is not the case at all. He continued by stating that the State intends to keep that road open, regardless, until the gas line is built and that this committee wants to get that point across to the public. Butrovich asked if the Commissioner had the same understanding?

HARRIS.....That's true. We have a six-month commitment to maintain the road under this plan.

Bennett asked that of these 7 proposed camps, was his conclusion correct that they would not be using very much of the real property which currently belongs to Alyeska but how many of them would they be filling additional land for not using that land which is already occupied by Alyeska?

SODEN.....Two of them. At Prospect we originally intended to use Alyeska camp, but because of their oil spill that occurred there a couple of years ago and the restoration effort that was required of them, they have completely dismantled that camp and, to my knowledge, the pad upon which it sat. I think, DEC or BLM (the agencies with the responsibility for overseeing that type of activity) have said that there will be no more facilities put on that particular location. So, at Prospect, we're looking at probably moving up by the air strip and the pump station and then putting another pad in up there. Up at Toolik camp, the feeling there was...in the first place the camp is about 2 1/2 to 3 1/2 miles off the highway. First, we have to maintain the road to the camp before you can maintain the highway. The big problem at Toolik is the water supply. Alyeska wasn't able to get an adequate well sunk there so they had to take their water supply from Toolik lake which means they've got a pump in the lake and about a half a mile of overland pipeline (reasonably large diameter water line) up to the camp. We felt, for our long term operation, it would be better for us to locate both closer to the road and to the lake because in all probability we're going to have to rely on the same water supply. But, the cost of maintaining that long, fairly large water line entered into it. So, what we're looking at is a material site, which is already under permit to the State, which lies closer to the highway and to the lake. We'll be virtually right on the shores of the lake there. So, we'll have to do some site work in there which could be primarily just leveling it out and grading it properly.

Bennett asked if the other 5 camps would be located right on the filled in area?

SODEN.....Hopefully, they'll be located right on the fill where Alyeska's camps are now.

Butrovich asked Harris to clarify earlier statements regarding the damage that was done to the other portion of the highway, other than the Haul road. He asked if there had ever been any question as to whether or not the State in any way held Alyeska responsible for any of the damage to the other portion of the highway (for example Valdez to Fairbanks)?

HARRIS.....No, under the terms of the agreement that existed they did not, although Alyeska did pay special maintenance on portions of the Elliot highway. On the Elliot they paid special assessments, I guess you might say, for maintenance on that road but not on the Richardson.

Butrovich asked Harris if they were going to negotiate with Northwest on that basis also?

HARRIS.....We certainly intend to confront Northwest with something different than Alyeska had to consider as far as maintenance of our road system and reconstruction of our road systems after that heavy effort - either before that effort is taken or after it's undertaken. Ideally, as we see it, we would like to see someone put up the front money so that we could rebuild those sections of road that we know aren't going to hold up under that construction effort. We could do that during this lull period of time to help the State's economy, if we could get that front money cranked in now. It doesn't, as a practical matter, Alcan isn't going to come up with those kind of funds until they've been able to arrange permanent financing and, of course, we don't know when that's going to be. The only thing that we can see that might possibly happen is that the federal government took on that consideration at this time. Otherwise, I think that we'd be looking at, and after the construction period (once they had their permanent financing and been through the construction phase) and then we'd require that they rebuilt our roads. We certainly don't intend to suffer those losses if we can avoid it this time around.

Butrovich asked Deputy Commissioner O'Sullivan if he had anything additional he would like to express to the committee.

O'SULLIVAN.....No. The responsibilities levied on me are our other maintenance as built and I certainly echo the Commissioner's sentiments that we hope that we can arrange that understanding before we start.

At the conclusion of the testimony from officials of the Department of Transportation and Public Facilities, Parr informed the members that he had asked an attorney from Legislative Affairs to look into the matter of the feasibility of private enterprises locating near or on State facilities.

Butrovich called upon Commissioner Richard Burton, Department of Public Safety, to appear before the committee and give the members any input they may desire from his department.

STATEMENT OF COMMISSIONER RICHARD BURTON, DEPARTMENT OF PUBLIC SAFETY:

I am here in response to your invitation to appear and discuss the aspects of security on the Haul road, which is pretty broad. I would be willing to, in detail, try to identify those things you want to discuss with me. As far as just security of the Haul road or the pipeline - they're two different questions. We have no responsibility, as such, for security of the pipeline itself. But, we do have some things to work out, as does the DOT, if the Haul road is opened this fall to any or all use by the public. And, we've been working with DOT and planning to piggy back with them, of course, with facilities and stationing of troopers and wildlife officers on the pipeline. Cause, if it's opened to one vehicle a day or a thousand a day, it's going to demand the same effort - practically from us. I would be happy to answer any questions you might have.

Bennett asked Burton what the current public safety responsibility was in the Deadhorse area and, if the road was opened, what would the impact be up there on public safety?

BURTON.....We have someone at Deadhorse (stationed there), because it's a very good sized community of people and they're there for the same purpose as any place else...for actual crimes that are committed. We're not involved with security itself of the camps or the pipeline. The pipeline and those installations are the same to us as a bank or a supermarket...for security of that type, it's their responsibility to have private security. Once a bank robbery happens, or a crime occurs, then we have some interest and jurisdiction, of course. And, we've kept someone there during the construction phase. We had a whole total of three troopers, north of the Yukon, at various camps and we did that on a rotation basis and at very busy operations where the people were involved there...patrolling the highways, to some extent; helping out even though it was closed to the general public as far as traffic was concerned. I think it was beneficial us having them there after the pipeline started - the initial fatalities that we experienced with some of the truck drivers in some of the areas and we were able to help patrol and make recommendations as far as maintenance and safety recommendations. But, outside of that, we took care of strictly criminal matters and the fish and wildlife matters along the pipeline. Some of the concerns that we have, of course, would be if the Haul road is opened to the public - the absolute lack of life support facilities... filling stations, the bare necessities of restrooms. By the stretch of the imagination - a bus load of 60 people goes off some where and turns over and has a wreck 200 miles from no where. What are we going to do? There are no medical facilities; there are no hospitals - those types of things we have concern with as far as public safety is concerned. Being installed there on any kind of a permanent relationship, which it would take, I'm looking at a considerable amount of expense for equipment

I think it's going to be a necessity that we have probably a couple of aircraft stationed along that 400 or 500 mile stretch someplace... for patrol and for emergency medical services if necessary. We've worked up several budgets over the last year...there's been a lot of planning on it. And, we're working with DOT to use multi-use of whatever facilities we come up with which certainly makes sense. I have one of our latest budget documents - (a copy of which I'd be happy to leave with the committee) Note: Copy on file for nine-months operation assuming that this is for a minimum involvement, assuming it opens in October and other assumptions that the Haul road will be restricted to industrial use only until the end of the gas pipeline or tour bus operations may be allowed by the private sector. Numerous assumptions that go into it. I'd be happy to give this to you for your consideration.

Bennett asked what Burton forecasted for along the 400 miles of highway, if the normal population goes up the highway just as any other state road, as far as the number of trooper stations required?

BURTON.....We have several alternatives and, of course, it's going to depend upon whether it's a seasonal or year-round operation. If it's year round, there's going to be permanent stations that's going to involve individuals and their families and those kinds of supports, otherwise we were planning on rotation of assignments, using the troopers we have now which bothers me to some extent because there is so much attention being given to this one area of the state when there's numerous areas in the rural areas of the state for the last 20 years I haven't been able to provide service to - in both troopers and wildlife. But, we have submitted plans and the last one we were talking about Deadhorse, Galbraith, Prospect, Livengood and Bettles. Bettles is a good place to operate out of for us with the airstrip and we do have fish and wildlife officers stationed there. This nine-month proposal asking for three additional positions, which would be kept filled on a rotation basis, of course, so we're talking of any number maybe a dozen different personalities involved in those three positions providing services on a rotation basis. Once it gets down to it, though, it's like I said earlier - if it's one vehicle or a thousand a day, it's going to involve the same amount of involvement for us as far as just patrolling with the amount of people getting involved in there. We're looking at potential fish and wildlife violations, traffic accidents - all the things that go with people problems when you get people. I think projection is, during the gas line phase construction, you're looking at 5,000 trucks a month across that bridge (Yukon). That's 5,000 up and back and that's something like 6 or 7 vehicles every hour around the clock, going up and down. We'll have to man a check point at the bridge, install a weigh station...I've driven that pipeline (entirely) once and portions of it several times and the last time I went down from Glennallen to Valdez, it is apparent that the highway was used as a construction road - running between camps and the lack of

weight restrictions because with some of that construction equipment there's no way that they can stay under the restrictions required. It's just going to tear up the road. But, the others that do have the normal - then a trucking industry that's there is going to have some kind of limits on the road in order to maintain it. One of those things that we just enforce that somebody else comes up with.

Bennett informed Burton that one of the things that he had grave concerns about was that the community around Prudhoe Bay was up around 5,000 people and is scattered over many miles and the crime rate could increase with many more people going in there. He asked Burton if he felt he would have to increase his personnel in that area, if the Haul road were opened?

BURTON.....I think the general public is going to be fairly well restricted from access to most of those areas because of the camps and I don't have any idea once they get there what they are going to do or where they're going to go except to say they saw the Arctic Ocean and turn around and drive back again. Because, all that's going to be so restricted to the public access. I can't see people having enough time to run tours through - may be going up and getting their pictures taken at Pump Station #1, or something. It's just hard to predict. It's so unique, there's never been anything else like it. I've never covered anything else like it. We might have to double our whole force up there and put two (2) people there, I suppose.

Parr referred back to the Commissioner's statement regarding the lack of medical facilities up there and asked him that wasn't that true even now on the Denali and Taylor highways? He told the committee that one of the things the House Health and Social Services Committee is looking at this year is the emergency medical services around the state and the systems that are being set up. He continued by describing a test case that had been given the committee.

BURTON.....I don't anticipate any medical facilities there. I was just making the point that there are none; however, in the other areas we respond to - these almost on a daily basis - at least several times a week in the rest of the areas of the state. And, all over scattered any where else in the state, there's scattered airports, airplanes and contacts with people or small communities of some sort. Outside of Wiseman, there are no communities between that Yukon river and Deadhorse field. And, that's a concern I have - to get somebody up there several hundred miles up that road. Course, there's a half way point - you're within 200 miles of something, I guess, either way. But most of the other places, in the rural areas of the state, communities respond or planes and villages scattered all over. And, we experience that on these highways you're talking about - the Denali, Taylor and we've had actual cases like you're talking about. Hunters out...somebody out up on the Taylor highway pulls his rifle out of his vehicle backwards and blows a hole in himself and we have to respond to it.

Parr then clarified the conversation by stating that the same problems would exist on the Haul road as on any other remote highway discussed?

Burton answered in the affirmative.

Butrovich informed the members that there was one thing about this road and that was that the Fish and Game people have no intention of doing away with the five-mile corridor on either side of the road as far as hunting is concerned. He added that he felt that would automatically preclude the great rush that they might anticipate on that road because of the fact that they can't hunt. He stated that he didn't think this committee had shown any evidence of disagreeing with this philosophy, at least until after the gas line is built. He went back to the discussion about the bus load of people traveling the road and what they would do. He said that he felt that, even if the road were opened to unrestricted traffic, it would be hard to imagine a bus load of tourists going up there because you have to have facilities in order to do that. He told about in the Northwest territory how you could drive 300 to 400 miles where there are no public facilities (gas stations). The provincial government tells you that you 'drive at your own risk' and people do drive it but he said he didn't think they ran tour buses. He said that he has known people who have driven it and have taken their own gas along and their own facilities such as sleeping bags; food, and they go almost up to the Canadian Arctic (Dempster Highway). He stated that he felt that those things take care of themselves. He said that he couldn't visualize the Public Service Commission allowing a bus to take gas along with them and starting up that road with a load of tourists. He said that he had to agree with the tourist potential of that road but that it was certainly not an immediate thing.

BURTON.....The reason I made that comment is because I've heard that there's been a great amount of interest displayed by some tour operators in doing that very thing and I think there should be some restrictions in the fact that they have to insure that there are facilities before they get involved in that. As far as I'm concerned, if you could restrict in that particular area, of no one taking a firearm past the Yukon river would be fine too, but you're not ever going to do that. Just because they get frustrated with something else, they start shooting the refrigeration units and everything else on the pipeline and there's a considerable amount of that. There's been a lot of problem in the past few months with airplanes. It's now a big deal to fly underneath the Yukon river bridge and they go up and land on places on the Haul road where they're not suppose to be and they want to go over and have their picture taken by the pipeline...a lot of interest and I think you might see a flash of that initially which I'm sure would slow down once the initial attraction of it wore off. But these are concerns that I have to be concerned about.

Parr reverted back to the Commissioner's comments about a check point and weigh station at the bridge and asked what the check point would do besides weighing vehicles - would it have any other function?

BURTON.....I say check points place, if you're going to have a weigh station, you might as well have people living right there where you're not having to go back and forth and may be check point was not descriptive. It's a common terminology of someplace along a highway where you can check people in and out and, I think, that some of the things that might be applied there for strictly a personal security standpoint of individuals. Over the years I was used to, a lot of us, they still do it on the Haines cut-off - you check in when you start out and check out at the other end so that somebody knows that you came through and you're okay. There's a lot of things that could be beneficial. Probably could be worked in conjunction with the security for the gas pipeline as the security officers could be there also for their check-in of materials in and out of the Haul road area. Check point was just a word I used.

Butrovich asked Burton if he had anything additional to relate to the members.

BURTON.....No, I don't believe so. We have a lot more work to do on it. As I was saying, we have several alternative budgets and I think we're going to be in the same position with Commissioner Harris, coming in with some sort of a separate special budget supplemental to get involved in the Haul road itself and we're working together and so it'll probably come in together.

Butrovich stated that he would anticipate that within a matter of some three weeks, at least, they'd know what the Legislature is going to do and that that should be of some help.

BURTON.....I just wish someone would come up with a simple way of security on the pipeline.

Parr stated for the benefit of the committee members that he and Mr. Bennett, after the last meeting, had discussed the possibility of requiring any private operators to locate adjacent to the State facilities in order to avoid the scattering up and down - rather helter skelter approach to private development. He added that he had asked Legislative Affairs to look at what their legal capabilities were in that direction. He said that he had Ken Rosenstein from Legislative Affairs to bring the members up to date on his progress so far.

ROSENSTEIN.....In response to Representative Parr's question, I can see no legal obstacle to the state requiring that private development occur adjacent to public facilities along the Haul road. That would be an exercise of the State's police power. The problem comes with the application of that law and, in light of the fact that the Haul road goes through a utility corridor that is on federal land, and the

question that I'm not quite sure of the answer to, at this time, is whether or not the supremacy clause in the federal constitution would prohibit the exercise of the state's police power on a federal land use permit issued to a private person. I think, though, as a matter of accomodity to the state government, the federal government would give great credit to any state law in that regard and along those same lines, the Governor is in the process right now of negotiating a joint planning and management agreement for public lands in the state and I understand that it is very close to being executed in final form. But, among the provisions of that proposed agreement, are that the State and the BLM would mutually agree to cooperate in the development and implementation of land use plans and policies for the management of public lands. And, there would be a mutual reviewing process in terms of any decision that would be made with respect to those lands. Also, the federal government would agree to develop land use plans which are consistent with state and local plans to the maximum extent consistent with federal law. So, I think there has been an expression of willingness on the part of the federal government to abide by state policy with regard to land use. On the other side of the boundary of the North Lope Borough, of course, the state would not have any zoning power, so any legislative enactment along the lines suggested by Representative Parr would not have any legal affect north of that line.

Bennett asked if he understood Rosenstein's comments to mean that... the federal government is supreme to our state's desires, but likewise, the North Slope Borough is supreme to our state's desires?

ROSENSTEIN.....Well, the constitution and Title 29 have given zoning authority to the municipalities and also the legislature has required in Title 35 that the state comply with local zoning enactments in any public works project that they might endeavor to build within a municipality. And, there is an exception. If there is a clear demonstration of an overriding state interest, then the Governor has the authority to waive the requirements of the statutes. Otherwise, yes, the state must abide by local zoning enactments.

Bennett continued by asking if it could be waived?

ROSENSTEIN.....Right, but there must be a clear demonstration of an overriding interest.

Bennett asked if public safety would be an overriding interest?

Rosenstein answered in the affirmative.

ROSENSTEIN.....With regard to the federal/state conflict, the question that I'm attempting to pursue is whether if the only federal interest involved is their interest as a land owner, I'm not certain whether the supremacy clause would apply or would restrict the operation of state law

It's something that I want to talk to some people and do some research on. Additionally, let us assume for the sake of discussion that the supremacy clause of the U.S. constitution would apply, there are still mechanisms by which the state could block any development that would be contrary to its policy. A few that come to mind are the so called A-95 clearing house and the environmental impact statement provisions of the National Environmental Policy Act. So, it would not necessarily be a dead letter if my research discloses that the federal law would be supreme.

Bennett asked how long it would be before he would have an answer on this?

ROSENSTEIN.....I could have it be early next week.

Butrovich stated that one of the things that he felt the committee should have would be an opinion as to (for lack of specific legislation) how far the state administration can go in the restriction of traffic on a public highway once it becomes a public highway? In other words, what authority exists where the administration can say it's a special use highway (limited use highway) as long as public funds are expended? He added that he would like to have that information by Tuesday next and also informed the committee that he intends to ask that same question of the Attorney General.

Parr asked if they would be looking at a bill this meeting and if the other members had come to any consensus as yet?

Butrovich stated that he felt that in the interest of fairness to everyone concerned, that the committee should wait until after the public hearing on Thursday, March 9, before marking up any legislation.

Butrovich asked if there was any one else present who wished to testify at this meeting.

Andy Karella, Fairbanks Borough assemblyman asked.....Will this committee have anything to do with the budgeting for this program? That's where my questions go - my concern is I'm thinking back to the Alaska road commission and Bureau of Public Roads buildings and things that, in fact I know some of them that are still in use on our Alaska highways, and I am a little concerned with the idea that we have to build these large facilities when there are facilities already there that are declared inadequate. That's out of the testimony I heard, that's the thing that's bothering me a great deal and it sounds to me like the budget may be - but if that's not this committee's prerogative, then I.....

Butrovich answered that the way that would be handled is the Administration will come in with amendments to their budget and perhaps

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even with supplementals to carry through from now until the 30th of June. And, I'm sure they'll come in then with amended budgets for the '79 budget year and then we'll go through the regular legislative process - (i.e. the Finance committees in the House and in the Senate). This committee will not have anything to do with that. However, he added that this committee will have something to do with legislation concerning the road and that will go to the legislature as a committee bill.

With nothing further to come before the committee, the meeting adjourned at 2:58 pm.

Special North Slope Haul Road Committee Meeting

Public Hearing

Thursday, March 9, 1978 - Room 126 - Capitol Building

Senate Members Present: Senators John Butrovich, Chairman; Frank Ferguson, Pete Meland

House Members Present: Representatives Charlie Parr, Chairman; Don Bennett, Leo Schaeffer

Others Present: Representative Larry Carpenter, Eben Hopson (Mayor, North Slope Borough), Earl Finkler (Planner, North Slope Borough), Larry Dinneen (Executive Vice President - Arctic Slope Regional Corporation), Phil R. Holdsworth (Consultant - Alaska Miners Association, Charles Meggitt (Department of Transportation and Public Facilities - Director, Interior Region), Justin Swift (DOT-PF, Maintenance Analyst), James F. O'Sullivan (DOT-PF, Deputy Commissioner), Don Dickey (Alaska State Chamber of Commerce), Ruth Harris (Alaska State Chamber of Commerce), Wayne King (President Alaska Trucking Association), Ben Benediktsson (Manager, Alaska Trucking Association), Terry Palzer (Board of Directors, Fairbanks Chamber of Commerce), Chris Anderson (Director, Village Government and Technical Assistance Program - Tanana Chiefs Conference, Inc.), Mark Jensen (Associated Contractors), Virginia dal Piaz (Alaska Conservation Society) Avrum Gross (Attorney General, State of Alaska).

The meeting was called to order at 1:33 pm.

Senator Butrovich called for testimony from those present.

STATEMENT OF CHRIS ANDERSON, DIRECTOR-VILLAGE GOVERNMENT SERVICES AND TECHNICAL ASSISTANCE PROGRAM, TANANA CHIEFS CONFERENCE, INC. (Fairbanks)

He stated that he was present to testify on three bills (2 in the House and a Senate Substitute on the Senate side) dealing with the Haul road.

I'll open up my testimony; it's going to be brief and short and to the point. In 1976, the Tanana Chiefs Conference unanimously passed a resolution I'd like to read:

WHEREAS Tanana Chiefs Conference, Inc. is an Indian tribe as defined in the Indian Self Determination Act and the Alaska Native Claims Settlement Act and is recognized by the Secretary of the Interior,

WHEREAS due to the trans-Alaska pipeline system, a haul road has been constructed for delivery of equipment and materials and people through areas utilized by the members of the Tanana Chiefs Conference for subsistence hunting, fishing, trapping, and

WHEREAS the people of the Tanana Chiefs region are concerned about the impact of the opening of the Haul road and the quality of life traditionally enjoyed by the people of the Tanana Chiefs area, and

WHEREAS the permanent maintenance of the North Slope Haul Road would present a costly burden upon the citizens of Alaska, whose taxes are expended at a rate in excess of State income at present, and

WHEREAS the migratory patterns of fish, fowl, indigenous game, and species native to the regions penetrated by the Haul road have already been altered; will be further changed by the increased hunting pressure intended to the public opening of the road, now therefore

BE IT RESOLVED that the Tanana Chiefs Conference, assembled in convention this 19th day of March, 1976, does hereby oppose the opening of the North Slope Haul Road to the public subsequent to the construction of the trans-Alaska pipeline.

I believe that this resolution has been sent to different people down here in Juneau in past Sessions but then I think that my presentation is going to be short because all has been said. There is nothing much that I can add to it.

There are some fears that I'd like to read; re-amplified just for your information. There's a fear, of course, loosing the subsistence life style that's available to the residents right now in the Interior of Alaska...for those people that are living in communities that are pretty darn close or adjacent to the corridor itself. There's a fear that the cost of maintenance would prohibit the use of monies for other things like improving the transportation system here in Alaska, health concerns, education, things of this sort. And if there was a negative impact created by the opening of the Haul road to the general public, as these bills seem to relate to, it might burden the State to perhaps find more monies for this impact in terms of financial aid that might have to go to some of these communities and or the people. There's a fear of creating a permanent impact with the creation of lodges, roadhouses and things of this sort...that, you know, once they are there it would be pretty hard to change direction to 180 degrees. There's also, of course, the fear of the security of the pipeline itself. Just recently, you know, that

there was a successful attempt to halt the pipeline and the more people you're going to have up there from the general public, of course, security problems are going to arise and game management problems and things of this sort.

The recommendation of Tanana Chiefs Conference is that of no passage of bills that I've gotten ahold of (these three in particular).

The Bureau of Land Management this early summer, or late spring, is going to again attempt to try and get testimony from the communities along the corridor...Anchorage, Fairbanks, Fort Yukon, Evansville, and other communities; I think Barrow, too. And, it might be wise to see what kind of testimony they receive at these hearings before proceeding before passage of bills that are before us right now.

There was an idea that was brought by several native organizations, whose interest is what's going to happen with the Haul road? And, that is perhaps taking a look at the Haul road more deeply rather than raising the fear again of a 'knee-jerk' type of a situation. I think that maybe even more study should be done on the Haul road...the social-economic impact that it might have to the communities...smaller villages around the corridor area. There does, definitely need to be some kind of a process to initiate the public awareness of issues such as the Haul road and other issues that are up before the Session. It's probably one of the more important things that I think these people would like to recommend to you at this time.

Other than that...other than the fears that I've mentioned and other recommendations that I've said, I think that if these bills are recommended for passage, I think it would be highly inconsiderate of the people who live along the corridor.

Butrovich opened the meeting to questions by the committee members.

Representative Parr asked if the resolution passed by the Tanana Chiefs Conference stated that the road should be closed completely or only opened to some people - as opposed to the public?

ANDERSON.....All it says is that we would oppose the opening of the North Slope Haul road to the public. There's nothing mentioned in there concerning industrial use or mining...extraction of minerals and things of this sort. But, I have a feeling that for industrial use and purposes such as that, it shouldn't be too much of a problem.

Parr asked Anderson if he was aware that there is a prohibition on hunting and fishing within five-miles of the corridor of the road? and the Board of Game is taking that up to codify that into their regulations on March 28th?

ANDERSON answered in the affirmative.

Senator Meland asked what villages Tanana Chiefs Conference represented?

ANDERSON.....Tanana Chiefs Conference is responsible, administratively, for about 40 villages in the interior. I think there's about 6 or 7 villages that are pretty close to the corridor. And, each of the representatives from each of the 40 or so villages in the Tanana Chiefs passed this resolution unanimously.

Meland continued by stating that he looked at this haul road in the Interior like he does his own marine highway system in his district of southeastern Alaska and he explained that the villages along the southeast coast like Angoon, Hoonah, little towns like Tenakee Springs with 120 people; they want this and it does cost money and he stated that he was wondering why the difference?

ANDERSON.....Well, I think that the people in the Interior may be of a different type of people where they would like to insure that their life style that they've had is protected. I really don't think that we want too many outsiders to come into the villages and pick up the cash economies type of living...type of life styles. They're kind of caught between the subsistence life style and the enticed economy type of life style and I think that it's a very delicate situation right now. And, they want to make sure that they're not rushing into things that won't be penetrated by a lot of people coming in there. Once you open up the road, they fear that it's just going to be more ancillary roads coming out...loss of game...any of the resources that are available for their subsistence life style. They have a fear of loosing this type of thing. If there's any monies to be expended, perhaps of creating the existing transportation system - like the airports or your local public service roads between the community and the airport itself, I think would be great.

Meland continued by asking how they would go about opening the road up to mineral development as referenced in their resolution? He used an example by asking that if he went up there in a pick-up truck and said he was a prospector - would he have access to the use of the road or not?

ANDERSON.....Well, I would think there's probably a lot of ways that one can limit the use of the road, of course, permits, fees, or whatever. The resolution doesn't specifically say that it would be all right for industrial use. It just says 'do not open to the general public'. So, you might have to take it for granted that the industrial use and these type of things is all right...get a permit.

Representative Bennett asked Anderson what the closest village was to the Haul road? and how many miles away was it?

ANDERSON.....I believe it's Evansville and I think it's pretty close to 20 or 30 miles. And, then Stevens Village if pretty darn close, too.

I think within 10 or so...I'm not sure of that.

Bennett continued by asking if there was a feeling that if the public were using this road and, without any connection roads between the villages, that this would still impair a life style?

ANDERSON answered in the affirmative.

Butrovich called on Attorney General, Avrum Gross, to testify.

STATEMENT OF AVRUM GROSS, ATTORNEY GENERAL FOR THE STATE OF ALASKA

Senator Butrovich, members of the committee, my name is Avrum Gross. I'm here on behalf of the Governor to review the Administration's policy with you.

You have already heard, of course, from Commissioner Harris and I hope I won't simply repeat what he's told you. I hope to bring a slightly different perspective to this. My involvement has come in this project as a state legal advisor in the development of the Haul road policy; has involved consideration of a number of legal options available to the State and also extensive negotiations with the Department of Transportation on the federal level, which I have engaged in in the last few weeks and which I'd like to report to the committee.

Prior to doing that, and to place my comments in context, let me just briefly review what I understand the administration's policy to be. Now, the road from Livengood to Prudhoe Bay is the North Slope road; and that portion of it from Livengood to the Yukon river and across is already open to unrestricted public and commercial use. Access to that road is through the Elliot highway, which is in poor condition.

Now, the first point of the Governor's program was to improve the Elliot highway from Fairbanks to Livengood, so that recreational users from Fairbanks and other portions of the State would have access to the Yukon river. The state with BLM permission, since BLM controls the corridor, will construct facilities on the shores of the Yukon river for recreational use. The first section of the Haul road, then, to the north shore of the Yukon river, will be completely open for unrestricted use and improved so that the use is available and enjoyable... that will mean that people can drive north from Fairbanks, approximately 120 miles, to the newly developed recreational area. The area north of the Yukon river is presently closed to any use but Alyeska's. The State of Alaska will receive control of the Haul road from Alyeska, at the earliest, in October of 1978. Upon receipt of the road, the state intends to implement the following policy, unless, of course, the legislature directs otherwise.

First of all, the road will be primarily used as an industrial road for commercial traffic to the North Slope and for other resource development in the north. It will be maintained on a seasonal basis, at least until the completion of the gas pipeline which will be in 1983 - by rough estimates. Public access will be permitted. The transportation, however, will be through the means of mass transportation - rather than through the means of private motor vehicles. Specifically, we contemplate the operation of a regular bus service from Fairbanks to Prudhoe Bay, to transport anyone who wishes to travel up the Haul road, up the Haul road. The costs of maintenance of the road, while born in part by the general public, will be in some means shifted to the commercial operators who actually profit from the use of the road...primarily trucking operations. And, finally the state will participate with the Bureau of Land Management in an extensive co-operative planning effort to determine what future uses of the road will be compatible with the land-use plan for that roughly northern third of our State.

Now, the most controversial feature of this program, Mr. Chairman, is obviously that of prohibiting private cars on the road north of the Yukon bridge. Now, I stress to you that this has nothing to do with public access to the road. The public will have access to the road. We're only talking about the kinds of vehicles that will transport them along the road. We feel strongly that private vehicles should not be permitted on the road for several basic reasons. First of all, nearly all of the land, really all of the land, on both sides of the road is owned, operated and controlled by the federal Bureau of Land Management. There is absolutely no way that the State of Alaska can authorize or construct any kind of facilities for the safety and convenience of travelers along the road. We cannot authorize the construction of gas stations; we can't authorize the construction of public safety facilities, or hotels or anything else. To turn people loose on the Haul road, without any of these protections, would in our view be courting disaster and would expose the State to enormous financial responsibility - unless or until the Bureau of Land Management is willing to allow facilities for the general public, there's nothing we could do even if we wanted to.

Now, right now, the area traversed by the road is a completely undeveloped and unspoiled area. It's also one of the most fragile environmental areas in the world. The people who live there, who are part of the environment, don't want unrestricted public use of the road. We have an opportunity in the Governor's words to 'crack the road open' through the use of mass transportation which will preserve as best we can the beauty and environmental values of the area and preserve the life style of the people who live there. We can let the people see and enjoy this country, and we want to do that, but we also want to minimize the impact on the country and we can do that too.

Another reason why we are opposed to opening the road to private cars is that the cost of opening the road to unrestricted traffic of that nature would be substantially higher than a system of mass transportation such as we've proposed. It would mean an additional cost of approximately a million dollars a year. Now, it's tempting to say that this is a road just like any other road, but it's not. There are no public funds in the construction of this road. The only federal funds or public funds of any nature which have been used is approximately one to two million dollars which were used for environmental surveillance during the construction of the road. The area through which the road traverses is totally undeveloped. The costs of maintenance are substantial and the risks to the traveling public are high. Now, even if none of these things were true, just because we did things one way because we call something a road, doesn't mean that we're like robots, compelled to do them in the same way in every other instance. The whole thrust in the United States today is try to get away from the use of private motor vehicles and towards mass transportation and we've got an opportunity to try that. We have a model for this in our State. Mc Kinley National Park uses a bus system to transport people through and I don't know anyone yet who I've heard that expressed that that hasn't been a satisfactory system. It's been an outstanding success in McKinley and we can do it here. And, that's the basic...that's a brief outline of the program.

Now, we have discussed that program in some depth with the federal Department of Transportation and the federal Department of Interior. The Department of Interior, in which the Bureau of Land Management resides, supports the Governor's program and will cooperate with us in doing what must be done. That means the BLM will approve recreational sites along the Yukon and will cooperate in obtaining facilities for travelers conveyed by mass transportation along the road. The BLM will not make land available at this time for facilities needed for unrestricted public access, which means that we simply cannot construct them. The Department of Transportation has reviewed our position extensively with its legal staff and has advised us that so long as the public is permitted access to the road, which we fully intend, the road may be restricted to buses as a means of transporting the general public along with industrial vehicles. They have no legal objection to a restriction against private cars north of the Yukon river. Now, Commissioner Harris in his previous testimony has apparently advised the committee that if we restrict private motor vehicles from the Haul road, we may be required to pay back to the federal government certain funds used in the surveillance of the construction of the Haul road...that's about as I say about 1 to 2 million dollars. Now, Commissioner Harris erred in this regard. Now, he was under an impression which has been clarified in our negotiations with the Department of Transportation. No pay back at all of federal funds will be required. Now, that has been confirmed with the Department of Transportation. So far as user fees are concerned, shifting of the financial burden to the people who primarily use the road,

the Department of Transportation has advised us that it will not sanction the use of tolls on the road; however, they have no legal objection to a system whereby those who receive the primary economic benefit from the use of the road, pay a reasonable part of its maintenance cost. We are still in negotiations concerning that. We've discussed possible user fees and we have discussed possible taxes directed toward commercial users of this particular type of road. There's no immediate need to resolve this question, since the road will not come to the state until the winter of this year, where, assuming for a moment that the Governor's program does go into effect, the road would not open until the Spring. Which means that the next legislature will have before it, if this legislature does not deal with the question, options concerning possible revenue sources.

I want to stress two things, Mr. Chairman, in closing...First of all, I think it's important to stress that the Governor's plan does not prohibit public access to the North Slope by means of the Haul road. The only concern of the Administration is the type of vehicles which are used to transport the public along the Haul road. We feel it's only intelligent planning for safety, basic safety, and basic comfort of travelers, as well as protection of the environment, human and otherwise, to require mass transportation north of the Yukon.

Now, on the matter of costs...the Mayor of Fairbanks, Mr. Gillam, mentioned something to me when he and I drove the Haul road last fall and I think it was very pertinent. He said to me that in his view it really didn't make a lot of difference whether the road was opened to the public or not since 90 percent of the use of the road (I forget...I don't want to quote him imprecisely - it was something like 90 or 95 percent of the vehicles of the traffic along the road) would be from commercial vehicles in any event.

A trip to the North Slope is going to be expensive and not terribly comfortable if private vehicles are allowed and, I don't think after the novelty wears off that many people are going to do it unless they have a profit motive to do it. Since that's the case, the real issue on cost boils down to simply this. Now one group, primarily commercial truckers and conceivably resource development companies, are going to benefit primarily from the economic use of this road. The issue is whether they should bear the major share of its maintenance or whether that cost should be born by the total general public of the State of Alaska. If it's the latter, it will mean that there will be less maintenance funds available for roads which are normally used by the general public - such as between Anchorage and Fairbanks. The Governor feels that since one group will so clearly economically benefit from the use of the road, the residents of the State should not be required to pick up the maintenance costs of the road maintained primarily for that group's economic benefit. That cost should be included as a cost of doing business

Mr. Chairman, I appreciate the opportunity to appear and I would be happy to answer any questions you may have concerning the legal implications of the road or any other things I can help you with.

Butrovich informed the Attorney General that the testimony he just gave almost overwhelmed the Senator.

Butrovich opened the meeting to questions from committee members.

Parr stated that, although he did not want to put words in the Attorney General's mouth, was this what he drew from the Attorney General's remarks?... "The BLM owns the land and therefore we can't approve any facilities on it"?

GROSS stated that that was correct.

Parr continued, "The BLM will go along with the State, with the Executive branch of the State, on establishing facilities. They will not go along with this legislature if this legislature makes a contrary decision? I don't think you intend to say that, but that's really what comes out. Is it that BLM is willing to go along with the Governor but if the legislature makes a different decision, they're not willing to go along with us?"

GROSS.....Secretary Andrus has not discussed with the legislature what the legislature's policy may be. Secretary Andrus has indicated that the policy of the Department of the Interior is not to permit unrestricted public access to the Haul road north of the Yukon river.

Parr stated, "That has not been Secretary Andrus' privus...that is our privus. The road has a 200 foot wide area which he does not control."

GROSS.....You cannot construct facilities along the right-of-way, Representative Parr. If the Secretary of the Interior and the Bureau of Land Management are unwilling to give us permits to construct facilities there is simply no way we can do it. If the legislature authorizes access up the road, that's fine; but there will be no public safety facilities and no gas stations and nothing else along the road unless BLM authorizes them.

Parr continued, "It may well be that that's what Secretary Andrus has said and he may have to think twice because it certainly sounds like what he's saying is - I'm willing to go with what the Governor wants but if the Legislature decides differently, I ain't going to do it".

GROSS.....Secretary Andrus, Representative Parr, has some rather firm ideas of his own about the utilization of the area north of the Yukon river, which is under his jurisdiction. It's not a question of his saying I'll go with the Governor; not the legislature. Secretary Andrus has some of his own views on this subject and you can debate it with

him but the fact of the matter...the only thing I'm trying to convey to you is that he has the legal power to authorize or not authorize the permits for construction of facilities along the Haul road. That's the only thing I'm trying to convey.

Bennett asked Gross if it was true that legally the State of Alaska has the right to grant exceptions for construction on the right-of-way of any highway?

GROSS.....On the right-of-way?

Bennett continued by saying that it was his understanding that if the State wanted to make an exception, they would grant up to 100 feet for a facility and they've done it in several areas - allowing businesses to encroach on the right-of-way.

GROSS.....I'm not entirely clear that that's true in the case of the Haul road, Representative Bennett.

Bennett clarified his question by stating that he was referring to 'any state road'.

GROSS.....I have been advised and I'm not an engineer so I couldn't assert this to certainty...I have been advised by Commissioner Harris that there is no way the State could adequately construct facilities along the right-of-way. Now, I have to take his assertion on that and, if you doubt it, ask him about it.

Bennett continued by saying that his point was that you can use the right-of-way...the State can grant authority.

GROSS.....Well, I specifically asked him that. Whether there would be an ability to construct facilities along the right-of-way and he advised me that there would not.

Bennett on another subject said he was kind of intrigued by the thought of rapid transit of the north and asked Gross if this was similar to the ferry system of the south and could Gross elaborate more on this?

GROSS.....I don't think I said rapid, I think I said mass.

Bennett asked if this system would be one operated by the State?

GROSS.....No, it would be a private concession, Representative Bennett, which would operate buses on a regular basis from Fairbanks to the North Slope, bringing people up, however many people wanted to go. Hopefully, they would have the ability to stay in..the BLM will authorize groups... for instance. I'll give you an example, Representative Bennett. I drove the Haul road last Fall; trying to get some grasp of what was going on up there and we stayed at Chandalar overnight. Now, Chandalar has bunk

facilities. It has a number of facilities which could put up travelers and, in fact, do right now. I assume that any bus system would make arrangements with BLM and hopefully to take over, perhaps, existing Alyeska facilities; to provide facilities for travelers so that they could stay overnight on the Haul road...so that they would have toilet facilities, places where they could eat; these things. And, that's how it would be worked out. There was, in the past...several years ago, we had five applications to maintain bus service up the highway after it was completed. Course, we haven't had anything lately because we haven't been able to deal with that. I understand the North Slope Borough has a proposal concerning bus service. I don't really think there'll be much problem in getting a private operator to maintain bus service up the road; but it would not be a State operation, no, it would be a private operation.

Bennett stated that transportation on the southern waterways was privately operated until the profit motive wasn't there and then the State had to take it over.

GROSS.....Well, if no one wants to go and it's not profitable then there's not much of a problem. I think the problem is we're assuming that people want to go up the Haul road and, if they do want to go up the Haul road, then it will be profitable. And, as far as the other vehicles who are doing it for economic benefit, then it clearly is profitable...truckers for instance.

Parr asked Gross if he understood him to say that if we allowed private vehicles on the road it would cost a million dollars more per year?

GROSS.....Roughly.

Parr continued by saying that at the end of Gross' statement he also said that he thought that once this initial curiosity is over with, there would be very, very few people who are going to want to drive up there in their own private vehicles? Parr asked Gross to clarify for him why these few people driving up there in their private vehicles are going to cost the State a million more dollars a year to keep the road open?

GROSS.....Whether it's ten or it's a thousand, Representative Parr, you still have to have police facilities along the road in case a car breaks down; you're going to have to have gas stations to fill their tanks with gas when they run out; you're going to have to have some availability of emergency medical facilities if somebody's hurt; you're going to have to have...if there's an accident at Mile 300 - somebody has to be able to get there to take care of it; you're going to need facilities to do these things no matter how many people do it.

Parr asked Gross if he was suggesting then that the State would be the one who would put in the State owned and operated gasoline facilities on the road rather than a private entrepreneur? And, he asked Gross if he

was also suggesting that we have medical aid facilities on this road which don't exist on the Denali highway at present? Parr continued by informing Gross that the committee had asked other witnesses this same question and so far no one had been able to answer it satisfactorily and that was "why, all of a sudden, is this a special case... in which the Haul road is going to require all kinds of things which don't exist on the Taylor; which don't exist on the Denali; which don't exist on many miles of the Richardson or the Alaska highway?"

GROSS.....But, they do, Representative Parr. They do have, for instance, trooper facilities within ready availability of spots on every highway in the State. We have emergency medical through the troopers. The figures I gave you incidently, the roughly the \$1 million, did not include the construction of facilities for private - like gasoline, hotels, things like that. I'm talking about minimal facilities for public safety when I discuss that and you have a road here which is roughly 400 miles in length, which has absolutely nothing along it...absolutely nothing. I don't know another highway in the State that's even roughly comparable to it.

Parr stated that he had just in his House HESS committee conducted a study on emergency medical services around the state and he said that if there were those facilities available along the Denali, then they certainly were not anywhere near close to some of the examples they were getting. And, he informed Gross that he certainly didn't know where he was talking about these facilities existing along all those highways because he stated that this certainly wasn't the information he'd been getting.

GROSS.....I don't mean a hospital in that sense, Representative Parr.

Parr continued by saying that he was not referring to a hospital, either. He was referring to emergency medical services.

GROSS.....Troopers. I'm talking about State troopers.

Parr told Gross that he would suggest that he might check with the EMS (Emergency Medical Service) people because, he added, that this certainly wasn't the impression they give him.

Bennett said that he wanted to only make one statement to maybe enlighten the Attorney General and that was that he is fairly knowledgeable about the Steese Highway, which is 164 miles long, and he said that he could guarantee the Attorney General that there are no troopers along that highway. And, he continued, that if you're a resident out there you're very lucky if you see 'a' trooper once during the summer. He also informed Gross that there is no medical services; there's no aid man; there's no first aid station; there's zero...and, that's 164 miles of secondary road base.

GROSS.....Do the troopers survey the Steese Highway, Representative Bennett?

Bennett responded by telling Gross that if they do, they're 'up in the clouds' because you don't see them out there.

GROSS.....Well, even being 'up in the clouds' is surveying the highway. If you want to put trooper facilities along the North Slope road, you're going to have to also provide places for them to land their planes.

Butrovich informed Gross that we already have them on the road.

GROSS.....What troopers?

Butrovich told Gross, "yes, troopers."

GROSS.....On the North Slope road? I'm not sure where?

Butrovich informed Gross there were troopers at Bettles, Deadhorse, Prudhoe Bay, Livengood.

GROSS.....Prudhoe Bay, clearly. Bettles is not on the road.

Butrovich said that Bettles is certainly only a short ways away.

GROSS.....Well, I drove the entire road, Senator Butrovich, and I saw no evidence of any trooper facilities, whatsoever.

Butrovich reiterated by saying that there are troopers on the road.

GROSS.....As I said, Commissioner Burton has advised me that the minimum facilities they will require is at least a million dollars...it will require a million dollars of operating costs to operate trooper facilities.

Butrovich asked Gross if he recalled when the State had fish traps and asked him if they were a 'special privilege'?

GROSS.....Yes.

Butrovich continued by asking Gross that when the State administration discriminates between private automobiles and bus transportation of individuals, if he, Gross, felt that that was a 'special privilege'?

GROSS.....No. Fish traps were a 'special privilege' in an economic sense, that's true. And, certainly permitting commercial vehicles to go up the road is an economic privilege in that sense; but I stress to you, Senator Butrovich, that the intent is not to deny any one access to the road. We're only talking about whether they drive their own personal vehicle up or they get into a bus to go up the road. That's the only difference.

Butrovich asked Gross, again, if he, Gross, didn't consider that a 'special privilege'?

GROSS.....No, and neither does the Department of Transportation which requires that the road be open for public access. And, they have concluded, as a legal matter, that using buses and trucks...commercial vehicles, would be consistent with public access to the highway.

Butrovich asked Gross if he was prepared to defend that in court?

GROSS.....Yes, but they would. They would be required to, and they are.

Butrovich asked Gross who 'they' were?

GROSS.....The Department of Transportation of the federal government.

Butrovich asked Gross what the federal government had to do with it?

GROSS.....This is on the federal highway system, Senator Butrovich, and there are certain restrictions for any road that's on the federal highway system. One of them is that it be available for public access, so there was a legal question created as to whether using mass transportation system qualified under that legal definition. That's what we talked to the Department of Transportation about and they have advised me that they will defend the position that it is.

Butrovich asked if Gross knew who paid the cost to the Yukon river bridge?

GROSS.....Yes, the federal government and there's 16 million dollars worth of federal funds in the Yukon river bridge and, as I indicated, of course, the road across the Yukon river bridge would be open to any use at all...and it's only north of the Yukon river bridge that there's any restrictions at all contemplated and that's only for private motor vehicles.

Butrovich asked Gross what he thought would have happened if the Yukon river had been 100 miles further north than it is?

GROSS.....I don't know.

Butrovich asked if he thought the road would have been open to the other side of the bridge?

GROSS.....Prob--- Well, I don't know; honestly I don't know, Senator.

Butrovich told Gross that he, Gross, had a pretty good idea, though, didn't he?

GROSS.....No, because I originally believed, as Commissioner Harris did, that any restrictions on the road would require some sort of a pay-back to the federal government. And, we contemplated the fact that since most of the money is in the Yukon river bridge that would obviously create serious problems cause it's a lot of funds. That was before the

Department of Transportation advised us that no pay back would be required. So, I honestly don't know, Senator Butrovich. I'm not trying to fence with you.

Butrovich asked Gross if he knew of any arrangements made with the gas line for the maintenance of the road, once the State takes it over?

GROSS.....There's no commitments for it. I'm sure there are discussions going on but that would be by the Department of Transportation.

Meland asked Gross that when the buses do begin running up there with maybe 50 to 60 people to a bus - in case there's an accident, is there going to be first aid stations, troopers? He added that it's got to happen if it's one car or a bus load.

GROSS.....I assume there will be facilities provided on the buses of some sort, Senator Meland. Safety facilities that could be required to get a bus to a place or to get something to a bus. Radios, perhaps, emergency medical facilities. You really are setting out across the waste land, I don't know whether you've driven that; but it's a vast, vast area with nothing in it. And, you do have to provide for some safety in it, you really do.

Meland asked Gross if he meant for both mass transportation and...?

GROSS.....Sure, but I think mass transportation buses - a commercial facility like that - can provide facilities within the buses themselves, for emergency medical things...like radios, for instance, to contact an airplane.

Bennett informed Gross that for basically 3 1/2 years he, Bennett, was responsible for the medical care over that entire line (with something like 31 dispensaries) and consequently he told Gross that he could assure him that even with radios and total contact with the outside world, that at many times it does no good. He continued by explaining to Gross that there is nothing that government or private enterprise is going to be able to do to make a 'fail safe' situation anywhere in this State. He added that these same rules apply on the Denali and the Taylor and the Steese and Elliot and the North Slope and he informed Gross that even in the villages of Stevens Village, Fort Yukon, etc., that is part of the hazards of living or passing through a remote area.

GROSS.....Absolutely, Representative Bennett. I don't disagree with that.

Bennett stated that he certainly wouldn't suggest people move out of the villages because they don't have the proper first aid or doctors but he continued by saying that he finds it difficult to delineate a special criteria for allowing people to drive the Haul road as opposed to any of these other roads. He stated that he didn't feel it is a 'just' position to impose a special criteria here. He added that there is no difference north of the Yukon and south of the Yukon other than the fact

that there is a natural barrier there which has held civilization back for many years. He explained that the fishing for grayling, basically up through the Jim River...Chandalar, it's all the same and he said you get the same thing up in the Livengood area. He stated that he felt this special management was alien to the point and the point was that if it's not going to be open to people, well, we're going to close it.

GROSS.....Isn't it open to people when you permit them to go up the road with a bus?

Bennett said that it's open if you'll permit them to fly it as you're doing right now. It's degrees, economically barring people. In other words, someone is going to have to buy a bus ticket to go up.

GROSS.....Exactly. That may be much cheaper than operating your own private motor vehicle, Representative Bennett, and it probably will be.

Bennett said that he agreed, but we were still creating a barrier to people and he said that he really wondered if this was a 'just' barrier.

GROSS.....As you say, everything is a matter of degree, and there are no blacks and whites and clear cut rules which I can say...the Haul road is here and every other road is here. We're talking about degree. We're talking about the fact that it is a totally undeveloped area. We're talking about the fact that it certainly creates problems greater right now than any other road in the State would create. As far as making the barrier the Yukon river, the feeling was that the recreational potential of the Yukon river was so substantial that for the people in Fairbanks and the rest of the state that, that area within 120 miles of Fairbanks which has traditionally been open during the construction of the road in any event, has always been open to the Yukon river...that the dangers of keeping that open were certainly manageable and that the recreational potential was so high that it was desirable. Once you open it up past the Yukon river, there was really no reason to stop it...to close it anywhere short of the North Slope, I agree with you. So, it was felt that that was a natural place to make the delineation plus put back the public has been used to the fact of traversing the road from Fairbanks to Livengood or the Yukon river and there has been no public use of any kind of the road north of the Yukon river.

Bennett explained that the only thing that was really stopped in the past was keeping people out who didn't have access to airplanes. He continued by stating that for many years people with light aircraft have landed up there, hunted, fished, etc. And, here again, it's an economical barrier - the only one you're keeping out is the person who can't afford an airplane. And, he added, it would be the same thing with the buses.

GROSS.....Representative Bennett, if I understand it correctly...I may be anticipating something the committee hasn't done; but I've heard fairly unanimous views that the area around the road should be closed to hunting and so opening it up to private motor vehicles isn't going to do that. What you're talking is basically a sightseeing operation. You're talking about people who want to drive up the road because they want to see the

country not because they want to shoot anything. And, the question is - can they see the country reasonably well through the use of mass transportation? I suppose that's the thing we're suggesting as opposed to using unlimited private motor vehicle access.

Bennett explained that he was just philosophically saying that either it's a State highway and we treat it the same and if it's not, then let's not have State maintenance people pick up the maintenance in October. He went on to add that why should we waste state money if it's not a state road?

GROSS.....Because, we have a contractual obligation with Alyeska to pick up the maintenance cost. But, again, I stress that there are no state funds in this road...there's absolutely none. And, there's no federal funds in it, in the construction, and there's only a little over a million dollars in environmental surveillance when they built the road - out of the multi-million dollars required to construct it. It is a little different.

Bennett explained that he was referring to when the State picks up the maintenance of the road this October - that will be state money. And, he added, if the State was going to put taxpayers dollars into that road; then it must be perceived as being a state road and treated normally as a state road would be.

GROSS.....Absolutely, this is the reason, of course, why one of the portions of the administration's program is to shift a large portion of that cost to the people who do use the road for economical benefit, which is primarily the industrial users...that the public should not pay for the maintenance of that road because basically it is a different kind of public road. It's not being used as a public road. That's absolutely correct. I agree with your basic feelings.

Representative Parr, if I may Mr. Chairman. Representative Parr I want to clarify something because I detected a tone in your voice. I don't mean to suggest to you that Secretary Andrus or the Department of Interior is trying to threaten the Alaska legislature or the State of Alaska and, I believe, you know Secretary Andrus' position on certain matters as well as I do and it's not a particularly unusual or novel event for Secretary Andrus to take the position that he is taking in connection with the North Slope road. I don't think that's the result of him trying to threaten the Alaska legislature. I think it's simply a result of his expressing the way he feels about the development of that area of Alaska - which is federally owned and controlled.

Parr stated that he would have to challenge one statement made by Gross which he felt was inaccurate and that was Gross' statement that everyone has been satisfied with the bus system in Mt. Mc Kinley Park or there haven't been any complaints.

GROSS.....I don't recall what it was, but it's worked out well.

Parr continued that he didn't know where Mr. Gross had gotten this information and he informed Gross that if he lived in the Fairbanks area he might feel differently about this...particularly if he had the opportunity to talk with any of the tourists who have made the trip in the park by bus. He went on to explain that the people in the State had no control over the ruling to make access into the park by bus, only, since Mc Kinley is a national park.

GROSS.....Representative Parr, I'm just curious. When tourists come to Alaska and they don't have their own vehicles, how would they go through Mc Kinley?

Parr stated that these were a lot of the tourists that he'd talked to - who have made the tour by bus because they came into the State by air and they are not that 'gung-ho' about the bus trip. He concluded that he didn't want to leave the Attorney General's statement unchallenged that this bus trip into the park was so satisfactory.

Butrovich informed the committee and Mr. Gross that the Legislature had addressed the question of access into Mc Kinley Park and one of the reasons private vehicles were restricted was because the road was in such poor condition and accidents had occurred with private vehicles as well as with buses and he recalled that there was even a fatality.

GROSS.....You mean when they didn't use buses or when they did?

Butrovich stated that under both circumstances accidents had occurred.

Butrovich asked Gross if he had made a statement that the Department of Transportation would decide the use of the road? He added that he thought Gross was referring to the federal Department of Transportation?

GROSS.....Yes. It's part of the federal highway system, Senator Butrovich, and there are certain laws which apply when a road is on the federal highway system. And, so they, for instance...let's say we just drew a fence across the road - just close it to everybody, okay? That would be unlawful under federal law. You have to provide public access to a road on the federal highway system and the only way a road can come out from under the federal highway system is by Congressional action.

Butrovich asked if the committee would be able to get a copy of the section of the law that gives the federal Department of Transportation the right to say who and who does not use a public highway in Alaska on Alaska land?

GROSS.....I think what you're saying is...I can get you a copy of the law, certainly, that requires public access to roads on the federal highway system; but I can do better than that. The Department of Transportation is forwarding to me its opinion on the subject and I've seen it in rough draft back in Washington, when I was there last time, and it should have been here already and I'll furnish the committee a copy of that,

which discusses the federal authority and controls over the road at length...that might be helpful.

Butrovich stated that he wasn't aware that the federal DOT had any controls over the haul road.

GROSS.....There are rules that pertain to, unfortunately or fortunately, depending on how you look at it. The federal government has a great deal of control both in terms of restrictions on the use of the road because it's on the federal highway system and also because the BLM controls and manages the land on both sides of the road.

Butrovich stated that the road is on State land.

GROSS.....Well, it's a right-of-way on State land - traversing a BLM controlled area.

Butrovich asked why the State had required the right-of-way? and why the State had asked for a right-of-way from Prudhoe to Livengood?

GROSS.....So you could construct a road.

Butrovich asked that in the process of constructing the road, wasn't it taken for granted that we would manage it also?

GROSS.....We do manage it. I'm saying there are certain basic...I'm not making myself clear, Senator. There are certain basic rules. See, we receive federal highway maintenance funds. We receive funds from the federal government in connection with our road system for our roads which are on the federal system. This is a road on the federal system. Now, that means that basic rules, that I believe you would probably support, are in effect...and that is that public access must be assured if it's on the federal highway system. That's all...that's the basic rule and the legal issue is whether public access means private motor cars or does it mean other means of transportation by which the public can have access to the road. And, that's the question which the Department of Transportation of the federal government has answered...that you can use mass transportation and still satisfy federal requirements. If you didn't use mass transportation and you used private motor vehicles, that would satisfy federal law, too. I don't mean to suggest to you that federal law requires you to use mass transportation, it doesn't. It simply permits it consistent with federal law...cause it is a form of access.

Butrovich asked if federal law prohibits the use of private transportation?

GROSS.....No. No, not at all.

Butrovich asked then who would prevent the access of private vehicles?

GROSS.....No one is going to prevent you from authorizing private motor vehicles to go up the road, should you so declare. I'm saying that the BLM can control any facilities along the road, but in terms of the road

itself, the roadbed itself, so long as you provide public access...be it in the form of mass transportation, private motor vehicles, or what have you, that's consistent with federal law.

With no further questions by committee members, Senator Butrovich called on the next witness to come before the committee.

STATEMENT OF WAYNE KING, PRESIDENT OF THE ALASKA TRUCKING ASSOCIATION

It's inconceivable to me that the State of Alaska accepted 900 million dollars in oil leases and are trying to prohibit an all weather, all year-round road from the oil industry.

The original agreement between the oil companies and state was for the state to take over the road upon the completion of the pipeline. The thing that comes to my mind here is, is the State's word any good? That may sound kind of harsh but that's just exactly where we are. We're the only state of the 50 without a road to our northern boundaries and I feel the state is obligated morally and legally to take over and keep this north road open. And not only the oil companies, construction industry, the trucking industry, miners; but the general public, conservationists and the welfare recipients are all entitled to a public road to Prudhoe Bay.

Now, it's been suggested that we close the road in the winter. Well, this is just ridiculous. Due to the delicate ecology of the North Slope, much of the work must be done in the winter - not only from a logical standpoint but from a standpoint of getting legal permits. There again, due to the ecology. This is the only time that these permits can be granted, is in the winter time. Now, the road conditions in the winter time are much better.

Maybe, I should interject something here, now. I've been in Alaska 15 years...been in the trucking business here. I've been hauling freight out to the Arctic Ocean, for that matter, since 1968; and I drove the road with a full load of freight as recent as a month ago, during the so-called 'safety strike'. The roads are much, much better in the winter than they are in the summer time. They're solid...much cheaper to operate as far as tires are concerned because there's no rock conditions running on the snow. And, I would say that the fuel savings sometimes are as high as 30 percent because of the hard road conditions as opposed to the soft road conditions when it's muddy and it's raining in the summer time.

Now if this road is closed, it's going to be very, very expensive to open it each spring. I have leased equipment personally to the State of Alaska to open the Denali highway; to open the Manley Hot Springs road and it's quite a chore and quite an effort to get the road open and get the culverts thawed and get a road back on line after it's been closed.

One of the other big problems of closing a road for 6 months is we'll deny the oil companies, the people who are doing exploration work up there, the place where our income is coming from...we're going to deny them truck service for 6 months. During this period of time, I feel that they are going to find other ways to take freight to the North Slope...possibly by barges. There's some talk of it...directly from Japan in barges. The State of Alaska will benefit absolutely none from this. There's some talk of air freight being moved directly from Texas to the North Slope, if that road is closed. Again, Alaska receives no benefit whatsoever from this.

I believe that the general public and the tourists are entitled to see the north country. Now, that is one of the most beautiful trips, in the winter time especially, that I have ever taken. It's just hard to explain how beautiful it is up there. I think the conservationists and the ecologists are entitled to use that road. There's millions of acres of land and lakes up there and I don't think this would be reserved for that certain few who have enough money to fly in there. And, I think that many times this is the leaders of these groups that would like to keep locked up at the expense of everyone else so that they themselves can enjoy this solitude.

Now, the thing's been brought up about changing the life style of the people along the road. I don't know of anyone along that road except Andy Miscovich and he's not upset about it. Stevens Village is quite a ways from the road, I don't know exactly how far but I think in excess of ten miles. And, the road was re-routed because the village of Stevens Village didn't want the road close to the village. But immediately upon the road being built there was a request made to open the road over to Stevens Village so that they could have access to the road.

Now, I personally think that it's about time that we get off of our hands and start looking at the road to the north as a tremendous benefit to all Alaskans. If this road is kept open, it will stimulate employment in mining, transportation, maintenance of the road and construction for improvements to the road. If we do not create jobs, we cannot reduce the unemployment in the State of Alaska which is right now pretty high. If there's no jobs, there's no taxes. If there's no taxes, there's no money for welfare which seems to be so popular now days. If we're not progressive and somewhat logical, I think that we're all going to loose here in the State of Alaska.

Butrovich opened the meeting to questions.

Parr asked if he understood Mr. King's statement correctly that after the road was opened the people of Stevens Village asked to be connected to it?

KING.....That's correct. And, there is a trail in there. I don't know whether there's a full scale road in there or not, but there was a road opened down the river to Stevens Village.

Butrovich called upon Mayor Eben Hobson to testify before the Committee.

STATEMENT OF MAYOR EBEN HOBSON, MAYOR OF NORTH SLOPE BOROUGH

((Prepared statement on file as well as North Slope Borough Proposed Land-Use Management System for the Haul Road and other Highways - Winter 1977-78.))

At the conclusion of Mayor Hobson's testimony - Mr. Earl Finkler, Planner, North Slope Borough responded to the testimony and briefed the committee.

HOBSON.....Mr. Chairman, I'd like to have Mr. Finkler explain what is all included in this study, that we're going to make available to you. Also, he's got a map on the wall that you might want.....

FINKLER.....I'll try not to take too much of your time but this is kind of a thick report and I know you get a lot of paper work here.....

Butrovich explained that they all had copies of the report and asked Finkler to just brief them on the report's contents and hit some of the high spots.

FINKLER.....We didn't have too much time to prepare for this; the notice just came, I think, last week. We tried to put tabs in here and there's a table of contents on the first page which is keyed to the tabs.

There's basically five sections here - one is just letters that the mayor has written on the Haul road to the Governor and other people over time. The second part is the borough report which we submitted to the State and BLM at a meeting in Fairbanks on February 17. As the mayor mentioned, the borough and the North Star Borough, I believe, as well, are part of an on-going state/federal borough planning team for the road corridor. The third part of our hand-out is the resolutions, zoning and sub-division ordinance amendments which were passed unanimously by the North Slope borough assembly on December 9, 1977 and I'll refer to the map in a minute for those. The fourth part is the traditional land-use inventory which is also displayed on the map and which is compiled by the borough staff from the inventories which have been done in Anaktuvuk Pass, Nuiqsut, and Kaktovik...especially for the haul road area. And, the fifth part of the North Slope borough policy plan for the Haul road, which contains a number of policies in rural development, which have been approved by the mayor, the borough planning commission and the borough assembly. Now, If I could just go to the map a minute, I'll explain.

There are 140 miles straight on here in the Borough - this is the southern boundary of the borough, which is 68 degrees and the borough assembly has zoned a swath of land here which is comparable to the BLM corridor...it ranges from 12 to 24 miles wide. North of this point, the land becomes state land - heading toward Prudhoe Bay and the zoning continues there until we get to our Prudhoe Bay zoning.

Also, there are 33 sites on here which have been identified by people from Anaktuvuk Pass, Nuiqsut, and Koktovik as being part of the last couple generations of cultural use of the road. They range from hot springs and fishing areas to sheep hunting areas and some graves of people; people even from Barrow and a number of sites...some of which are in the formal corridor and some of which are in river systems that flow through the corridor. There's quite a history of traditional use of this area in the foothills and ranging quite far from the villages...almost overlapping in this corridor area. So, the borough is continuing to research use of the area and to communicate them to the State and the BLM as they're found.

Butrovich called upon the next witness.

STATEMENT OF LARRY DINNEEN, EXECUTIVE VICE PRESIDENT OF THE ARCTIC
SLOPE REGIONAL CORPORATION

My message is very short and brief. I have been dispatched by Eben's older brother, Edward E. Hobson, Sr., the President of the Arctic Slope Regional Corporation, to deliver the message that the Arctic Slope Regional Corporation is in concert with the North Slope Borough for the concerns expressed by the Mayor in planning, environment, construction costs, life style and other implications that were expressed in that if you see the need to expand beyond the industrial use of the road, we have and are prepared and have filed with the Alaska Transportation Commission, a request for a permit for a tour bus facility from Fairbanks to Prudhoe Bay and we would work closely with the North Slope Borough, with the State of Alaska, to ameliorate all concerns of opening the road to the general public in this manner. If, in granted such a license by the State of Alaska, the Alaska Transportation Commission and the North Slope Borough, we would move slowly; cautiously to provide the type of facilities that have been expressed by many that are needed if the general public is to have a great utilization of the road and to try to accomodate the needs of the general public's welfare, health and safety. I believe this is the first time, and will be an unusual situation of being in concert with Mayor Eben Hobson, Governor Hammond, Attorney General Avrum Gross, the BLM, Secretary Andrus and many of that personage. So, it is a very unusual situation for me to be here today and we are ready, willing and able to take on this task if you would grant us that permit.

Following Dinneen's testimony before the Committee, Butrovich called upon Mark Jensen to present his statement to the members.

STATEMENT OF MARK JENSEN, LOBBYIST FOR THE ASSOCIATED CONTRACTORS

I've just a short statement to make and that would be that the Association endorses the opening of the Haul road on a year-round basis. They feel that it's a practical matter, actually. That, if you're going to open the road, the maintenance problem is on a year round level from the standpoint that, unless it's on a year-round level, you're going to have trouble with culverts freezing in and if those freeze in you're going to have an overflow and more road damage than if you had the maintenance costs on a year-round basis. And, from that standpoint, the Associated Contractors would certainly endorse the opening of the Haul road on a year-round basis.

Butrovich opened the meeting to questioning.

Senator Ferguson asked if Jensen, as Chairman of the Guide Licensing Board, if he had any knowledge of overlapping guiding areas along this route?

JENSEN.....The only think I can say, Senator, is the fact that in this meeting that's coming up in Fairbanks in March - the Board will be addressing some of those problems.

Butrovich recommended to Ferguson that he refer to a letter which contained this information (dated March 1, 1978), and a copy of which had been made available to each committee member.

Butrovich called upon Don Dickey to present his testimony.

STATEMENT OF DON DICKEY - REPRESENTING THE ALASKA STATE
CHAMBER OF COMMERCE

((Prepared statement on file))

Following Dickey's testimony, Butrovich informed the members that the Committee had received a statement endorsing the opening of the Haul road from the Fairbanks Industrial Development Corporation which comprises 128 employers, employing 10,000 non-government workers.

Dickey informed the Committee that he had received word that the Anchorage Chamber would be sending a wire in support of the opening of the Haul road. ((Copy of telegram on file)). He also informed them that the Fairbanks Chamber of Commerce had sent a representative to testify before this hearing.

Butrovich called upon the next witness.

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STATEMENT OF VIRGINIA DAL PIAZ - REPRESENTATIVE OF THE ALASKA
CONSERVATION SOCIETY

((Prepared Statement from Alaska Conservation Society on file))

Following dal Piaz's testimony, Butrovich opened the meeting to questions.

Bennett asked if a decision had been made in reference to back-packers or hikers utilizing the road? having access to the road?

DAL PIAZ.....I don't know of any.

Parr asked if he understood dal Piaz to mean in her statement that only the people taking care of the oil and gas pipelines would be allowed to use the road?

DAL PIAZ.....Our position, if I didn't make it clear...let me see if I can express it better.

We have no objection to the industrial users of the road, whether this would be for the pipeline maintenance and construction of the gas line or any associated maintenance of the road - any kind of supplies such as the truckers going up and down.

Parr continued by stating that that doesn't include the backpacker who wants to walk up the highway?

DAL PIAZ.....No, sir, that's correct and an interesting point.

Parr asked if the Conservation Society was supporting the Udall bill and asked if there was a tie in between that and their position on the Haul road?

DAL PIAZ.....The Conservation Society is a member of the Alaska Coalition, which, of course, is supporting the Udall bill. A direct tie-in? No, we didn't directly tie it in with the Udall bill. No, sir.

Butrovich called upon Terry Palzer, Fairbanks Chamber of Commerce to testify before the Committee.

STATEMENT OF TERRY PALZER, BOARD OF DIRECTORS, FAIRBANKS
CHAMBER OF COMMERCE AND CHAIRMAN OF THE LEGISLATIVE COMMITTEE

((Prepared statement and letter from Robert Huffman, President of the Fairbanks Chamber of Commerce on file))

At the conclusion of Palzer's prepared statement, he continued.....

Several quick comments. In response to Attorney General Gross...it seems to me the State departments and the Administration could act in a more innovative manner in getting access to the Haul road if necessary. Access through easements, through the corridor to state owned land, if necessary. Seems to me the resource revenues

derived from the Haul road, benefits of the commerce up and down the Haul road, attributed to all of the general public. And, it seems to me that the Arctic North Slope Borough in the zoning to regulate the usage of the road, is necessarily not in tune with the authority of a borough in regulating access to a particular road. I believe the zoning, as I understand, as restricts itself to access and to utilization along the roads. That's the extent of my comments and I would like to submit to you the Utilization Study of the North Slope Haul Road, prepared for the Fairbanks Industrial Development Corporation in August of '77 for the record.

((Utilization Study of the North Slope Haul Road on file))

Butrovich called upon Phil Holdsworth to testify.

STATEMENT OF PHIL HOLDSWORTH - SPEAKING FOR THE ALASKA MINERS
ASSOCIATION

I did canvas all areas of the state and as far as they were concerned, and they all agreed this time. They are in support of Sponsor Substitute for Senate Bill 107 and its companion bill HB 838...in principle.

The seasonality concept of this, as far as opening or maintenance is concerned, is not unusual to Alaska. We've always had the Denali highway and this situation in the past. It's true that the mining industry, as such, has had this road, this particular road doesn't benefit them too much. It does in a small way with some of the small miners, but the major operators which are to the west, of course, would not benefit from this particular road. The section in the bill which would have the Department of Resources provide land for the use of service facilities, of course as we all know, does not very well apply to this road because it's federally owned land and the right-of-way, which the State has control of, is only 100 feet each side of the center line. In that regard, a question was raised about the authority of the State earlier in the hearing to make some of this right-of-way available for development decision. The State does have this authority but in most cases it's been a major highway which has a 300 foot each side of the center line and that makes a lot of difference, of course.

I'd like to now, as a 45 year resident of Alaska and having built and operated on the roads in Alaska, touch on some of the points that have been brought up earlier. The Attorney General's statement about Mc Kinley Park converting to a bus system and being satisfactory, I don't think is quite true. Many of us, in the Anchorage area and the Fairbanks area...while it was open to private vehicles would go there more than once a year...visit more than once and you keep going back each year for a trip and, of course, as soon as that road was allowed to deteriorate to the point where it was no longer safe for that kind of traffic, and then they pinned it down to the bus travel, why, most of these people were left out.

The Attorney General also mentioned that the federal Department of Transportation would not allow a toll on this road...it would be in violation of their policy. And, the State apparently is suggesting the possibility of some sort of a tax measure on the users which could provide the funds for this maintenance. Now, I believe this would be illegal, in as much as it would not be equal tax treatment for everybody. And, I think that is just not a possibility in my own opinion. I'll have to agree also with Wayne King of the truckers that the winter time is the time to drive on these roads if you're moving any heavy equipment or any volume of material. That's the time that, not only do you have a better road bed; but it's a lot safer too because you've got dark most of the time and your headlights are on and you have a lot less traffic problems when you're driving under those conditions. And, only one other comment and that was on the part of the Alaska Conservation Society...where the suggestion was made that only the industrial users that had connections with the pipeline would be allowed to use the road and that mineral developers and other would have to...should go back to their original type of use and I can just see somebody allowing a fellow to start out, paralleling the North Slope haul road with another CAT and put another rut down through the musket. That certainly wouldn't be allowed and it just doesn't make sense to force these people to not use this road. It's a suitable road bed and it's a good piece of road. Those who've driven it will know that. It's a lot better than some of our other roads throughout the State.

Butrovich opened the meeting to questions.

Parr asked to make clarification with regards to Holdsworth's statement to that part of the bill referring to the Department of Resources making some land available. He said that it was his understanding that the BLM does not control all the land, all the way along the whole corridor and that there is a small area there which is State land and this is the part that the bill refers to.

Bennett asked how many miners currently use that road? He added that, since he knew Alyeska had issued several hundred permits over the past couple of years, he was wondering just how much use the road was getting?

HOLDSWORTH.....No, I don't have any firm figures on that. I'm familiar with most of the miners in the district there...the placid miners and then there are the small one-man prospecting groups that are out quite often and that live out in the area.

Bennett asked if he would be correct in stating that from about Prospect Creek north for probably close to 100 miles, that entire area along the road is under mining claims?

HOLDSWORTH.....Yes. That's right, primarily.....Holdsworth continued...

One other thing, Mr. Chairman, that I discussed with the miners and they agreed that this is something that should be considered. If the road is opened, as is suggested in the bill on a seasonal basis... open to the public, this should be treated in the same manner as the Haines cut-off or the Alcan highway when it was first opened.

There should be a check point at the beginning. People in their private vehicles would have to show that they had sufficient gasoline, supplies, food, good tires, and enough money to get themselves in and out of there. We certainly don't want to invite people to get out there and get lost and it's certainly not the thing to do. That sort of control would be necessary in our thinking.

Butrovich said that as Chairman, he would just like to say that he, too, was appalled by the testimony of the Attorney General. He added that, although he was not an attorney, the testimony Gross gave today reminded him of what the legislature used to hear in territorial days, before they became a State. And, he added that he, for one legislator didn't intend to submit to it. He stated that he's fought too hard for Statehood. He also informed the committee that he was also here in 1970 when the state attempted to get funds from the legislature for the construction of a north road and since then Alyeska has spent 300 million dollars in building the road in which they intend to turn over to the State. So, he added that maybe he was just confused as to what progress is or what a bargain is. He asked Holdsworth if he was familiar with the road from Skagway to Carcross?

HOLDSWORTH.....Yes, I am.

Butrovich continued by asking Holdsworth if he was also familiar with the terrain that the road goes through leaving Skagway? and the number of years they have worked on it? and the cost per mile? and what it's going to do as far as serving the people of Alaska and producing revenue?

HOLDSWORTH answered in the affirmative to all the above questions.

Following the completion of all testimony of those present, Butrovich informed the members that the Committee had received a statement from Morris Thompson of Northwest Alaska Pipeline Company and stated that it would be made part of the record of these proceedings.

((Statement by Northwest Alaska Pipeline Company on file))

Butrovich then asked what the pleasure of the Committee was?

Bennett moved to proceed on working on the mark-up on a bill that would reflect the direction that the Committee wants to take.

Butrovich informed the members that this Special Committee has no bills before them, as such. He stated that the bills they have been referring

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to are in Standing Committees of the House and Senate and that the committees have been holding the bills in deference to the work of this Special Committee.

Bennett again so moved and asked unanimous consent.

Hearing no objection - Butrovich stated that this would be the procedure the committee will follow.

The meeting adjourned at 3:42 pm.
