

**SENATE AND HOUSE
JOINT JOURNAL SUPPLEMENT**

February 19, 2008

Tuesday

No. 13

*** * * * ***

**Address by
The Honorable Ted Stevens
United States Senator
Before a Joint Session
of the
Second Session of the
Twenty-Fifth Alaska State Legislature**

*** * * * ***

February 19, 2008

Juneau, Alaska

SENATE AND HOUSE JOINT JOURNAL SUPPLEMENT

February 19, 2008

No. 13

The following was submitted for publication:

President Green, Speaker Harris, members of the House and Senate, thank you for allowing me to appear before you today.

Each year reminds me of my time here. Much has changed since I served in this chamber. You have a more difficult job and greater responsibility than we had then.

So, I start by thanking you for committing a portion of your life to assure the continued vitality of this great State.

Working in the U.S. Senate I have witnessed your increased responsibility. You deal with more complicated and diverse problems than any facing the other 49 States. But, Alaska's potential is greater than any other State. Our mutual challenge is to assure Alaska's future potential is fully realized.

Our first opportunity is our gas line.

In 2004, Congress authorized the Alaska Gas Pipeline which established the federal procedure for Alaskans to build a strong economic future and to help decrease our nation's dependence on foreign energy sources. But the window of opportunity for our gas line is closing fast.

By 2015, our nation will import at least 40 percent of the natural gas we consume. The U.S. oil and gas industry has invested billions of dollars around the world to build Liquid Natural Gas (LNG) plants along with cryogenic tankers to bring that LNG to our shores.

In the U.S., new technologies will tap into the Marcellus Shale, a 6,000 foot deep reservoir in the Appalachians estimated to contain 50 trillion cubic feet of natural gas.

After our State's review of the gas pipeline, federal agencies will review it. Ultimately the Federal Energy Regulatory Commission will license the pipeline to deliver Alaska's gas to market.

SENATE AND HOUSE JOINT JOURNAL SUPPLEMENT

No. 13

February 19, 2008

Time is of the essence if our pipeline is to compete with foreign LNG and domestic sources such as the Marcellus Shale gas. I hope that working with the Governor you will resolve outstanding issues as quickly as possible so the federal permitting process may begin this year.

To achieve that goal, in my opinion, the right climate for this investment in our State must exist. Originally considered a \$20 billion project, recent financial analysts' comments indicate the cost will be \$40 billion. No entity will commit that kind of money – whether \$20 or \$40 billion – without certainty in the financial aspects of the project's economics.

All Alaskans, particularly young Alaskans, want this project started because of the jobs and economic stability the gas line will bring to our State. Governor Hammond's idea for the Permanent Fund Dividend was for each Alaskan to share in our State's future. Congress, at our request, in the Alaska Natural Gas Pipeline Act provided you the opportunity to follow Hammond's example and allow Alaskans the opportunity to share ownership in our gas line.

Beyond the gas line innovative alternative energy opportunities in Alaska are staggering.

I am pleased that Dr. Katey Walter is in the gallery. One of Alaska's bright young scientists, Katey is doing very important work at the University of Alaska Fairbanks studying methane released into the atmosphere.

Organic matter has been trapped under and around our lakes for tens of thousands of years. Over time, bacteria feed on this organic matter producing methane. Methane is about 23 times more damaging than carbon dioxide as a greenhouse gas. An estimated 950 billion tons of this organic matter lies beneath lakes across the Arctic. Many of our lakes bubble as methane is released into the atmosphere. Dr. Walter demonstrated this at lakes all across our state – not just on lakes at the UAF campus, but from the northern most point on Alaska's North Slope and all the way to south of Alaska.

SENATE AND HOUSE JOINT JOURNAL SUPPLEMENT

February 19, 2008

No. 13

Increased methane in the atmosphere causes temperatures to rise, leading permafrost to thaw and release more methane. It should be possible to utilize methane in Alaska as a new energy source for rural Alaska.

For more than a century, the Netherlands has harnessed methane to heat homes. Methane, when burned, produces a residue of hydrogen, an extremely valuable bi-product.

Alaska must quantify this resource. Satellite and aerial tracking of sources should be possible. I have personally discussed the potential of this research with the Secretary of the Department of Energy, Sam Bodman, and I am trying to enlist the support of NASA to partner with the State to locate the lakes in Alaska with the greatest potential.

Dr. Walter plans to develop a pilot project to heat homes and perhaps generate energy in rural Alaska. Such a project will be valuable in demonstrating the potential of methane.

The U.S. Departments of Agriculture and Energy have funds available to guarantee loans and provide grants for renewable energy projects. Dr. Walter's research is a perfect example of a project to develop into a partnership.

While her work explores the potential of new energy sources, Congress has acted to conserve our current energy resources for future generations. My good friend, Senator Dan Inouye, and I with other Senators authored a provision in the Energy Bill last year to modernize fuel economy standards to save significant amounts of fuel.

Our compromise created attribute fuel economy standards for cars and trucks with a goal of a national average of 35 miles per gallon by 2020. This first increase in fuel economy standards since 1975 will reduce our dependence on foreign oil. The attribute curve assures that the pickups and SUVs Alaskans need for work and transportation will continue to be available.

SENATE AND HOUSE JOINT JOURNAL SUPPLEMENT

No. 13

February 19, 2008

Our State is blessed by the contributions of the military men and women stationed in Alaska. Senator Inouye and I, as Chair and co-Chair of the Defense Appropriations Subcommittee, continue investing in our military bases and training ranges. Alaska has the best air to ground joint training area in the world. And, our strategic location assured we became home, along with Hawaii, to C-17 and F-22 squadrons and the men and women who support their operations.

Our goal also has been to improve the quality of life for men and women in uniform and to upgrade aging infrastructure on our bases. Above all, we insisted on funding for additional healthcare professionals and administrative personnel to support returning service members such as the 4th Brigade of the 25th Infantry Division and their families.

The Surge, which began a year ago, has stabilized much of Iraq. Our military is turning security operations over to Iraqis. The Iraqi police have assumed law enforcement. As this happens, and the Iraqis defend their own freedom, our men and women in uniform will come home.

Veterans of Iraq and Afghanistan have done all that was asked of them and more. Now, all of us have the responsibility to assure them the opportunity to achieve their potential. A bipartisan group of Senators introduced legislation to permit those receiving education benefits under the Montgomery GI bill to transfer some of those benefits to their spouses or children, allowing veterans to share opportunities they have earned with their families.

The New York legislature is considering a plan to cover tuition costs at state colleges for all returning combat veterans. This legislature may want to consider a similar program for Alaska Guard and Reserve Veterans.

Incidentally, I was pleased to learn you may support the creation of a "Purple Heart Trail" in Alaska. Similar trails are being developed throughout the U.S.

The vital contributions of Alaska Native organizations to our economy are apparent to all of us.

SENATE AND HOUSE JOINT JOURNAL SUPPLEMENT

February 19, 2008

No. 13

This great change stems from the Alaska Native Claims Settlement Act. No other Native American claims against the U.S. were settled by Congress. In our Statehood Act, Congress promised to settle Alaska's Native claims against the U.S. – and later, our new State agreed to relinquish sections of land which conflicted with the Land Claims Settlement and to pay one half of the billion dollars paid to Alaska Natives for lands they claimed which had been used by the U.S. or already deeded to the State or our citizens.

Utilizing their freedom to manage themselves and their lands, Alaska Native Corporations (ANC) have become full partners in our State's economy, representing at least 20 percent of our State's annual income activity. They now employ more than 13,000 Alaskans statewide, donate more than \$8 million to charities, more than \$4 million are distributed in scholarships to over 3,000 recipients each year, and more than \$80 million in dividends are paid to ANC shareholders.

We are faced with many challenges from Outside interests intent on stopping the development of our resources, including members of Congress who do not understand our unique conditions, and from federal agencies whose national policies often have unintended consequences for Alaska.

Despite a polar bear population near an historic high, the U.S. Fish and Wildlife Service may list polar bears as endangered. This decision would establish a dangerous precedent based on mathematical models instead of biological observations.

Never before has a species which occupies its entire geographic range with increasing numbers been listed as endangered or threatened under the Endangered Species Act. The prediction of endangered habitat ignores the polar bear's historic ability to adapt to change. The polar bear is readily found throughout the Arctic and it ranges from Western Russia to Iceland. No other nation considers it endangered.

Legislation has already been introduced in Congress which cites the perceived threat to the polar bear's habitat as reason to halt oil and gas lease sales in the Chukchi Sea. I fear similar attempts will seek to block the gas pipeline and development of oil and gas in the Arctic.

SENATE AND HOUSE JOINT JOURNAL SUPPLEMENT

No. 13

February 19, 2008

Such actions will only increase our dependence on foreign energy and have no effect on greenhouse gas emissions or melting sea ice.

Listing the polar bear as threatened also would provide our antagonists a legal basis to curtail the subsistence hunting rights of Native Alaskans.

This unwarranted misinterpretation of the Endangered Species Act gives extreme environmentalists a powerful regulatory tool to block development in our State and will lead to many other Arctic species being listed as endangered.

Our Delegation will continue to fight attempts from others to exploit the public's fear of climate change and impose unreasonable burdens on responsible development in our state.

Representatives Robert Andrews of New Jersey and Steve Chabot of Ohio sponsored an amendment to the House's version of the 2008 Interior appropriations bill that would have prohibited federal funds from being used to build roads for timber harvest in the Tongass. That amendment was removed from the bill but it will come back again.

If the Andrews-Chabot amendment is adopted, the latest revision to the Tongass Land and Resource Management Plan will be invalidated and the planning process, which has already spanned over 20 years and cost taxpayers almost \$25 million, will have to begin all over again.

We are also working to protect Alaska's tourism industry which is increasingly becoming a vital part of Alaska's economy, especially in Southeast.

Recently the Bureau of Customs and Border Protection proposed a rule requiring foreign flagged cruise ships traveling between US ports to stop at a foreign port for at least 48 hours.

SENATE AND HOUSE JOINT JOURNAL SUPPLEMENT

February 19, 2008

No. 13

This rule was intended to apply to “Hawaiian Coastwise Cruises” and has been expanded to protect U.S. flagged carriers where they compete with foreign flagged operators. U.S. flagged carriers do not operate in Alaska.

Forty percent of the cruise ships bound for Alaska depart from Seattle and bring more than 750,000 passengers to our State every year.

A broad application of this rule would have a devastating impact on Alaska’s economy which relies on a robust cruise industry for tourism.

I met with the Secretary of Homeland Security, Michael Chertoff, to discuss this. He assured me he will take Alaska’s unique circumstances into account when his department decides on the application of this rule. If this rule is applied to Alaska, we will work with the Congressional Delegation from the State of Washington for a legislative solution to protect Alaska’s tourism industry.

Clearly the obstacles we face are great but our potential is greater. Alaskans have accomplished much in just 50 years; we have:

- expanded our jurisdiction to 200 miles off our shores to protect our fisheries;
- created a strong and vibrant economy through the careful management of our natural resources;
- assured better access to education, health care and basic services readily available in other parts of the country;
- replaced the honey bucket in most rural areas of our State with modern water and sewer systems; and
- developed the largest cargo landing airport in the United States.

We have much to be proud of and much to celebrate.

SENATE AND HOUSE JOINT JOURNAL SUPPLEMENT

No. 13

February 19, 2008

But, let's not rest on our laurels. Instead let's ask; "What will Alaska look like 50 years from now? What will our children's children celebrate on the eve of Alaska's centennial?"

The answer to these questions lies in the actions you will take here in this Legislature. Your actions now lay the foundation for Alaska's future.

Again, I thank you for opportunity to be here today. I will be happy to try to answer your questions.

God bless Alaska, God bless the United States.

Please report corrections to the Senate Secretary's office.