

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672

836 SCONM30: CONFERENCE ON ALASKA'S FUTURE FRONTIERS 1979

1 puts tremendous pressure on the organizations and devotes
2 energies that ought to be devoted to the children to
3 finance this. And the thing that I keep thinking is it's
4 just too narrow just on the time of paying the bill rather
5 than pay the quantity.

6 I would hope that the resolution could be broad
7 enough that you could -- you could use it as justification
8 for the annual meetings when you meet with the -- meet with
9 the Department of Health and Welfare and for funding with
10 the Legislature. You know, get it altogether so we can
11 point back and say well, the Future Conference, assuming it
12 did that, said that, one, the State doesn't pay on time and,
13 two, it doesn't pay enough. Now, that's very general. And
14 that's what I think you ought to try to do if you could
15 tell us how to do it.

16 MR. DAHL: You don't think I've said that?

17 MR. FISHER: No, I don't think so. All you say is it
18 doesn't pay the State. You ought to say something like the
19 State policy should not that a good parent pays -- that
20 cares well for children for whom its responsible, pays it
21 bills quickly and fully, something like that. I'm not very
22 happy with that word. I think if you're giving a general
23 statement like that, I think you could then argue and say,
24 well, you know, because they always knock you down on some
25 of the things, and they say there's some law. But then

1 change the law.

2 MR. DAHL: Would it be helpful to change the -- in
3 section 2, to change "reimburse" to "paid"? Is that what
4 you want?

5 MR. FISHER: Reimbursed promptly -- I don't know.
6 Maybe I don't know what I'm talking about.

7 MR. ACKERMAN: Why don't you say all services provided
8 for the wellbeing of the children.

9 THE MODERATOR: Promptly?

10 MR. FISHER: Well, he said promptly. Maybe the thing
11 that I'm confused about is the fact that the final
12 paragraph is a reiteration. Maybe you ought to strike the
13 final paragraph.

14 THE MODERATOR: Please identify yourself for the
15 record. You have the floor.

16 MR. DAVIC: It would be sufficient to call me Aaron,
17 and I have to admit my ignorance the gentleman across from
18 me, I don't know your name, sir. You raised a point I
19 would like to see not go unobserved, and that is that the
20 institutions like the receiving homes -- their budgets are
21 often based upon the head count, and they don't necessarily
22 always have the funds to deal with the crises that arise.

23 From my own experience I've seen receiving homes
24 in the State purposely keep warehoused, as it were, as Mr.
25 Dahl said, in order to insure their continued budget. That

1 means they could have let children go back to situations
2 that may or may not have been the place to back to.
3 However to keep their budget and their position alive
4 they've had to pretty much hang onto some children in some
5 cases, and that -- whether of not that's positive or
6 negative is besides the point. It's valid and vitally
7 necessary to how the facility is available when they were
8 needed. -- what that percentage should be, but it should
9 be a specific amount and significant amount of capital to
10 allow for the provision of those services.

11 THE MODERATOR: Anybody else?

12 MR. FISHER: It's inherent.

13 MR. ACKERMAN: You've got a problem when you get into
14 the percentages and reallocations of State funds and
15 revenues. But, you know, you could have, you know, a base
16 formula, you know, and operate an overhead expense that you
17 provided to the facility and head expense afterwards and
18 operating offerage and when you have somebody in the system
19 then, or head count would take care of the additional
20 expense. But, in the meantime, you have funds and figure
21 out an overhead expense. And that's what you're talking
22 about. We've got an operating, overhead and expenses
23 lumped into one and have you to represent you do have an
24 operating overhead expense. Every institution has one,
25 whether you open the doors or not.

1 THE MODERATOR: We're going to have to move along and
2 dispose of this. We get on to the rest of it. This is our
3 last work session.

4 MR. DAHL: Mr. Chairman, let me suggest it be laid on
5 the table for a few minutes and let me massage the language
6 and come back to it. Would you do that?

7 THE MODERATOR: Do you so move?

8 MR. DAHL: Yes.

9 THE MODERATOR: Second?

10 MR. FISHER: Second.

11 THE MODERATOR: Question. Please indicate the voice
12 vote. The ayes?

13 Aye.

14 THE MODERATOR: The nays.

15 (No response.)

16 THE MODERATOR: The ayes have it. It's on the table.

17 We're in the area of resources, oil and gas
18 policy. It's Mr. Kroft's paper, oil and gas policy and
19 Connie Barlow paper in State Use of Petroleum Resources, R-6.

20 Miss Anasogak, do you have any input in this area?

21 MS. ANASOGAK: I haven't had too much time to go over
22 the material, and I'm not very familiar with it, so I --

23 THE MODERATOR: All right, thank you.

24 THE MODERATOR: Mr. Alexie?

25 MR. ALEXIE: I'm in the same boat. I don't know what

1 say about oil and gas policy.

2 THE MODERATOR: Very well. Thank you very much, Mr.
3 Alexie.

4 Mr. Borodkin?

5 MR. BORODKIN: No comments here either.

6 THE MODERATOR: Miss Bennett.

7 MS. BENNETT: My personal feeling is that I would
8 rather see the State get into more of our renewable
9 resources. We are obviously greatly involved in oil and
10 gas resources, but I have doubts about the quantity of
11 subsidization that people talk about in the petro chemical
12 development. I really have serious doubts about.

13 THE MODERATOR: Thank you. Mr. Ackerman.

14 MR. ACKERMAN: Yeah, I think as far as oil and gas
15 policy goes, you know, that the State ought to take a
16 careful inventory and right now we depend upon the industry
17 to do the inventoring for us, and they tell us what we
18 have on it.

19 And they say we should open up this area and open
20 that area, and I think the State has the resources now
21 through area inventory, release the information to
22 everybody, and that way we'll have four or five companies
23 poking holes to get the same information.

24 You know, have some realistic idea of what the
25 oil and gas is worth up there. And I think by doing that

1 we would be able to better judge how many sales -- shall
2 lease sales are really required, you know, to maintain, you
3 know, the oil and the glass flow. And that's something
4 that you have to do. You have to develop prudent reserves.
5 But I think the State ought to look at taking a close
6 inventory themselves, so they do have that information.
7 And I think that in straight processing, you know, is a
8 prime importance. I think there's a lot of fringe benefits
9 created by the whole community of jobs. I think that these
10 need to be high priorities.

11 THE MODERATOR: Thank you, Mr. Ackerman. Mr. Fisher.

12 MR. FISHER: All right. I've always got something.
13 I'm never lost for something to say.

14 I think as far as the oil and gas policy is
15 concerned, I think -- and it's already part of law that
16 we're permitted to do something other than the bonus bid
17 system. I think we should make sure that that is continued,
18 and if there is a need to verify the costs because the oil
19 and gas operation is a very, very expensive one. There is
20 need to verify costs you might actually have to have the
21 State subcontract various aspects of the operation. And
22 I'll give you an example. Subcontract is seismic work, so
23 that they know what's on those oil profits just as well as
24 the oil companies do and maybe furnish that information to
25 the industry. That's one thing you thought to do. If they

1 think the costs are too high -- and that's a possibility --
2 maybe we need to copy the British system with VP and set up
3 a partially or a completely owned-state company. So that
4 you've got something to judge the oil company costs by in
5 the way they operate. Now, that's almost -- not quite, but
6 almost rank area -- probably if you're talking about
7 anybody with an oil back you are. But those are two things
8 that I think are important. I think you'd be much, much
9 more understanding of the system, about what it amounts to.

10 THE MODERATOR: Thank you, Mr. Fisher. Mr. Dahl.

11 MR. DAHL: Mr. Chairman, I've been especially
12 concerned with what Connie Barlow talks about in the State
13 use of petroleum resources. I don't like that word -- that
14 phrase, and neither does she. The -- and I'm not sure how
15 to place this in any kind of language as a resolution and
16 recommendation, that I can see it as a program. We've done
17 several things over the past not very many years,
18 especially in bush Alaska. We have through what we've
19 defined as progress, changed the lifestyle of villages,
20 village people to create a dependency upon petroleum like
21 has never been known before.

22 With power plants operated by diesel fuel in
23 every village, fuel oil in homes which didn't use fuel oil
24 up until not very many years ago. In those villages served
25 by the Alaska village electrical supply, the cost per

1 kilowatt is 37 and a half cents. That's an incredible cost.
2 The burden on people with a subsistency economy whose cash
3 resources are limited -- to have to pay that kind of basic
4 cost for electricity and the terrible costs for heating
5 fuel is just -- it's a burden that we have only begun to
6 understand.

7 It seems to me that part of our policy in the use
8 of oil and gas ought to then provide assets to fuel oil
9 refined in Alaska to the bush.

10 Right now, fuel oil is shipped in on the Yukon
11 and stored at Saint Michael at the mouth of the Yukon and
12 brought down to the Yukon villages and up river by barge of
13 the on the Kuskokwim. It's shipped to Bethel and
14 transhipped from there by barge. The cost of that and the
15 burden upon people in the villages is a burden that we, in
16 urban areas, do not understand and would be unwilling to
17 bare, and I, frankly, don't know what to do about it. But
18 I raise it as a serious problem we've got to face.

19 THE MODERATOR: Thank you, Mr. Dahl.

20 MR. ACKERMAN: Just --

21 THE MODERATOR: In the area of -- yes, Mr. Ackerman.

22 MR. ACKERMAN: I'd just say this is not an area that
23 that's unrecognized in Fairbanks we had an editorial in the
24 daily news that it quoted it as being from \$1.05 to \$1.30
25 per kilowatt hour, which puts a 500 kilowatt usage, which

1 is considered to be a -- Mine runs 1500 is 22,000 a month
2 is 180 to \$1.00 a month for electric power. One thing, the
3 road we were talking about from Toby and Tanana we'd have
4 cheaper fuel available in Fairbanks at this time to do the
5 Frank Juan and North Pole refinery, that's cheaper than
6 sewage. We did the fuel oil cheaper in Fairbanks when you
7 do it at this time. This would give us cheaper fuel oil
8 into these areas that most of the villages or another of
9 have them could be incorporate so we could get this
10 electric power in there. But think we ought to look at
11 only sort of power, some alternative energy. I think that
12 there's small hydroponics that we can do, that will get it
13 down. I think every community in the State -- as to what
14 type of alternative power that's available. I think that --
15 you know, this is one of the best ways that we could spend
16 our money because it's something like a damn project, the
17 hydro project. We receive the benefits after 100 or 200
18 years. And I think the cost of power is one of the main
19 things, you understand that adds to our cost of living in
20 the State. And why our cost of living should be any higher
21 than any place in the United States, to stabilize the
22 States transportation of our -- If we had economic power
23 and economic transportation our cost to reduce things like
24 build our houses, and like that -- our cost of living won't
25 be higher to speak of. But I think we need to -- this is

1 is a real problem area and I think looking to invest in the
2 future alternative energy sources for all areas on it, and
3 we can look to the Federal Government to provide them for
4 us.

5 THE MODERATOR: Thank you.

6 MR. ACKERMAN: The Federal Government normally would,
7 but I think, you know, the responsibility is ours and we do
8 have the resources.

9 THE MODERATOR: In this area of oil and gas policy on
10 my own part I'd like to see the State have several
11 approaches in the disposition of oil land by lease with the
12 few point to determining how -- where and how we get the
13 best deal. And in that vein, in addition to doing our own
14 seismic work, I'd like to suggest that in state oil lease
15 sales, not in all the sales, but in some of the sales so we
16 can use it as a yardstick that we conduct those oil lease
17 sales on the basis of checkerboarding. Checkerboarding by
18 the State would recontinue a lease, and the lease next to
19 it would be put up and the oil lease auction.

20 It would be laid out in the field potential --
21 oil basin would be laid out in a checkerboard form. And
22 the black blocks would be state blocks, and the red blocks
23 would be competitive bid. I think that we'll get a better
24 deal. We'd have, then -- we'd retain, therefore, half of a
25 field and we would have on our present formulas 12 and a

1 half percent of one-eighth royalty in addition to lease
2 revenue fee -- whatever the bid for the lease.

3 Will Ackerman.

4 MR. ACKERMAN: I think that's a real fine concept. I
5 had a friend of mine that had several leases in the Swanson
6 River area that was surrounded, you know, by oil well
7 interests, and he paid the lease rate on them and they and
8 it took everything he could scratch together for eight
9 years before they finally bait his -- they really wouldn't
10 develop any until they had the area pretty well under
11 control and so before they developed it. And it's just not
12 their policy to develop until that they could secure their
13 investment a little bit more than the checkerboard
14 operation. After they go to the expense of proving it.

15 That's why the State should approve of the field
16 first. They're not going in to spend a lot of money and
17 have someone piggyback on expenses for a practical matter.
18 That's not one of the policy decisions made.

19 THE MODERATOR: In addition to that, I don't feel that
20 we should be in any rush to dispose of oil lease lands. In
21 the face of rapidly depleting world carbon fuel resource,
22 in the face of inflation, in the face of rising prices for
23 proof. We're somewhat in a position of the OPEC nations,
24 in some respects. And they are more deliberate than we are.
25 The more cautious we are, the disposition the better we'll

1 do in the future.

2 The Federal Government has designs on locking up
3 92 percent of the potential oil reserves of the State in
4 the D-2 lands, and this, in itself, makes the State land
5 oil province areas that much more desirable.

6 Now, in the area of an energy -- and this policy
7 in state use -- they're almost synonymous. It should be
8 welded together. My power company, Teller Power Company,
9 are an independent. We don't have any public financing.
10 Our kilowatt hour rate is a flat 35 cents. We have in our
11 tariff filed with the Utility Commission a -- the ability
12 to levy an oil price increase factor on top of that 35
13 cents, which we have not as yet done. And we don't operate
14 on 2 percent money like AVAK does. And we don't get grants
15 like AVAK does. And subsidy in the school districts BIR or
16 the REA's and, of course, we don't have a taj majhal of
17 International Airport Road and a staff of high salaried
18 engineers and administrators, either. And this is what the
19 people are paying for. This taj majhal here off of Airport
20 Road and high scale read manager and assist opportunity
21 manager and office manager and accountants and the
22 engineers and write away men and the whole shot.

23 It's top heavy. The board did not function as a
24 Board of Directors, they functioned as a rubber stamp. Now,
25 then, in this area where we were' paying a dollar threw

1 sense a gallon now for fuel -- our generator has put us in
2 a squeeze. We're going to be driven because of that factor
3 increment. We'll run it through the computer now and we'll
4 see just what we're going to have to do.

5 Now, in State use of petroleum resources, for my
6 own part I would like to see the State take it's one-eighth
7 or 12 and a half percent oil and gas out of the gas line at
8 Fairbanks and send it down the rail belt through a State by
9 plane to Seward, taking out of that line at Fairbanks
10 natural gas the people in the Fairbanks area can utilize,
11 taking that line out the rail belt, natural gas that the
12 people at Houston Willow or Vacila or Palmer can utilize.
13 Perhaps marking some of that gas to inlet, putting natural
14 gas in through private enterprise and to Seward. And then
15 selling the remaining natural gas comes out the end of the
16 pipe at tide water to the highest bidder, but don't get
17 locked in on any long term deal unless there's an
18 inflationary factor built into the purchase agreement.

19 MR. ACKERMAN: Mr. Chairman?

20 THE MODERATOR: Mr. Ackerman.

21 MR. ACKERMAN: Mr. Chairman, I -- you know, there's
22 already -- if the State had been looking -- I don't see any
23 reason why the State shouldn't bring their natural gas all
24 the way off the slope. And possibly the State could bring
25 their national gas all the way from -- and the flare and

1 the oil companies problems are having now and it would be a
2 vast project that might help them with the large -- I think
3 in Fairbanks we should probably be critical. We offer it
4 more slow.

5 THE MODERATOR: They want to take the liquids off and
6 put it up in the area with the petro chemical plant.

7 MR. ACKERMAN: Well, Mr. Chairman, that's one thing
8 about it. State has its own mind when came to buy out the
9 more healthy. In a small pipe, you could carry a high
10 pressure without the heavier thickness that's required.

11 THE MODERATOR: Right.

12 MR. STUMP: You can bring it whatever pressure you
13 want take the liquids off the final process and if it
14 happened on the North Slope and put it on the State line
15 and bring the liquids down. So if the State did bring in
16 royalties at it with they could in the same line ship their
17 liquids. And I think we ought to take the broader thing
18 since we're looking at concepts and look at the State by
19 taking royalty oil off the Slope and that are carrying
20 their liquids at the time the market has to do that on the
21 slope at the time.

22 THE MODERATOR: Right.

23 MR. FISHER: Let me -- if I may --

24 THE MODERATOR: Mr. Fisher.

25 MR. FISHER: Referring to your arguments on Page R-8,

1 she raises four questions. First one is: Should the state
2 encourage entry in there whose causes are questionable if
3 by the very nature of the size would link region economic
4 wellbeing of its own. Should the state allow its financial
5 des- -- its royalties to become tied up in the industry's
6 operations now, to comment on that question very briefly.
7 I would point out that big oil was not involved and did not
8 believe petro was economically possible, whether they're
9 right or wrong, big oil wasn't in El Paso.

10 Two, why is it our leaders talk about broadening
11 Alaska' economy and becoming less dependent on oil and gas
12 production yet fail to main that petro chemicals and that
13 petroleum refining will do just the opposite? Three. Why
14 is it feasible to ride the boom bus syndrome of a large
15 scale construction yet promote action that will only add to
16 the construction boom surrounding the gas line. If a ptro
17 chemical plant is build in Alaska for processing North
18 Slope gas liquids, construction of the plant and maybe a
19 separate liquids pipeline from the North Slope, or products
20 line to tide water almost certainly would occur at the same
21 time as construction of the northwest gas pipeline. The
22 conditioning plant and the water flood facility.

23 Your method chemical industry -- to get one job
24 in the industry, assuming that's the element objective,
25 costs well over a million dollars. As a matter of fact, it

1 costs a million dollars and when they built the Collier
2 plant at -- in North Kenai. It would seem to what you're
3 going to get is about ten times the number of fishery jobs
4 the same amount of investment you would get if you were in
5 petro chemical.

6 Maybe I shouldn't say those, but I have -- I
7 worked that debate down -- at Kenai, and we didn't really
8 have a whole lot of debate. Almost chrewed up a
9 representative over it, but we didn't have much debate.
10 Ask him.

11 The question that we were asked here, in addition
12 to that, when you think about the cost of the federal
13 stocks -- that's what those gas liquids -- shall they had
14 stocks and if you're trying to go into a full-scale -- or a
15 world scale petro chemical industry you're then starting to
16 compete with Saudi Arabia and they flare the stuff right
17 now. They burn it. They're going into the petro chemical
18 business, and they're going to be able to use the stuff
19 that they're now flaring. I don't know. I would doubt
20 that petro chemical industrial will do for Alaska anything
21 more than give us -- well, she asked if you won't guess
22 more ups and downs.

23 THE MODERATOR: Mr. Ackerman.

24 MR. ACKERMAN: I don't think, you know, the jobs are
25 the only thing pregnant we have to look out in petro

1 chemical development or the State having a royalty why to
2 bring in our product off the -- our share of the product
3 off the slope. Governor Egan talked about the State
4 building a line, and there was a lot there -- you don't
5 lots you money on these transportation systems. They are
6 thought using money. There are blind costs \$15 million to
7 Trans-Alaska pipeline it would make money. And the cost of
8 this project which we had no control over at all -- we
9 didn't have any control over who worked on it whether
10 Alaskans worked on it or anything else we didn't -- I
11 shouldn't say we had no control because, I think -- it was
12 or Gene Guess wanted the rifle leasing bill that said use
13 the maximum extent possible. We could increase the lease
14 rate a hundred times or whatever, you know and that's why
15 we had Alaskans working on that job to the maximum extent
16 possible, because because of the lease rate. That's the
17 only thing we have. We have no accountings I've seen
18 doubles, triple, for camp construction costs. I've seen
19 cars often that go -- I'm seen them amortized in the daily
20 room. We were to years into the pipeline before we ever
21 looked at their books. And I mean you've got a stack that
22 you could cover this table with. You have absolutely no
23 accounting of the money that was spent on the pipeline, the
24 double entries on it that an add to the pipeline cost and
25 everything else. By the State -- the pipe line, you're not

1 going to lose money on that transportation system. You're
2 go going to have more options to deal with your royalties
3 and you're going to get more benefit from a petro chemical
4 plants -- necessarily jobs as much as it is a product that
5 you can by reasonably in the State to lower our cost of
6 living of the I think this is an important thing, that we
7 lower the costs of these products in, and the State would
8 do it and if you should get out that's fine. We should
9 have fertilizer and rate that could you use for or
10 agricultural development at a cheaper rate. There's a lot
11 of other things. I'm not that familiar with all the things
12 that you do do. But I think that the lime and the petro
13 chemical development -- the lime especially this creases
14 our options and gives us the most benefit and mostly of our
15 share of the oil for gas.

16 THE MODERATOR: We have -- five more subtopics under
17 resources. We've only disposed of -- we've disposed of
18 finances, government education, transportation, law,
19 justice, and communications. We need to address now a
20 resolution on oil and gas policy and the oil and in the in
21 state use petroleum resources. Under this section, oil and
22 gas policy. Rather than double back and have it gets fuzzy
23 in our minds what we've discussed. I now entertain a
24 motion for the adoption of an amendment if member has had
25 the time to make some notes here and get an amendment...

1 MR. DAHL: Mr. Chairman, I've not taken any notes, but
2 I think it's interesting that in our discussion no one has
3 said that we ought not to develop oil and gas. That
4 certainly is an option. I'm its that I'm particularly
5 recommending. In fact, I'm not recommending. For the
6 record. As I talked to people in other groups, however,
7 we've been quite concerned about making that as a choice
8 not to develop our resources. I -- I'm personally pleased
9 that this group has not considered that as an option. Hour
10 discussion has centered around how do we develop them, what
11 do we do to develop them, but not developing them is not
12 enough.

13 THE MODERATOR: The closest we came to that is to ring
14 a slow well, right? Not to get -- be hasty but be
15 methodical and deliberate.

16 THE MODERATOR: Mr. Fisher.

17 MR. FISHER: Mr. Chairman, of the options considered
18 this the permanent fund discussion, as I understand and
19 probably the best option but probably the lease available
20 would be not to take the oil and gas out of the ground. It
21 would be to leave it there. It proably would be the best
22 savings account there could be.

23 THE MODERATOR: The royalty or the --

24 MR. FISHER: Well, the portion that would be assigned
25 to permanent fund -- to leave that in the ground.

1 THE MODERATOR: Only as the fields depleted the
2 recoverability in that field given substantially.

3 MR. FISHER: I understand. There's lots of problems.
4 But that is almost what Tom Dahl is talking about, is not
5 to develop and use at a later time. And that was -- that
6 was discussed. Now, I don't think it would, one, be
7 permitted by the United States and, two, I don't think it
8 would really be carried out and be permitted politically in
9 Alaska. But it was considered as being possibly the best
10 return that we could get. And if you think about it, it
11 way well it may well be.

12 THE MODERATOR: I was reluctant to expostulate on not
13 developing because I don't think the government thought of
14 it, but way can be deliberate. We don't need to be
15 stampeded.

16 MR. BORODKIN: Mr. Chairman, if we went that way, you
17 know, not endorsing development wouldn't that be at the
18 same time sort of endorsing to lock up shall the resources
19 in Alaska?

20 THE MODERATOR: It would.

21 MR. BORODKIN: I don't think I'd --

22 THE MODERATOR: No.

23 MR. BORODKIN: -- I don't think I'd want to do that.

24 THE MODERATOR: No. I don't endorse that concept.

25 MR. ACKERMAN: I don't think that we should confuse

1 the transportation system, and I think that you know we're
2 going to have to agree that the pipeline is a
3 transportation system with development. You know, I think
4 the pipeline off the North Slope will maximize our benefit
5 of the gas that we have up there. It's not development of
6 anything. It's a transportation system and I think that
7 the transportation -- we all know there's a direct
8 relationship what we get out of the product is a state and
9 royalty and transportation costs. And I think for the
10 State to put in a line -- I don't know what size would be
11 appropriate -- 24, 30 inch or something most likely in the
12 area.

13 THE MODERATOR: 26.

14 MR. ACKERMAN: 36 --

15 THE MODERATOR: 26.

16 MR. ACKERMAN: Well, that's close. 24 to 30 but to
17 bring that size line off of the slope I don't think is -- I
18 think it's in the State interest. I don't think that you
19 have the problems you'd have with it. You would have dead
20 control over -- will know what the cost is on it. And it's
21 not -- you're going to make money off the transportation
22 system it's going to be a produce you are of revenue just
23 like is a for alley he is they make money off that pipeline.
24 They're not Lucidine. And they're making it off of us.
25 And I think the transportation system off the Slope

1 maximizes our options with our resources, particularly
2 since we've been talking about the liquids, if we want to I
3 don't them. We could build a pipeline that we could
4 operate under pressure that would allow us to inject the
5 liquids off of that plant into the pipeline. And I think
6 that this transportation system would maximize, you know,
7 the State's benefits is their revenue income. And I think
8 that's something that we can endorse without get into
9 actual development. We'll take a break here to change the
10 tape now, please.

11 THE MODERATOR: We're back on the record.

12 MR. FISHER: Who is going to write the oil and gas
13 resolution?

14 THE MODERATOR: Do we want to embrace in the oil and
15 gas resolution a recommendation for checkerboarding in a
16 portion of our oil lease land of the State? Not all of
17 them necessarily but as a -- an alternate to the present
18 system?

19 MR. FISHER: no, I don't think so, but I think it's a
20 continuation of the present policy. I think it's a
21 continuation of what's beening done right now.

22 THE MODERATOR: Checkerboarding?

23 MR. FISHER: Yes, I think so. I know the State's
24 tried it. Now whether they're continuing to do it or not I
25 don't know.

1 THE MODERATOR: Then we want to include in our
2 resolution a recommendation on taking our 12 and a half
3 percent and bringing it through our own line to tied water
4 through the rail belt?

5 MR. ACKERMAN: I think we ought to look at the State
6 bill royalty line to bring our gas to tide water. I think
7 we should look at the whole thing and shouldn't be than
8 specific on it, you know, as to which route we should take.
9 But I do think we should look at it and to maximize our
10 options and especially with the liquids.

11 THE MODERATOR: Well, Valdez has a good economy, and
12 this will give Seward an opportunity, and the rail belt the
13 strength in its economy. So we can spread this oil --
14 begin spreading across the State. This is what I have in
15 mind.

16 MR. ACKERMAN: I think we should first look at the
17 concept of just bringing it off the slope ourself. This is
18 a concept to where we're going to specifically go with it.
19 You know, if we can get them to look at it, it would be
20 another question, you know, that when we started actually
21 doing it then we could get into that discussion. But I
22 think that, you know, it's -- for the State to get into
23 bringing it off themselves, just to maximize our benefits
24 is something we should look at. I mean exactly which way
25 we should go on it, I think this is something that is a

1 whole other thing. But I do think we need to bring it off
2 someplace.

3 THE MODERATOR: Thank you. Are you Mr. Davic?

4 MR. DAVIC: That's correct.

5 THE MODERATOR: You're on the record.

6 MR. DAVIC: I think in the broadest sense, what I
7 would like to see addressed in a resolution involving the
8 oil and gas situation this this state is to prepare for our
9 eventual self-sufficiency, if that means effect a chemical
10 plant, another pipeline, whatever it takes to provide for
11 that possibility, so that we're in longer stampeded or
12 pushed around by the Federal Government. I think it's
13 highly important to work towards self-sufficiency and
14 state use of the oil, and state use of other minerals. And
15 indeed, we are in the position of the OPEC nations. And I
16 think the time will come with succession is very real and
17 viable alternative. But I think it's highly important to
18 gear the State's policy and direction toward
19 self-sufficiency.

20 THE MODERATOR: Any other comment? Identify yourself
21 for the record, please.

22 MR. DAVIC: Yes, my name is Miles David, and for the
23 record I'd like to speak to the gas pipeline. I would
24 prefer to see a rather loosely worded, in one sense,
25 resolution come out with regards to the gas pipeline,

1 in order to delay any source of decision for a later date,
2 because I feel that the public is perhaps uninformed.

3 The information that I have as regards to the gas
4 pipeline is, in essence, that if this gas pipeline goes
5 ahead as presently proposed, that the -- we would be losing,
6 perhaps, somewhere between 4 to \$8 billion -- 8 million
7 barrels worth of oil out of the Prudhoe Reservoir, which
8 would be unrecoverable, because of losing adequate gas
9 pressure in order to bring it out. Now, investigation
10 should be made of the feasibility of cost. It's definitely
11 feasible of delaying a constructing, a stripping plant at
12 Prudhoe Bay, which would strip all of the gas liquids out
13 and reinject the dry gas into the reservoir. Then at the
14 time that Prudhoe Bay Reservoir has been depleted, then the
15 dry gas will be brought back out. We'll have maximum
16 recovery from Prudhoe Bay and maximum recovery of the
17 natural gas. You will not lose that.

18 In the meantime, we'll have access to all of
19 those gas liquids to provide -- now, for example, Fairbanks
20 along the rail belt. Now, in those gas liquids we're
21 talking about propane as part of those liquids, so
22 Fairbanks, for example, would have a very good source of a
23 lower cost energy. And then we could build a world class
24 petroleum byproducts, and all the pharmaceuticals and such
25 as this. And also this is part of the OPEC's position

1 in -- where we have the Saudi Arabians continually
2 addressing Americans what they have to engage in to a
3 really instant and progressive program of conservation,
4 because petroleum and petroleum products are much too
5 valuable for other things that are necessary to mankind,
6 instead of wasting them for just merely creating heat. And
7 also, I would like to add that the figures that I mentioned
8 is 4 to 8 -- I believe it's -- we would have a \$4 million --
9 4 billion barrel net gain, even after getting all the gas
10 and then having that much more recoverable oil.

11 So if you just simply multiply four billion
12 barrels is the minimum, and perhaps it will be as much as 9
13 billion barrel. So, if you'll go the present world market
14 price on oil, perhaps on a contract these days is 26 --
15 about \$ dollars a barrel was going as much as 40 or higher
16 on the spot market. So if we just say \$25 a barrel, what
17 we're talking about is somewhere between 10 to \$20 million.
18 Now, do we want this available for use, or are we just
19 going to lock up and destroy that resource so no one has
20 any benefit from it, ourselves or the Lower 48 States, et
21 cetera. Thank you.

22 MR. ACKERMAN: Mr. Chairman.

23 THE MODERATOR: Mr. Ackerman.

24 MR. ACKERMAN: Four to 6 billion barrels, it's up to
25 200 billion, rather than the lower figure, I believe. But

1 A state pipeline for the royalty of gas. It
2 could distribute -- the gas could go into the smaller
3 state transportation system, and the rest would be reinjected.
4 And I'm sure it would comply. Hold development in getting
5 something off of the Slope now when it's needed. America
6 is in an energy crunch and I think the smaller pipeline
7 built by the State could be put together a lot faster than
8 what we're talking about the magnitude of the one that's
9 presently proposed. And I think that's, you know,
10 related.

11 MR. FISHER: Mr. Moderator.

12 THE MODERATOR: Mile Davic.

13 MR. DAVIC: I'd like to add to my remarks on that.

14 The Canadians have recently completed a pipeline in Canada
15 about 1500 miles in length, in which to build an oil line,
16 and they are doing just this thing. They are reinjecting
17 the dry gas, stripping out the liquids, and they're sending
18 them down. Now, other information that I have, you know,
19 unverified at this time, but it is being alleged that the
20 treaty that was negotiated and signed by President Carter
21 with the Canadian government permits the Canadians to strip
22 all of the liquids out of the gas and then send only the
23 dry gas to the Lower 48, you see. So, no part of the
24 United States is getting -- if this were true, this part of
25 the United States would be getting access to it. So the

1 Canadians are encourageing us to do something that they are
2 not going to do because it's not good business and it's not
3 good resource management.

4 THE MODERATOR: It's 20 minutes to 10 and we have five
5 major topics here under resources to cover yet. We'll need
6 a resolution on oil and gas policy.

7 MR. ACKERMAN: I'd like to state one belief, and we
8 can talk about it. I'd move that the State investigate a
9 stripping plant on the North Slope for the liquids and
10 State transportation system to bring off the liquids and
11 the State royalty gas.

12 MR. DAHL: Second.

13 MR. FISHER: Yeah, second.

14 THE MODERATOR: Second? Question?

15 MR. FISHER: I'd like to talk on that.

16 THE MODERATOR: Okay. Discussion.

17 MR. FISHER: Well, Ackerman has talked about this
18 about three or four times. It's beginning to sink in.
19 It's beginning to sound like it makes sense. You know, to
20 look in and to check that out because that sounds -- that's
21 an approach that we don't hear very often. I'm not sure
22 that we've heard it at all. There's been some talk about
23 it, but I don't seem to approach it. And I think, you know,
24 it's an innovative idea. We ought to give it a try to some
25 of it. Maybe we ought to even lose some money on some of

1 these but to find out what it is. And I think we ought to
2 pass the motion for that reason.

3 MR. DAHL: Question.

4 THE MODERATOR: Question?

5 MR. ACKERMAN: I'd like to add, you know, to increase
6 the State's benefit from the resource. Can you do that?

7 MR. FISHER: No, that's --

8 MR. ACKERMAN: Maximum state benefit from resources.

9 THE MODERATOR: Do you have your motion written down?

10 MR. ACKERMAN: No.

11 MR. DAHL: Grab a pencil, Barb, get to work.

12 MR. ACKERMAN: I think the motion was the State
13 investigate a gas stripping plant for the liquids at
14 Prudhoe Bay and a state transportation system to bring the
15 liquids and state gas out --

16 THE MODERATOR: To tidewater?

17 MR. ACKERMAN: To tidewater for a maximum state
18 benefit and utilization.

19 THE MODERATOR: And what do you think about leverage
20 construction? Keep our money, finance it?

21 MR. ACKERMAN: Yeah, that's fine. I think that, you
22 know, just putting the idea out, you know, we can -- if we
23 can get it across, we can develop the other things on it.
24 I think we should keep it fairly brief in concept.

25 THE MODERATOR: Mr. Davic.

1 MR. DAVIC: Yes, Mr. Chairman, I'd like to see the
2 motion amended to read maximum petroleum production from
3 Prudhoe Bay, so as not to be subject to any
4 misinterpretation, because maximizing benefits to the State
5 can mean all sorts of things to all sorts of people. If we
6 address it in that manner specifically, that would be the best
7 import a clear intent.

8 THE MODERATOR: While the resolution is being prepared
9 we'll proceed.

10 MR. DAVIC: Can I read this back one more time? My
11 shorthand gets real rusty. We recommend that the State
12 investigate a gas stripping plant for the liquids at
13 Prudhoe Bay? Is that --

14 MR. ACKERMAN: That's what I said.

15 MS. DUYACHAK: And a state transportation system to
16 bring -- what was it.

17 MR. ACKERMAN: The gas liquids --

18 MS. DUYACHAK: Bring the last liquids --

19 MR. ACKERMAN: Royalty gas to tidewater.

20 THE MODERATOR: Pipeline system.

21 MS. DUYACHAK: A state transportation system or
22 pipeline system.

23 THE MODERATOR: A state pipes line system.

24 MR. DAHL: He said transportation system.

25 MR. ACKERMAN: I said transportation system. I think

1 the pipeline's transportation system -- we're into
2 transportation systems with ferries and things like that,
3 airports.

4 MR. DAHL: Mr. Chairman, I have a point, too, of that
5 resolution I'd like to enter. That every effort be made to
6 use Alaska petroleum to lower the cost of fuel throughout
7 the State.

8 THE MODERATOR: You so move?

9 MR. DAHL: I so move.

10 MR. FISHER: I second.

11 THE MODERATOR: Second. Discussion? No. Question?
12 Would you indicate by saying aye?

13 MR. DAHL: Mr. Chairman.

14 Aye.

15 THE MODERATOR: Opposed?

16 The ayes have it, so ordered.

17 MR. DAHL: Is that the entire resolution, Mr. Chairman?

18 MR. FISHER: I think so.

19 THE MODERATOR: We'll proceed to fisheries.

20 MR. DAHL: Mr. Chairman, at this point I would like to
21 go move to take from the table the child care resolution.
22 May I do that?

23 MR. ACKERMAN: Second.

24 MR. FISHER: Let's go.

25 MR. DAHL: I have an amendment to Item No. 2 -- I have

1 this written out for you. Delete the No. 2 that is in your
2 resolution and replace it with the following: "That the
3 State place children with child-caring institutions as a
4 good parent would, providing for prompt payment of full
5 cost of care, comma, which includes a portion of those
6 costs required to keep the institution ready to receive the
7 State's children."

8 And I would move its adoption.

9 MR. FISHER: Second.

10 THE MODERATOR: Second? Objection? Discussion?

11 (No response.)

12 THE MODERATOR: Question?

13 MR. FISHER: Question.

14 THE MODERATOR: Those in favor indicate by saying aye.

15 Aye.

16 Opposing, say know.

17 (No response.)

18 THE MODERATOR: The ayes have it. So ordered.

19 MR. FISHER: The whole resolution. We're in the area
20 of fisheries. I'll entertain input from the floor.

21 MR. FISHER: Why don't you ask the -- our fishermen.
22 Do they have anything special they think --

23 THE MODERATOR: That's why I say I'm entertaining
24 input from the floor. Whoever.

25 MS. ANASOGAK: I'm not a fisherman but I'm a fisherman's

1 wife, so I know some of the problems that the fisherman
2 encounter at home. One of the problems that is being
3 encountered is the transportation of the fish once you get
4 the fish then you have to wait for transportation. Is
5 while you're waiting the fishing to waste because you're
6 sitting there hoping to sell fish to get the money, and
7 because without the transportation, you let the fish sit.
8 By the time you know that, there's not going to be any way
9 out, the fish has -- is spoiled. And that is a waste, too.
10 I can't think of anything more to add to that right now but
11 I'll probably think of something later.

12 THE MODERATOR: Mr. Borodkin?

13 MR. BORODKIN: Yes, I agree with the young woman here,
14 that I think utilization is important, especially with the
15 big reduction for Bristol Bay. There should be some
16 alternatives to look at that and that utilization.

17 Another area is marketing. I think marketing
18 those be looked at. Right now most of the marketing is
19 done over in Japan, and with the American dollar gain is on
20 the Yen, it -- it's going to affect marketing. It already
21 has. And reading the papers, I think the Governor is
22 looking for marketing over in Europe and other places. I
23 think we should be looking at domestic marketing. I firmly
24 believe that the State should assist fisheries in marketing
25 utilization.

1 Another area that we should be looking at is
2 agricultural program. I happen to be on Prince William
3 Sound Agriculture Board. Just this past year the Prince
4 agriculture harvested over 200,000 that returned, and the
5 200,000 -- in excess of 2,000 were harvested and sold to
6 the local processors. I just don't recall how many
7 thousand there was kept for ruined stock.

8 THE MODERATOR: 200,000 what?

9 MR. FISHER: Salmon. Pinks.

10 THE MODERATOR: Pinks?

11 MR. BORODKIN: Yes. So this that's showing us the
12 program is working. I think the State has on the drawing
13 board to build another hatchery. They've already examined
14 the site. Then there's one in -- that it was just
15 completed just recently and Prince Rupert Sound. I think
16 I've made a remark here either yesterday or some time ago
17 that I looked at State hatchery. I went up this road out
18 in wilderness among the woods. And I came up on a clearing
19 and it was just like walking into some parts of downtown
20 Anchorage with this big huge complex, hatchery complex. I
21 just hope that the press -- the paper would go down and,
22 you know, look at it and take pictures and put it in a
23 paper. I really think that these programs are going to pay
24 off not too many years from now. So I think that we should
25 encourage the State in developing these renewable resources.

1 I should have taken notes, but I didn't.

2 THE MODERATOR: Any other comment?

3 MR. ACKERMAN: One comment.

4 THE MODERATOR: Mr. Ackerman.

5 MR. ACKERMAN: I believe besides this really isn't an
6 area I've been in. I do recognize the problem and, you
7 know, I've been through the area and besides the
8 transportation I think collection points and holding
9 facilities, you know -- there's a major problem. I mean,
10 we can't -- we're always going to have transportation
11 problems, but they would be minimized if we had holding
12 collection point and holding facilities, and we could have
13 those, and we are developing again recruit hatcheries. You
14 can't get into that place. That's bad transportation. We
15 spent three times as much time trying to get in and out of
16 canneries as we did on the job on it. But I think that we
17 are developing these hatcheries, that our fishery is
18 developing. If these areas are going to realize the
19 benefit we do have to have refrigerated holding and
20 collection points are we can drop our fish if we can get
21 them to transportation. And if you have a heavy run it's
22 hard to get all the transportation in any way. If you have
23 a holding facility and a collection point then you can
24 maximize your harvest without it spoiling.

25 MR. BORODKIN: One thing I forgot to mention. On the

1 private hatchery is we have an assessment among the
2 fishermen, and that's, I think, copper reds has asked us at
3 two cents apiece and Prince William Sound Pinks and other
4 species are assessed at three cents a piece. Change to
5 assessed earlier. So it's working real well. We is a
6 matching fund by that processer so it matches the fisherman.

7 THE MODERATOR: Mr. Fisher.

8 MR. FISHER: Fisheries on that, I want to get onto
9 this a lot sooner because some of us know a lot more about
10 fisheries than we do canneries. One thing we need to do
11 pretty badly now -- we need to improve our marketing
12 technique. We've got to handle our fish better. We do
13 such a poor job of handling our fish that we're probably
14 going to have some sort of a scandal resulting from the
15 1979 pack. John Doyle, who is head of the Marines Advisory
16 Program, which is Sea Grant Funded was recently in Denmark,
17 and he said that he was supposed to give a two hour
18 presentation, and he didn't give that presentation because
19 all that they did was raise hell with him, literally hell,
20 about the poor handling of the Alaskan salmon. They led
21 him to believe that we did such a lousy job that when they
22 did get an occasional good batch of fish from Alaska, in
23 order that it would sell -- they had to put a Canadian
24 label on the fish. Now, that's terrible to have a
25 reputation like that, but that's apparently the reputation

1 we've got. So we're just going to have to take care of all
2 of them, because we can't sit on Cook Inlet and say those
3 rascals in Bristol Bay are no good because as far as the
4 world's concerned we're all Alaskan fishermen. So we're
5 going to have to do something statewide with respect to
6 maintenance of quality and enhancement of quality and we're
7 going to have to do the whole thing.

8 I don't know how we're going to do it but at long
9 last the State is starting to do something on quality
10 control in the salmon fishery. They've been doing it in
11 the King crab fishery but we haven't done it -- anything we
12 had we do to fish, we've done to our salmon. And then we
13 try to sell it, and it just doesn't work.

14 THE MODERATOR: The feedback I get, Jamie, is that
15 there's a lot of salmon on the West Coast and basically a
16 lot, because of the poor quality control in the pack. This
17 is the feedback I get.

18 MR. FISHER: Can't even can it, it's so bad. That's
19 what I understand.

20 MR. ACKERMAN: I think one of our problems is getting
21 it out and if we had refrigerated storage facilities and
22 collection areas, we could increase the quality and its
23 collection point we could make our inspections and see
24 whether we ship or not the fish. I think that's our main
25 problem is getting it out and getting it to a processing

1 facility, and we have have -- we have to have a holding
2 facility to hold it until we can do that. You can't just
3 leave it sit on a river bank or in a box in the sun.

4 MR. DAHL: It's more than that, Mr. Chairman.

5 THE MODERATOR: Mr. Dahl.

6 MR. DAHL: Alaska has come down through the years as a
7 canning industry, and we have not made the shift from a
8 canning industry where the fish are brought from the
9 fishing -- from the fishermen's boat into a tender and
10 they're thrown from the tender into a -- on to a Convair
11 and thrown into a bucket into the cannery and then mashed
12 in a shredder and stuffed in a can. From that to a fish
13 that is picked up by hand and that moved without being
14 bruised or knocked around or cut or-- with a hole poked in
15 it anywhere to a flash frozen glazed wrapped in poly bag
16 product that goes to that Japanese market and the Japanese
17 housewife looks as it whole and, on the basis of appearance,
18 buys it. That is an entirely new process for us, and we
19 don't know how to handle it. And it's even worse in
20 Northern Europe, in Sweden and Denmark.

21 MR. ALEXIE: Mr. Chairman?

22 THE MODERATOR: Yes, Mr. Alexie.

23 MR. ALEXIE: As I work as a deputy, we have two major
24 problems; like one is getting the piece from fish from the
25 fishermen and that having it on the tank or in the barge,

1 the process and then waiting for the transportation. What
2 I've been wanteding to do is -- and I've told my boss that
3 he shouldn't buy more fish than he can handle because when
4 we get too many we condition handle them before they get
5 spoiled. Another thing that I've been trying to present it
6 to my employees that we should handle the fish like a baby.
7 Okay. There was one Japanese guy byinging our fish. And
8 he took a lot of pictures and then he says -- he called me
9 told me that everything goes good in a freezer and then the
10 fish is thawed. It doesn't look as good as the way we
11 freezed the salmon. It's what I got from the Japanese who
12 was buying our fish. And I think that a man who is buying
13 the salmon should buy fish which we handle.

14 MR. ACKERMAN: Mr. Chairman? I oh, when I was younger
15 teenager going to go high school, I spent the summer in
16 Homer and went fishing and I went cooking crab in a cannery
17 down there, and this is one of the reasons we got into
18 frozen crab meat, we got into it down there even had a
19 freezer with ice on 110 foot freezer, both that sat by.
20 But that was a heavy run that cannery couldn't process crab
21 that came in there. It's a backlog and you develop your
22 backlog then they got a percentage of the share of the crab
23 that they could bring in and the salmon's the same thing.
24 We don't have a holding facility. We didn't have the
25 holding facilities. We don't have the holding facilities.

1 Now when you get a heavy run, we don't have the canning
2 facilities to can the catch. And so we have to -- the
3 holding facilities are, you know, a major problem because
4 we have to develop and we're looking at record runs. It
5 was a record run. When we have a record run, we don't have
6 the canning capability and we have to have the holding
7 capability to handle the fish. And this is something that
8 we have to develop.

9 MR. DAHL: Mr. Chairman, I think we've run out of time.

10 THE MODERATOR: We've run out of time.

11 MR. FISHER: I've got a fishery resolution. It's not
12 very good --

13 MR. DAVIC: Quickly may I see?

14 THE MODERATOR: Mr. Davic.

15 MR. DAVIC: Yes. With regard to the gentleman's
16 statement as to holding facilities and the other comments,
17 there, they're all part of marketing. Everything after the
18 fish is produced is all part of marketing and getting it to
19 the consumer, and I feel that the things you're mentioning
20 are planning what the private entrepreneur should be doing.

21 Now what we need to do is have some manner in
22 which to encourage him to do this and insure to the public
23 as to the quality of the fish. Now perhaps the time also
24 now to establish a Salmon Fisheries Control Board, or just
25 a generally a Fisheries Control Board that will place a

1 quality -- you know, the Alaska Good Housekeeping Seal of
2 Approval on these things. So they can establish these
3 standards for handling from different ways down the line so
4 we don't have this -- it's an another waste of --
5 tremendous waste of resources. And a lot of people are not
6 eating. And it is a tremendous waste of the resource it
7 contributes to the higher price at the grocery store where
8 could you have consumer complaints. Could you brought in
9 your market to other countries.

10 MR. FISHER: Let me try this out for size. Alpha
11 Group recommends the Alaskan Fisheries Program do you,
12 colon: one, encourage and support the best possible
13 harvest transportation and that care techniques for all its
14 multiple fisheries; two, ready necessary for complete
15 harvest and best utilization of all state fisheries
16 products. And three, initiation of the most advanced
17 systems in that quality production control transportation,
18 storage for all Alaska fisheries products. I'll say that
19 over and over again the I move its adoption.

20 MR. ACKERMAN: I'd second.

21 MR. DAHL: Mr. Chairman I'd like to add one more
22 statement to that.

23 THE MODERATOR: Mr. Dahl. /

24 MR. DAHL: That is that we make every effort to train
25 persons in the technical skills to operate in a modern

1 fishery?

2 MR. FISHER: I accept that.

3 MR. BORODKIN: Mr. Chairman?

4 MR. BORODKIN: Are we under discussion now?

5 THE MODERATOR: Yes.

6 MR. BORODKIN: I think I'd be very careful in one part
7 of it. That's -- would you restate that again, please?

8 MR. FISHER: Which one?

9 MR. BORODKIN: In the quality control?

10 MR. FISHER: All right. Initiation in the most
11 advanced systems in quality production control
12 transportation and storage.

13 MR. BORODKIN: The State already has -- or I don't
14 know whether it's state, but I think canned salmon industry
15 it has quality control. Every plant usually has quality
16 control working within the plant.

17 THE MODERATOR: Mr. Davic.

18 MR. DAVIC: Mr. Chairman, in reply to this guy's
19 comments, the quality control that does exist is
20 ineffective. And I would like to see the amendment -- the
21 motion amended to strike initiate and insert "mandate."
22 And move adoption.

23 MR. BORODKIN: Insert what?

24 MR. DAVIC: Mandate. Strike the initiate and insert
25 mandate and move adoption.

1 MR. BORODKIN: Mr. Chairman, I think if it's done in a
2 manner where we couldn't keep up with this thing that the
3 processors are going to be strapped and may have to be shut
4 down.

5 MR. DAVIC: Yes, yes, yes. Definitely. That's the
6 idea.

7 MR. ACKERMAN: Mr. -- the storage facility is going to
8 put us a better product to the processor, you know, we're
9 going to be able to -- you're not going to have your fish
10 backed up because you've forgotten if he can can at the
11 cannery. So you're going to have holding facilities.
12 These canneries are not going to do the holding facilities --
13 I was in Larson Bay when this incorporated. It was 1975.
14 That cannery that's closed down it was -- something for
15 closed down for two years. There wasn't fish and your up
16 and down cycles of your fish. It's hard to get the
17 canneries and say you've got to take into, know, provide
18 something that's going to

19 MR. DAVIC: Yes, I'm familiar with the problems. I've
20 been that business and handled all -- and I believe.

21 MR. AKERMAN: Okay. I was.

22 MR. DAHL: Mr. Chairman?

23 THE MODERATOR: Yes.

24 MR. DAHL: I believe the resolution included the word
25 initiate. I would like to call for the question using that

1 language, please.

2 MR. DAVIC: Can we adopt that?

3 MR. DAHL: The amendments not been seconded.

4 THE MODERATOR: Question?

5 MR. BORODKIN: I'll second.

6 THE MODERATOR: Question? Those in favor indicate
7 saying by aye.

8 THE MODERATOR: Those opposed?

9 (No response.)

10 THE MODERATOR: The ayes have it. So ordered. The
11 resolution is adopted.

12 MR. DAHL: Mr. Chairman?

13 THE MODERATOR: Then in the area down here fisheries
14 on down Alaska fisheries there's -- I'd like to touch on an
15 area of concern that I have that I'd like to hear from the
16 other members of the body. The State has thousands of
17 lakes in the State. And an example in the Sitka Flats,
18 there's hundreds of lakes up there that are all inter-
19 connected with riverlets and streams. And salmon come up
20 to Cook Inlet and they go on up through that water shed and
21 they spawn in those lakes. Up and Flodgett Lake, which is
22 eight and a half miles above Wasilla and a quarter mile off
23 the Parks Highway -- that lake is spring fed, but the
24 outlet goes on and feeds on down through into Big Lake and
25 all the way on into Cook Inlet.

1 Then under this agriculture program the State
2 fisheries biologists come in to Blodgett Lake and they took
3 all the reds that escaped from there and stripped them for
4 their eggs and they killed off the run into the lake. It's
5 as barren as a flat chested old maid. Then on the other
6 hand, there are any number of the lakes that are being
7 severely damaged, and they're spawning -- salmon spawn at
8 Big Lake. They're being damaged by sportsman with speed
9 boats and waterskiers and rafts and a whole lot of old
10 automobile tubes and you name it, oil spills from outboard
11 motor oil and oil spills from boats, planes the whole nine
12 yards, and the State doesn't have not any policy to
13 regulate the activities on these various and sundry
14 hundreds of lakes that belong to the State of Alaska.

15 We're very derelict and remiss in that area.
16 We're wasteful. And I suggest that there be substantial
17 inventory taken of all of the lakes, there be a substantial
18 determination of classification made at each and every lake
19 that will limit the type of activity on that lake. Big
20 Lake for sportsman recreation. It's just -- its so far
21 gone that way now you'll never back it up because of public
22 pressure against backing that. These other lake areas and
23 limit the size of outboard motors, the number of boats that
24 can be on the lake and limit some lakes to sailboat
25 activity or rowing or canoeing and that discipline

1 ourselves, police ourselves so that we live in concert with
2 nature.

3 MR. FISHER: Mr. Chairman, I agree with everything you
4 say and would like to say it myself but we're going to
5 overlook your suggestion for five years if we don't pass it.
6 May I move?

7 THE MODERATOR: You may move.

8 MR. FISHER: The Alpha group recommends another Future
9 Frontiers Conference be held in five years and that it be
10 preceded by regional conferences to select delegates to
11 the Skegway conference. I so move.

12 MR. DAHL: Second

13 THE MODERATOR: Moved and seconded. Discussion?
14 Question? Those in favor indicate by saying aye.

15 Aye. Those opposed it by saying nay.

16 (No response.)

17 Ayes have it. It's unanimous.

18 MR. DAHL: Mr. Chairman, we've done an awful lot of
19 work in a very short time, and I think a great deal of the
20 credit for the expeditious handling of some very difficult
21 problems should go to you. I appreciate the way that
22 you've stepped in and have handled this group, and I'd like
23 to encourage the group to express their appreciation by our
24 traditional way.

25 (Applause.)

1 THE MODERATOR: I would like to applaud this group and
2 our stenograph reporter.

3 MR. FISHER: Why don't we let her go off the record.

4 THE MODERATOR: And I applaud this group. We're a
5 hell of a team.

6 MR. DAVIC: Mr. Chairman I'd like to see a motion with
7 regards to your statements.

8 THE MODERATOR: With rega. to --

9 MR. DAVIC: The lakes and water.

10 THE MODERATOR: To the lakes?

11 MR. FISHER: Why don't you drop it up.

12 THE MODERATOR: It's a gross oversight. It's been
13 pushed aside, pushed under the rug. We burried our head in
14 the stand like an ostrich. It needs to be addressed.

15 MR. DAVIC: Do you have time to pass a resolution a
16 motion on that in the morning?

17 MR. FISHER: Yeah, I think we can meet in the morning.

18 MR. DAHL: I suggest move we go off the record.

19 (Whereupon, at 10:20 p.m. the proceedings were
20 adjourned.)

21

22

23

24

25

SCOMM

#30:6

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LEGISLATIVE COUNCIL, STATE OF ALASKA

Conference on Alaska's Future Frontiers

Saturday, December 8, 1979

Sheraton Anchorage Hotel

Anchorage, Alaska

Legislative Reference Library
Legislative Affairs Agency
Pouch Y State Capital
Juneau, Alaska 99811

Reported by: Laurel G. Barefield

CSR #3592

ALPHA GROUP PROCEEDINGS

(December 8, 1979)

Room 1016

THE MODERATOR: When the rest of our group gets here so we at least have a quorum, well, then we can address ourselves to preparing the appropriate resolution for the remaining topics that we have under consideration in this conference. We'll just start there.

In this energy area, I know nothing, virtually nothing, about hydrogen cells. But people that I've talked with that know something about it are very enthusiastic about it. I don't know if there is anybody in our group that has been exposed to it or not, but the --

MR. ACKERMAN: I know when you have hydrogen welding you've got a problem when the cell cracks on you. Besides that, I don't know.

THE MODERATOR: Solar energy has a substantial potential in Western Alaska because we get substantial quantities of sunlight long, long hours of the day for six months of the year. And certainly in Northwestern Alaska, particularly at Wales on the Bering Strait, the wind blows there 95 percent of the time. That community is a sitting duck for redundancy wind generation throughout the

1 community, where when generators could be dumping heat into
2 the homes and heating the homes with wind energy and at the
3 same time keeping a battery plant charged to drive their
4 electric lights.

5 Anybody else?

6 MR. ACKERMAN: I agree with you. I think it's really
7 mandated to install some sort of alternative energy in
8 every community. I think it's the best investment we could
9 make into the future, and we've seen that in the Lower 48,
10 these type of projects. I think also we need to look at
11 our tide power. You know, we have terrific tides in the
12 State, and we should have either a wind power, tide power
13 or solar power or geothermal power or hydrogen-type
14 situation everywhere. I don't think we need look at the
15 economics. I think we have to look at the future, what the
16 future benefit is going to be to our State.

17 THE MODERATOR: Looking at the economics shouldn't
18 pose much of a problem. Motor gas -- the last word I got
19 was \$2.90 a gallon in Paris. And up home it's already a
20 dollar and a half a gallon. So we're going to be keeping
21 up with the Joneses here overnight.

22 MR. ACKERMAN: Well, I think anything is going to
23 improve the standard of living. And lower the cost and
24 preserve our oil for other things is really essential at
25 this time.

1 THE MODERATOR: With the substantial tides that we
2 have, 36-foot tides and this region, Kachemak Bay -- and on
3 the tidal generation is a sitting duck. It could be
4 extremely successful.

5 MR. ACKERMAN: I think we have to look at the benefits
6 of, you know, our tidal potential and our transportation at
7 the same time in crossways that we're talking about so we
8 tie the area together just a little bit. This is just
9 really, you know, a dual benefit thing that we could
10 achieve down here. And our tide power really hasn't been
11 researched enough to where it doesn't have some of the
12 large drawbacks of a hydro project.

13 THE MODERATOR: These wind generators and units that
14 are available I regard as entirely too expensive, and I'm
15 satisfied in my own mind that we should be able to buy
16 component parts and assemble wind generation units
17 substantially cheaper than we purchased them on the market.
18 I'm thinking in terms of solid-state or brushless
19 generators that can be manufactured by Reliance Electric
20 Company or any other large electric matcher in substantial
21 mass production quantities. And then the propellers for
22 driving the mechanism are available through manufacturers
23 of aircraft propellers. They're already set up with the
24 plant to mass-produce those propellers.

25 The towers do not have to be highly sophisticated

5
1 towers at all. In fact, the more practical they are the
2 better. Towers can be built right in the small communities
3 out of empty gas drums welded together, and you don't have
4 to be a certified welder to weld those gas drums together
5 to make a pole.

6 And set those tarren on the inside and outside so
7 they won't deteriorate and use those for towers and just
8 merely mount the wind generator on the empty gas drum pole
9 for the wind generator tower. At the same time you can
10 develop a ladder that -- right on those drums that you can
11 climb up and down that gas drum pole to get access to your
12 wind generation unit for maintenance purposes.

13 THE MODERATOR: Good morning, Mr. Dahl.

14 MR. DAHL: Good morning. I apologize for my tardiness.

15 THE MODERATOR: Last night when we closed we were in
16 the area of considering submitting a resolution urging the
17 State to establish a comprehensive program regulating our
18 lakes.

19 Is that substantially correct, where we were when
20 we closed?

21 MS. BENNETT: I don't agree we were in the process of
22 establishing resolutions to the effect. I think they were
23 just introduced.

24 THE MODERATOR: But we're in the process of input.

25 MS. BENNETT: Talking about it, right.

1 THE MODERATOR: With a viewpoint to the resolution
2 with the area -- addressing ourselves to the lakes of
3 Alaska.

4 MS. BENNETT: Right.

5 THE MODERATOR: In order to protect the habitat and
6 the environment. There are tremendous human pressures on
7 the habitat in the environment in these lakes out across
8 that sit in the flats up here in particular.

9 MS. BENNETT: I just don't see how we can regulate
10 something like that. It just sounds -- you know, we've
11 just been discussing earlier the difficulty with Fish and
12 Game and that kind of thing. It's that kind of regulation.

13 THE MODERATOR: Oh, yes, but it must come. It must
14 happen. And it has to be -- people have to be educated to
15 realize that it's to their benefit to -- in the final
16 analysis it's their benefit to discipline ourselves in the
17 manner in which we conduct ourselves in this environment.

18 MS. BENNETT: I definitely agree with you there. We
19 need to talk about education and discipline. That's
20 definitely true. I'm just thinking about a State agency
21 trying to regulate something like that. It's extremely
22 difficult.

23 THE MODERATOR: It can be handled very well.

24 MR. ACKERMAN: I think this could be probably
25 controversial and something we haven't discussed too much.

1 we went through our Law and Justice. We haven't had a
2 resolution on that. I think our Land and our Energy --
3 particularly our Energy -- that we do need to develop a
4 resolution.

5 MS. BENNETT: Yes.

6 MR. ACKERMAN: Probably we might defer this item to
7 the last, you know, if we have time.

8 MR. DALL: I would like that.

9 MS. BENNETT: I agree with that.

10 THE MODERATOR: All right, fine. We've had our
11 round-table discussion in the area of Law and Justice. We
12 should be able to proceed to address ourselves to the
13 development of a resolution in the Law and Justice area.

14 MR. ACKERMAN: I think, just to comment -- I'm not
15 going to make a motion, but I think that, you know, from
16 what we had that we can double our system. We have the
17 physical plant, you know. There's no reason why we can't
18 use it and we can't double-shift it. Of course, with that
19 you'd have twice as many judges, we could hear twice as
20 many cases. And there's no reason for our buildings to sit
21 empty 16 hours a day. I think it's something we need to
22 look at. Our second shift could take care of our civil
23 matters. It can take care of our traffic violations and
24 things like that. And I think it would be a tremendous
25 benefit and service to the people. I think they could

1 better afford justice. But our civil case backload is just
2 tremendous. I had an insurance claim that had to go to
3 small claims court, and it took six months to the small
4 claims court. This is a ridiculous situation. And the
5 purpose of the small claims court was for, you know -- for
6 a speedy resolution of some of these things. And I think
7 we should look at that type of recommendation at this time.

8 THE MODERATOR: The heavy burden of civil cases in the
9 State in the area of insurance claim controversy results in --
10 my way of thinking -- a lot of that results in the fact
11 that the State Department of Commerce, Insurance Division
12 has been and is very weak. When I have insurance claims I
13 automatically turn it over to an attorney that handles
14 insurance cases. It's automatic. We don't go around with
15 the adjustors. We just turn it over to our attorney and
16 let them work with our attorney. We don't even fool with
17 it. That's how bad it is because we've ended up having to
18 take legal action so many times that now it's just become
19 automatic. Fireman's Fund in Oregon controvert claims boom,
20 boom, boom, on Workmen's Comp right and left. Very
21 arbitrary and capricious in that area of endeavor. It's
22 almost virtually automatic that they'll controvert claims.
23 The Industrial Indemnity Company here in Alaska, when they
24 have a Workmen's Comp claim -- they drag their feet on
25 payment of the claim, even though the insurance is in force,

1 the premiums are paid, the whole shot.

2 We had an employee who got a broken leg, and it
3 was a month before he got a Workmen's Comp check. He laid
4 in the hospital down here in Anchorage, and his family's up
5 home and nothing coming in. And I have to use this as a
6 yardstick. The only claim we had had in 25 years. That's
7 what happened.

8 Then the underwriter went over to the hospital,
9 and here the guy is in a hospital bed and they waived a
10 \$5,000 check under his nose for 100 percent settlement, and
11 he took it. Where he could have been on compensation
12 during his total recovery period at \$200 a week for a year
13 and a half.

14 MR. ACKERMAN: I'd like to -- our union has instituted
15 prepaid legal just for the reasons that you speak of, the
16 trouble with the insurance and also the automobile
17 violations.

18 THE MODERATOR: These are the sort of things, Mr.
19 Ackerman, that cause the civil cases to pile up.

20 MR. ACKERMAN: Yes, that's right.

21 THE MODERATOR: Just an as an example.

22 MR. ACKERMAN: I agree with that, but now I think by
23 double-shifting our physical facility, you know, increasing
24 our judges and doubling our staff in using this facility
25 twice as long, we can take care of this backlog and

1 possibly, if we can get rid of the backlog, we won't have
2 so many of them. When we hit a time of -- you know, where
3 we in our schools -- it's a common thing to double-shift
4 our schools and use them when we can't build something fast
5 enough to take care of the need. We double-shift it.

6 We should do the same with our courts, and
7 possibly it will change the insurance company's attitudes
8 towards this. And if we do this, maybe we won't have the
9 case load in the future. I think at this time, since that
10 is their attitude, that the best thing we can do is
11 double-shift our physical plant and put on twice as many
12 judges and staff and take care of these things.

13 And I think if we do it on a second shift, it's
14 going to be a lot handier to the public. They're not going
15 to have to take off time from work, and justice is going to
16 be available. For the working man it's hard to take the
17 time off to appear in court. It's also hard to serve on a
18 jury.

19 THE MODERATOR: That's right.

20 MR. ACKERMAN: And your compensation for serving on a
21 jury -- if you're stuck on a jury for 30 days, it's
22 devastating. \$20 a day. You just can't --

23 THE MODERATOR: You end up on food stamps.

24 MR. ACKERMAN: That's a tough thing.

25 THE MODERATOR: That's right.

1 MR. ACKERMAN: You don't end up on food stamps. You
2 just do without.

3 THE MODERATOR: You make some very valid points, Mr.
4 Ackerman.

5 MR. DAHL: I'm working on a resolution that will cover
6 those two. Would you discuss, while I'm doing it, the
7 issue of improving efficiency of bush justice so that I can
8 get some language? Would you try to recall the kind of
9 discussion we had a couple days ago.

10 MR. ACKERMAN: I think the big thing in starting the
11 Fish and Game -- that's where most of our problems are.
12 And if we had, you know, procedures that didn't disqualify
13 qualified Alaskans from doing this.... And if we had a
14 people that had a vested interest in our game protection
15 and management, we would have a lot better bush justice for
16 a start. I think we all, when you look at the Fish and
17 Game man, tell you to do something, you know, what you
18 should be able to do. You've got a new law every year.
19 Every year. I have no idea --

20 THE MODERATOR: That's right.

21 MR. ACKERMAN: What the communicating regulations are.
22 I'd be afraid to go hunting now just because of what I've
23 done in the past, you know, 20 or 30 years. I'd be afraid
24 to go out and do -- whether I was in a right district or
25 closed district. Moose season changes every year. It's

1 risky to do this.

2 And I think we need people that understand that
3 we've had changes in our management, you know, and when
4 you've done something for years and years, you learn
5 something for twenty years, to unlearn it is something you
6 don't do. It's second nature. You have to have people to
7 understand this problem. And I think that the Alaska
8 resident has a vested interest in our Fish and Game
9 management, and I think he's the one that should be doing --
10 he's the best qualified to do it.

11 THE MODERATOR: In the area of bush justice, number
12 one, we need ongoing village policemen training, and they
13 need to be better paid. We've had -- the quality of our
14 village policemen, since it is a relatively new program --
15 the quality of village policemen is very poor by and large.
16 So, consequently, the populous -- the community recognizes
17 that they're not disposed to cooperate and respect the
18 village policemen in the community. This is the way I'm
19 coming from.

20 How do you feel about it Georgianna?

21 MS. ANASOGAK: I agree with you. Currently our
22 village policemen is funded under the CETA programs, and
23 one of the CETA regulations state no employee can be
24 employed more than one year.

25 Now, we have a perfectly qualified village

1 policeman -- ex-policeman. He's gone -- he was employed on
2 the Police Department, Nome Police Department, for a number
3 of years. Then gone to several village policemen training
4 courses, and now he's not eligible to be a policeman
5 because of the CETA regulations.

6 MR. DAHL: Excuse me. He's not eligible to be a
7 policeman using CETA money.

8 THE MODERATOR: Right.

9 MS. ANASOGAK: That's right. And then the village
10 does not have enough money to pay him properly. I mean, to
11 give him enough salary for him to take the job.

12 THE MODERATOR: Does White Mountain have a retail
13 sales tax?

14 MS. ANASOGAK: I don't know. I'm not from White
15 Mountain.

16 THE MODERATOR: No, no, I mean Koyuk.

17 MS. ANASOGAK: Yes.

18 THE MODERATOR: They have a retail sales tax. How
19 much is it?

20 MS. ANASOGAK: It's 2 percent.

21 THE MODERATOR: They could go to 3, and that would
22 help to pay for village services.

23 MR. ACKERMAN: I'd like to talk about the CETA funds.
24 These are federal funds, and they're not entirely federal
25 funds. You have State participation. And I think that the

1 amount of paperwork that's involved in CETA funds and the
2 Federal requirements that they put on that the State is
3 better off directly funding the CETA program.

4 THE MODERATOR: Forget it.

5 MS. BENNETT: Can't forget it. It's put a lot of
6 people to work in our area.

7 THE MODERATOR: Not the red tape. We can't forget the
8 red tape because we can't cope with it in the village.
9 That's why I say forget it.

10 MR. ACKERMAN: It's not only the villages. We have a
11 large problem in the Fairbanks area with the CETA. Federal
12 restrictions and the amount of paperwork that you do --

13 THE MODERATOR: It's monumental.

14 MR. ACKERMAN: I think the State should directly fund
15 the CETA program. That would take care of the prior
16 problem about being able to pay a policeman. You wouldn't
17 necessarily have to have a year limit on the program. But
18 where it's really affected us -- our program is -- we
19 trained 300 Alaskans, turned them out as qualified
20 pipefitters. We'll have 2,000 pipefitters working in the
21 next year out of our area. And a large majority of the
22 people that came in and upgraded our trades was with the
23 CETA assistance. They wouldn't have been able to afford
24 that they could sit down and go to school for four months,
25 and that's the minimal amount of time to get a person on

1 the job. I mean, you barely get them enough to get safety
2 on the job. We have a four-year ongoing training program.
3 And CETA will get them on the job -- this will allow them
4 to be able to take off the time, you know, to update his
5 occupation. And we assume everything after that, and he
6 does, too. And he does, you know, for the next three years.

7 But getting CETA funds now is next to impossible.
8 It's next to impossible to qualify the issue we took in
9 872, our apprentice program. We really should be looking
10 at training many people in this pipeline, welder helpers
11 and things like that.

12 THE MODERATOR: Let's get back to this Law and Justice
13 thing, right directly into it, okay? We're running out of
14 time, Mr. Ackerman.

15 MR. DAHL: Mr. Moderator, I have a suggested
16 resolution.

17 THE MODERATOR: Go ahead.

18 MR. DAHL: One, that the Alaska court system be
19 expanded as follows: a, increase the number of judges in
20 order to expedite the civil and criminal calendar; b,
21 maximize the use of existing facilities beyond the normal
22 working day to improve the convenience to juries and civil
23 litigants; c, improve the magistrate system in villages
24 through better communication, using appropriate technology,
25 with the presiding judge. That's awkward. It should be a

1 better communication with a presiding judge using
2 appropriate technology.

3 THE MODERATOR: Question. What does the body think
4 about having initially fewer village magistrates but train
5 them -- have them so they can travel as circuit riders and
6 cover several villages in lieu of one village? Fewer of
7 them but a better quality.

8 MR. DAHL: Mr. Chairman, I'm not prepared to make that
9 recommendation. I think that given our time constraints
10 what we're called to do as a group, what we're constrained
11 to do, I think, because of time and energy is to give some
12 broad guidelines to the legislature that will set some
13 policies -- I hear what you're saying. I think this
14 language would cover that. Let me read it again

15 THE MODERATOR: All right.

16 MR. DAHL: Improve the magistrate system in villages
17 through better communication with the presiding judge using
18 appropriate technology.

19 If the legislature wants to take that to mean:
20 "Let's have a traveling magistrate that goes from Sheldon's
21 Point to Lockanuk to Onilak," they could do that. They
22 wouldn't be kept from doing that by the language of this
23 resolution. If they want to maintain the present system of
24 having a local person residing in the village acting as
25 village magistrate, they could do that also. But that's a

1 decision that takes a good bit more discussion than we have
2 time to handle right now.

3 MR. ACKERMAN: Mr. --

4 THE MODERATOR: I'll go. I'm amenable.

5 MR. DAHL: Number two, let me just say one -- let me
6 finish the resolution and then I'll move it's adoption for
7 discussion. Two, provide increased funds to villages for
8 police training and support.

9 THE MODERATOR: Would that be in the area of revenue
10 sharing?

11 MR. ACKERMAN: Not necessarily.

12 THE MODERATOR: It could be.

13 MR. DAHL: It could be in the area of revenue sharing
14 as this lady was talking. It occurred to me that one of
15 the problems that we have with municipalities -- with
16 smaller municipalities is they have to hire policemen. It
17 seems to me that there may be a better way to do that. And
18 that is to have a -- to have the State participate in some
19 way with the villages, either through actual administrative
20 control or through training or through providing funds for
21 salaries and so forth with the villages to provide not a
22 trooper but a village policeman in that village. Maybe
23 that provides too much control with the State criminal
24 justice system.

25 THE MODERATOR: Well, our --

1 MR. DANL: Our present system is a disaster.

2 THE MODERATOR: Our village policemen work very well
3 with the troopers. I think it's a team effort. And I
4 believe the village policemen program can be strengthened
5 by an increase in that area of the revenue sharing program.
6 Revenue sharing -- the formula should be rewritten. It
7 should be upgraded to keep abreast of inflation.

8 MR. ACKERMAN: Mr. Chairman?

9 THE MODERATOR: Mr. Ackerman.

10 MR. ACKERMAN: I think -- you know, there is talk all
11 over the State, and there is in our area particularly with
12 Jack Crandall. Maybe these federal funds cost us too much
13 money and they are too restrictive. The cost of the
14 administration of the CETA funds is -- you know, it's just
15 enormous in the amount of people it takes to do it and
16 amount of paperwork you have.

17 So I think if the State were to look at directly
18 funding the CETA itself we could get out underneath from
19 these bureaucracies. Maybe we're not going to get so much
20 federal funds, but if we do get it and have the people
21 familiar with the structure -- they know about the
22 procedure -- and everyone's aware of the need there of the
23 CETA program, and the State has to look at picking this
24 thing up themselves.

25 THE MODERATOR: That's true.

1 MR. ACKERMAN: We're not going to be getting the
2 Federal funds we've been getting.

3 THE MODERATOR: These Federal fund matching programs
4 are so abundant that, if you had the ability to get through
5 the red tape, you could match yourselves broke.

6 MR. ACKERMAN: Well, I think the CETA is really a fine
7 program. I'd say it's expanded the opportunities.
8 People would never have had the opportunity if it hadn't
9 been for the CETA programs.

10 THE MODERATOR: That's right.

11 MR. ACKERMAN: It is a good program. Basically, it
12 was, but there's been so many more restrictions, Federal
13 revisions and so much more paper put onto it that the State
14 has to look at funding it directly themselves, I think.
15 And by that we wouldn't have a year restriction on the
16 policemen. You know, because a lot of times you go in, and
17 if you're in business and you get a CETA employee, you've
18 brought the employee in, you've trained him, you've
19 increased your business, you've increased your income, and
20 you might get to the point that you go ahead and, you know,
21 assume it yourself if you're a small business and you've
22 increased it. You've got it started yourself and you need
23 an employee and everything. But municipal services
24 operating under the CETA grant -- you know, you're just not
25 doing that. So you have an ongoing need. And a one-year

1 restriction is too restrictive.

2 THE MODERATOR: We've taken some CETA people in our
3 businesses, but there's too much red tape.

4 MR. DAHL: Mr. Chairman, let me modify, given the
5 discussion, No. 2 of this resolution, then, to reflect what's
6 happening. I feel a considerable time pressure, and we've
7 got a lot to do.

8 Provide increased funds to villages for police
9 training and support, considering state participation in
10 the management and support of the CETA program.

11 MR. ACKERMAN: Oh, I think that's fantastic.

12 MS. BENNETT: Would you mind reading it just once more?

13 MR. DAHL: I'll read the whole thing.

14 MS. BENNETT: Well, I was really concerned with that
15 last one. I want to hear it once more.

16 MR. DAHL: Provide increased funds to villages for
17 police training and support, considering State
18 participation in the management and support of the CETA
19 program.

20 THE MODERATOR: 100 percent funding of the CETA
21 program. Full funding.

22 MR. ACKERMAN: Well, I --

23 MR. DAHL: Are you moving to amend my resolution, Mr.
24 Chairman?

25 MR. ACKERMAN: Mr. Chairman, I'd like to point out one

1 thing. All of our dialogue, you know, is a part of the
2 resolution when this is going to be considered, and I don't
3 think it necessarily has to be in the resolution as long as
4 we've said it. And I think we're getting it on the floor
5 at our conference that the resolution that is present is
6 appropriate. It speaks to it. We have a dialogue to back
7 it up that knows what we're talking about.

8 MR. DAHL: Is that a second?

9 MR. ACKERMAN: Yes, definitely.

10 THE MODERATOR: Proceed, Mr. Dahl.

11 MR. DAHL: Question.

12 THE MODERATOR: Do I hear a motion?

13 MR. DAHL: Motion is made.

14 THE MODERATOR: Second?

15 MR. ACKERMAN: Yes.

16 THE MODERATOR: Those in favor indicate by saying aye.

17 (Indicating.)

18 Aye.

19 THE MODERATOR: Those opposed.

20 (No response.)

21 THE MODERATOR: Let the record show a unanimous vote
22 by the entire Alpha Committee.

23 MR. DAHL: Learning masses.

24 THE MODERATOR: Okay. We've taken care of -- we're in
25 order through Education, Transportation, Law and Justice,

1 Communication and finances. Oil and Gas Policy. In the
2 area of fisheries we haven't arrived as far as the
3 fisheries marketing, economics, bottom fish development and
4 Alaskan fisheries. The resolution covering Subparagraph 1,
5 fisheries Marketing in Japan. Paragraph 2, Bottomfish
6 Development. No. 3, Alaska fisheries, Paragraph 3, a
7 three-pronged subtitle under our resolution or subparagraph.
8 I'd like to see us -- see the State and independent
9 marketing agencies exert a substantial domestic thrust on
10 marketing of Alaskan fish products, particularly into the
11 Midwest away from the seacoast. Minnesota and Wisconsin
12 and North and South Dakota, Nebraska, Wyoming, Iowa,
13 Missouri, et cetera. Those people back there are fish
14 eaters when they can get the fish, besides just catfish off
15 the Missouri River.

16 MR. DAHL: Mr. Chairman?

17 THE MODERATOR: Mr. Dahl.

18 MR. DAHL: I think we're operating -- I see reflected
19 here an interesting philosophy, and that is that we use the
20 revenue from nonrenewable resources, that is oil, to
21 support renegotiable resources, that is fish. Include in
22 that non -- or in that renewable resource development
23 timber -- what other renewable resources do we have?

24 MR. ACKERMAN: Energy.

25 MS. BENNETT: And tourism and other resources as well.

1 THE MODERATOR: We should be using the nonrenewable
2 resource revenues to develop our nonrenewable resource
3 potential. Economic base.

4 MR. DAHL: And I think with that as a basis of what
5 we're doing -- keep talking. I'll try to perhaps....

6 THE MODERATOR: That's good business. Take these
7 substantial windfall revenues from a nonrenewable resource
8 to build an ongoing viable economy from our renewable
9 resources.

10 MR. ACKERMAN: I think we're mandated to do this in
11 all areas. I think that it's a good investment in the
12 future. It's creating jobs and income, is a better
13 distribution of wealth, of giving people money. And that's
14 a lot of what's been talking about, something that will
15 perpetuate itself. And we have to consider that, you know,
16 developing our renewable resources, our fisheries, our
17 timber, our agriculture, tourism, but especially our
18 alternative energy sources. And I think we should, you
19 know, have a high priority in these areas, and I don't
20 think that economic feasibility is a question that we have
21 to worry about. I think you could consider it an
22 investment in the future.

23 We had a flood control project in Fairbanks that
24 four engineers put in. We had hydrogen source available to
25 us. The four engineers decided it was economically

1 unfeasible. So we don't do it. It could have been
2 incorporated for next to nothing. The source at that time
3 was 10 cents a kilowatt hour. If we could lower our rates
4 to 10 cents an hour throughout the state, why -- places
5 we're paying 40 cents an hour --

6 THE MODERATOR: Right.

7 MR. ACKERMAN: -- it would have been beneficial at
8 this time. We're approaching 10 cents an hour for power.
9 So we can't -- I don't think we have -- we can afford to
10 look at things that are just economic. That's one of the
11 reasons we're doing this ourselves rather than the Federal
12 regulations that are adopted in the Lower 48, more than
13 they are our needs, is important.

14 I think that we have to put special attention on
15 our renewable energy resources. I think every community
16 should have some sort of alternative energy, whether it's
17 wind power, solar power, hydro power, tide power. Our
18 hydrogen cells we were talking about earlier -- every
19 community should have one.

20 THE MODERATOR: While Mr. Dahl is sweating over this
21 fisheries resolution and getting it in final form we could
22 skip to Agriculture. I am somewhat guilty of having tunnel
23 vision where agriculture is concerned. I was an Iowa farm
24 boy, and I think in vast acreages of croplands that are
25 extremely highly productive under extremely favorable

25

1 conditions. And it's the breadbasket of America, the
2 Midwest. And when I compare that -- use that for a
3 yardstick to our agriculture potential in Alaska my
4 thinking becomes very confused. I can't comprehend in my
5 own mind -- and I'm short, and I feel inadequate -- I feel
6 that I just couldn't be able to get it in focus how
7 agriculture will really be of any real essence in Alaska
8 compared to what it is in the Midwest.

9 Mr. Dahl.

10 MR. DAHL: I think we've been really lax in creativity
11 in this area. There was an article in the Agroborealis,
12 the magazine of the University of Alaska extension service.
13 Some time ago they talked about a wild rice experiment that
14 didn't work very well done near Fairbanks. I'm from
15 Northern Minnesota. Wild rice is just that. It grows wild.
16 It has become a tremendously lucrative commercial crop for
17 Indians in the area. Price has increased from 50 cents a
18 pound not very many years ago to something like \$5 or \$10 a
19 pound --

20 THE MODERATOR: Right.

21 MR. DAHL: -- on the market.

22 THE MODERATOR: Gourmet food.

23 MR. DAHL: It's tremendous, the market. As I looked
24 at the potential of the area of the Yukon-Kuskokwim-Delta
25 there's room there for a cash crop because the area is

1 ideal. Water all over the place. It's the kind of thing
2 that could be raised as a cash crop. Nobody's thumping
3 that drum, and I'm not going to do it alone, but it's just
4 one area, one area of thinking that we haven't even
5 explored.

6 The Delta Barley project, certainly, is a
7 creative use of State effort to improve our agriculture
8 capability. I think we need to -- we need to do more
9 because the problem -- again, if we talk about problem
10 analysis, the problem is not so much the effective and
11 creative use of land, although that is a part of the
12 problem.

13 The problem is that it costs more than it should
14 to feed our people. And as native people are moving away
15 from subsistence food, from traditional foods that are part
16 of their culture that have sustained them well over many
17 years, the risk is they move to the less nutritious white man's
18 food that comes in boxes and cans with all the nutrition
19 taken out of it. And not only is that nutritionally
20 deficient it's very expensive. It requires a cash supply
21 that is not presently available under the present work
22 standards that we have. So it seems to me that we've --
23 that it's critical that we move toward the development of a
24 food supply in this state, that we do it with dispatch and
25 creativity in providing sufficient funding so that our

1 people can be fed better. We're not doing that now.

2 MS. BENNETT: Well, there is a program that's just
3 begun this year. I believe it's under the auspices of
4 Tanana chiefs. They have picked up on that problem. There
5 have been people in the villages this summer doing
6 gardening projects and things like that. Now, that's a
7 really direct food source, I mean a garden in the villages.
8 That makes more sense as a food supply than huge fields of
9 grain. I think that the -- when we're talking about the
10 Delta Barley projects and all you're talking about
11 marketable agriculture for cash, not as a food supply. And
12 that seems more realistic to me than to think we're going
13 to have large farms and be a breadbasket for our own people,
14 and in a direct way it's cash. I think except for
15 gardening projects. Truck gardening is very important, but
16 when we're talking about when you were comparing with Iowa --
17 we're talking about rape seed to sell to Japan, not as
18 something for food.

19 THE MODERATOR: I'm guilty of having tunnel vision
20 when I think about agriculture when applied to Alaska.

21 MR. DAHL: Mr. Chairman?

22 THE MODERATOR: Yes.

23 MR. DAHL: You think about the historic cultural shift,
24 though, with that. You're moving people that are
25 traditionally hunters and gatherers and making them farmers.

1 Now, the Hebrews did that, and Cane ended up killing Abel
2 over it. But --

3 MS. BENNETT: But a lot of that shift has already
4 taken place. People in the villages are already eating,
5 you know -- importing Coca-Cola and all. So the only thing
6 to do now is to try to make it better. It's already
7 happened. I think it should --

8 THE MODERATOR: That's happened a long time ago.

9 MS. BENNETT: That's what I'm saying. I think Mr.
10 Dahl is saying we're trying to prevent that happening, and
11 I think it's already happening.

12 MR. DAHL: I don't know that we need to prevent it,
13 but I think we need to be alert that we're not just saying,
14 "All right, folks, there's a piece of ground. Make a
15 garden." We're talking about a major cultural shift, and
16 we need to be alert and sensitive to the cultural struggles
17 that we're encouraging here in moving people from being
18 hunters and gatherers to farmers.

19 MR. ACKERMAN: Mr. Chairman, I'd like to, you know --
20 at this time we're -- you know, I think we need to take a
21 closer look at our technology that we have available to us
22 in this area. And we went to the dinner, we listened to
23 Buckminster Fuller. You know, the geodesic dome -- we
24 could control the environment where we want to do these
25 things in our agriculture. And I think we have to consider

1 this technology and develop it a little bit. It has a
2 tremendous potential. We should be able to do anything
3 anywhere the Alaska.

4 THE MODERATOR: hydroponics gardening can do
5 substantially well in communities the size of Anchorage.
6 We have that -- look at that heat going out over there,
7 that powerhouse. (Indicating.) That scavenger heat could
8 be used in a hydroponic heat house. They have the
9 powerhouse. They could have a hydroponic greenhouse there.
10 We could go on and on. At our own powerhouse we could
11 operate a hydroponic greenhouse.

12 MR. ACKERMAN: I think that our geodesic structure
13 could probably do this. I've done. It's cheap and light.
14 You don't have to bring a lot of stuff in and, yes, you
15 could do this. And I think this was something Buckminster
16 Fuller was talking about. They're talking about doing a
17 whole city under one. Surely we could put up a small dome
18 and do hydroponic gardening around the state. And I think
19 this appropriate technology should be developed in the
20 agricultural field.

21 MS. BENNETT: I think that that is happening already.
22 In Fairbanks, as a prime example, of the uses of the waste
23 heat with pipes under the ground and things like that, that
24 that's really going forward already.

25 THE MODERATOR: That's been almost Alaska when the

1 commercial company started in Fairbanks when --

2 MS. BENNETT: So is hydropower and everything. I'm
3 talking about more interest and going forward. I'm not
4 saying it's existing.

5 MR. ACKERMAN: This is all a private and individual
6 basis? You know, but I think the State, you know, is --

7 MS. BENNETT: But it's being funded -- a lot of new
8 projects that were funded in energy research were in that
9 area also.

10 MR. ACKERMAN: We should emphasize the appropriate
11 technology and agricultural field, that we develop it more
12 and expand it. It's fine. In Fairbanks we have another
13 need that when you get out of Fairbanks there's not the
14 capability to do. You know, the State should be looking at
15 it. We're obligated to do that.

16 THE MODERATOR: In the State's land policies dealing
17 with getting State lands in the hands of the residents of
18 the State -- it's very, very controversial. Their policy
19 leaves an awful lot to be desired, and I'm convinced that
20 it's been very detrimental to the development of an economy
21 from the lands. Particularly in the area of agriculture.

22 I think that we need far more liberal land policy
23 in the disposition of State lands. And when Texas was
24 settled there were no State lands or federal lands after
25 the Texas lands were disposed of. It was all in private

1 hands including the King Ranch in South Texas, the largest
2 jet ranch in the nation. And they came in with property
3 tax, the State did, and the people made the land productive.
4 They had to make it productive or the taxes would -- the
5 tax foreclosures would take the land from the people. And
6 if the State or the Federal Government needed land, they
7 had to buy it from individuals. That isn't the case in
8 Alaska. 2 percent of the lands -- not more than 2 percent
9 of it is in the private sector.

10 MR. ACHEKMAN: I think we should stress, you know,
11 land policies, you know, that meet the needs of the people,
12 and a lot better one than we've had. A lot of people are
13 aware of the problems we've had with our land policy. I
14 think I certainly support that. I don't think we have time
15 to get into the land thing here. Everyone's aware of the
16 problem of meeting the immediate needs of the people in the
17 State.

18 THE MODERATOR: The Interior Department addressed that,
19 and before the settlement act ever surfaced through land
20 allotments where people made application up to 160 acres.
21 The native peoples of Alaska. They had fishing sites,
22 campsites, hunting areas, berry picking areas, the whole
23 shot, that could be transferred to the individual's
24 families on application. That was a -- really, a good
25 approach.

1 MS. ANASOGAK: Mr. Chairman. --

2 THE MODERATOR: Mrs. Anasogak.

3 MS. ANASOGAK: It seems to me when you're talking
4 about the native lifestyle when our parents and their
5 parents were living or when they were allowed to live the
6 way they have for years and years, for centuries, that has
7 changed because of the rules and regulations by the Fish
8 and Game and other agencies. We're prevented from living
9 the lifestyle we traditionally did. And now it seems to me
10 that we're trying to create something to take that place.
11 Like we're talking about agriculture, something that the
12 natives had not done before. They tried to introduce that,
13 too, to the natives. And I could understand, and I could
14 see the benefit of it, and yet I could see the other side
15 of the coin, too.

16 MS. BENNETT: So do you mean you do or you don't favor
17 the gardening projects and things like that?

18 MS. ANASOGAK: Personally?

19 MS. BENNETT: Yes. Do you feel divided yourself about
20 that?

21 MS. ANASOGAK: Uh-huh. Because I -- even now I
22 sometimes wish that I had lived a hundred years ago so that
23 I wouldn't be -- I wouldn't have been faced with this
24 problem. And yet, you know, in order to progress you need
25 to think about these things, and you need to face them.

1 And a lot of the people are not ready for that.

2 Mr. DAHL: Bob, Mr. Alexie --

3 THE MODERATOR: Mr. Alexie.

4 Mr. ALEXIE: Mr. Chairman, I've been wanting to see
5 this gardening build up again because when the first white
6 man came to my area they had a lot of planting, turnips and --

7 Mr. DAHL: Potatoes?

8 Mr. ALEXIE: Potatoes, tomatoes, and like my mother
9 and the other people who are on '60s -- they tell us that
10 we're too lazy. "You guys -- youngsters are lazy." They
11 said, "These things are fresh vegetables," what we planted
12 some years ago back in end of '50s. I think some lady came
13 in and started a pourage club. So I and the others were
14 planting turnips and cabbage, lettuce, anything that can
15 grow.

16 Well, they were growing but only once we had a
17 flood and everything had been destroyed. You know, we had
18 the chinook wind. And that was the time I quit, you know.

19 And now I'm beginning to ask myself: "Why did I quit?"
20 You know, because I would have developed some kind of a
21 good soil.

22 Right now it will be a little hard for me to
23 start because I'll start something new. And I don't have
24 any experience like my mother. If she died, who is going
25 to direct us? Maybe somebody from Idaho. And every day we

1 used to haul the slime of the fish guts, everything, to the
2 garden and pour it.

3 THE MODERATOR: Nitrogen.

4 MR. ALLALE: Uh-huh. And in wintertime they used to
5 tell us to gather the waste of the dogs and in springtime
6 pour it, you know, mix it with the soil. And everything
7 grew so good. Now just a few people are beginning to start,
8 even down where my wife came from because there was one
9 white man who used to grow these potatoes and turnips. And
10 their ladies used then for cooking.

11 THE MODERATOR: Mr. Dahl, we're ready to double back
12 to your masterpiece.

13 MR. DAHL: Well, Mr. Chairman, I don't know if I've
14 covered everything, but let's try this: Alpha Group
15 recommends that the legislature adopt a policy of using
16 revenue from nonrenewable resource development to improve
17 the economic viability of renewable resource development
18 with a view toward: One, providing technical assistance to
19 industry at State cost to improve planning, quality control
20 and marketing; two, providing creative funding programs
21 through loans and grants paid back through employment or
22 tax forgiveness, equipment provided to locally-owned fish
23 processors and fishermen by lease or lease purchase.
24 That's obviously poorly punctuated, but the idea in the
25 second one, I think, is -- and I would move, Mr. Chairman,

1 for its adoption. Second, second, second.

2 THE MODERATOR: It's been moved and seconded.

3 Discussion?

4 MR. DAHL: The idea of the second one -- Let me read
5 again to refresh your memory. It's still early.

6 "Providing creative funding programs through loans and
7 grants paid back through employment or tax forgiveness and
8 equipment provided to locally-owned fish processors and
9 fishermen by lease or lease purchase."

10 We've already talked in our deliberations about
11 the State being the owner of equipment and leasing that
12 equipment to -- we're talking about air taxi operators, to
13 improve their capital position and provide better service
14 in the bush. There's no reason why the State could not use
15 its vast resources to assist local fishermen and fish
16 processors in doing that very same thing.

17 THE MODERATOR: That's right.

18 MR. DAHL: And it would seem to me to be a good
19 investment for the state rather than have the -- a cannery,
20 for example, that needs to shift its entire emphasis, or a
21 good part of its emphasis -- I'm thinking particularly
22 about Mountain Village on the Yukon -- from a single-line
23 line cannery to a flash processing operation of freezing
24 the fish cold.

25 THE MODERATOR: Sharp freeze.

1 necessary for planning, equipment purchase and marketing
2 assistance so that the job is not done piecemeal.

3 It's not done as funds are available. It's done in a
4 comprehensively way, and it could be a very fine little
5 fish processor, and the State could be paid back its
6 investment through several ways. I'm thinking not only of
7 direct payback of cash with interest, the traditional
8 loan pay back approach, but the State has an income tax.
9 And without getting into whether it ought to continue that
10 income tax -- that's another issue that's too big for us at
11 this point. But there would be no reason why the State
12 couldn't say "for every dollar you pay to an employee we
13 will forgive you a proportionate amount of -- on your lease
14 directly or on the -- well, for every dollar you pay in
15 taxes we will forgive you a proportionate amount on your --
16 on your lease so that " -- I don't have any --

17 (Discussion off the record)

18 MR. DAHL: We've talked about that with student loans
19 where you give a student money and pays that back by coming
20 back to the state and working. Why can't that same
21 principal be used for capital development?

22 MR. FISHER: You mean getting a vested interest in the
23 establishment that's initially financed by the State by
24 those persons who are working in it gradually getting a
25 piece of the equity ending up owning the cannery?

1 MR. DAHL: That's not what I was thinking of. But,
2 for example, the cannery itself is required to pay taxes on
3 its profits, on its income. Why not forgive a portion of
4 those taxes -- why not -- no, excuse me. That's not what I
5 mean. Why not take the amount of taxes that they pay and
6 use that to forgive the lease that they owe to the State.
7 If they don't make any money there's -- that lease could be
8 an ongoing debt. But that's not a terrible burden because
9 the creditor is the State and not some bank that's going to
10 come foreclose.

11 THE MODERATOR: Are you talking about the raw fish tax?

12 MR. DAHL: I was not talking about the raw fish tax.
13 I was talk about the corporate income tax.

14 MR. ACKERMAN: I think one thing we should consider in
15 this areas is the State doing it in cooperation with the
16 regional corporations. We talked about this earlier, and
17 this is an excellent example. I think it would be much
18 more responsive to have -- and practical to have regional --
19 you know, input into this process.

20 MR. DAHL: I agree with you. What I don't want to get
21 into, Mr. Chairman -- because again the burden -- terrible
22 burden of time, is getting too specific.

23 THE MODERATOR: Uh-huh. The overview --

24 MR. DAHL: What I'm trying to see here is a means of
25 creative funding and creative payback of capital -- of