

**HOUSE AND SENATE
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March 19, 2007

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Address by

The Honorable Ted Stevens

United States Senator

Before a Joint Session

of the

First Session of the

Twenty-Fifth Alaska State Legislature

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March 19, 2007

Juneau, Alaska

The following was submitted for publication:

President Green, Speaker Harris, members of the House and Senate, thank you for allowing me to appear before you – and, thank each of you for your service to our state.

In recent years, Washington has changed greatly with the rise in extreme partisanship in the Senate. Congress is driven by single-issue politics, emphasizing polling, 15-second soundbites, and presidential ambitions. Tom Kean, the co-chair of the 9/11 Commission, recently said: "Extreme partisanship is a sickness in this country. I've personally never seen it as bad as it is now."

Such divisiveness hinders the ability of Congress to do what is right for the American people and prevents us from writing the next chapter in our nation's history.

Given the current climate in Washington, D.C., it is vitally important for our Congressional delegation to work closely with you. Alaska succeeds when Alaskans work together.

The first test of our partnership begins with the gas pipeline. Alaska's gas resources – 35 trillion cubic feet of natural gas, an estimated 200 trillion cubic feet of conventional gas resources, and 32,000 trillion cubic feet of gas hydrates – will help chart the course for the next generation of energy development in our country.

Our pipeline authorization process, which began with passage by Congress of the Alaska Natural Gas Pipeline Act in 2004, must overcome many hurdles before the first pipe is laid. In my judgment, two factors are paramount – the timeline and litigation.

The fate of our pipeline depends on our ability to get Alaska's gas to the markets before offshore producers are able to sign long-term supply contracts to meet our nation's needs. If Alaska's gasline isn't completed soon, imported LNG will be used to meet the rising demand.

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LNG projects are being developed throughout the world, including in Qatar, Indonesia, Russia, Australia and Algeria. Five LNG terminals already exist along the Atlantic Coast and the Gulf of Mexico, and others are being considered – projects that will compete with our pipeline for long-term gas contracts. There are 40 LNG projects being considered for North America, 19 of which have been approved by the Federal Energy Regulatory Commission (FERC). These projects, if fully developed, could bring an additional 60 billion cubic feet of gas into the United States every day.

Before construction can begin, our pipeline must go through several permitting processes, including approval by this state, FERC, and, perhaps, action by Canada. The timeline for our approval of the gas pipeline is very short. It is imperative that we act this year.

I met with Governor Palin in Washington and am encouraged by her efforts thus far. It is my hope that your review of Governor Palin's plan will be completed as soon as possible. When the state has acted, our delegation will do all we can to accelerate federal review of the final design, precise location, and approval of the project, which will take time.

The threat of litigation is very real. Dedicated enemies of any development in our state may seek to delay this project. And when the state decision is final, every participant may not be satisfied.

It is my hope you will require any entity seeking to participate in this process to agree not to join or support litigation challenging or seeking to delay the final decision of the state.

It is imperative that all Alaskans look beyond the short term, and focus on what the gasoline project means for our future. We should not ask what this project can do for us. Instead, we must know what it will do for our children, and for future generations of Alaskans. Developing our natural gas potential beyond the gas already produced and stored at Prudhoe Bay is a vital concern to those generations.

Lisa spoke here about creating an ANWR ready reserve as part of our Strategic Petroleum Reserve. ANWR's estimated 10 billion barrels of

oil would be a significant addition to those strategic reserves. Lisa and I are discussing various scenarios with the Department of Energy and others to determine how such a reserve could be structured to fulfill goals similar to those of the Naval Petroleum Reserves in the past. As a member of the Energy Committee, Senator Murkowski is the point person on this issue.

Some say it can't be done; others complain such a ready reserve would not be economically feasible. This is a new concept and should be thoroughly studied, but what is the alternative – Congressman Markey's proposal to designate ANWR as wilderness? I hope you will join us in reviewing and attempting to validate the ready reserve proposal.

Fully realizing our state's potential in all areas and creating a climate for investment requires a partnership between the federal government and our state.

On the energy front, Congress has passed legislation authorizing grants, loans, and tax credits for innovative and renewable energy projects. These are incredible opportunities for us as the state evaluates coal gasification and liquefaction and renewable energy technologies. Alaskans will only succeed in commercializing these resources if they have the support of the state as well.

I am pleased to see that this process has already begun. The Alaska Energy Authority, Department of Natural Resources, and the Denali Commission are taking the lead in studying energy supplies by region. And I'm told you are considering legislation to provide financial assistance for renewable energy projects.

These are innovative steps and demonstrate you understand the key to unlocking our potential is a proactive approach.

In a few short years, the Power Cost Equalization program could be a thing of the past, with each village, town and city employing energy sources appropriate to each community from conventional resources, hydropower, wind, geothermal, biomass, or ocean and tidal energy at a minimal cost. Bernie Karl has done this at Chena Hot Springs. With

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assistance from the federal government and the state, this dream can become a reality. I congratulate this Legislature for your vision.

As a young state, Alaskans sought help from the federal government and Congress responded to our requests. As we have matured and prospered, these requests have increased. Today, our nation faces international terrorism, demands to fund Homeland Security, more veterans programs, more Health and Human Services programs, and more requests from the Department of Defense. It is now harder and harder to fulfill federal funding requests for our state.

As lawmakers in Congress weigh spending priorities and work to reduce our federal deficit, many take note of Alaska's annual budget surplus and the billions of dollars in our Permanent Fund. To them, the question seems simple: if Alaskans are unwilling to invest in a project, why should the federal government? To ensure that Alaskans continue to receive a fair share of federal funds, state matching funds must be available for every federal project which requires state participation.

I am pleased to see that the state has already begun this process, with Governor Palin including \$28 million in the state's budget for the Swan Lake Intertie. With over \$45 million in federal funds already allocated to the intertie, it is my hope that funding for this important project will be approved.

For nearly a decade, the Denali Commission, formed to eliminate the high overhead costs incurred by federal agencies, has served as an effective means to fund projects in rural Alaska. The Denali Commission has annually received more than \$100 million in funding, but our state government has yet to significantly contribute to its budget.

For the Denali Commission to endure, the state must provide matching funds. Without your help, I am afraid that funds to continue the Commission's important activities will not be provided for much longer.

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In this period of decreasing federal funding, federal agencies look for community and state support as a key factor in determining allocation of funding for projects. This is particularly true for health care. Alaska is one of only 14 states that does not provide financial support for community health centers. Without state funding, these centers face an uncertain future.

Of course, the need for cooperation between our state and the federal government extends beyond financing. Often, it requires close cooperation on issues being debated in Washington. Recent examples of this are the proposed Endangered Species Act listings for polar bears, beluga whales, and other Alaska wildlife. The consequences of these listings could be enormous for Alaska, and I commend the Palin Administration for taking a firm stand against the polar bear listing. By working together, we may ensure our state's best interests are recognized.

This May, the International Whaling Commission will hold its meetings in Anchorage and will renew Alaska's Native bowhead whaling quota. Some fear Japan may assist an effort to block this quota unless the IWC members consent to a commercial harvest of whales by the Japanese. We will do everything in our power to ensure that all IWC member nations understand that the very survival of our Eskimo communities depends on this subsistence hunt.

With Alaskans facing global climate change issues today, the International Polar Year (IPY) is an important opportunity for our state.

IPY is bringing international scientists to Alaska and the Arctic to study all facets of climate science, including increased solar flare activity and health impacts on Arctic indigenous peoples. These research activities will investigate the causes and effects of change in our polar regions. Senator Murkowski, Congressman Young, and I will continue to work with federal agencies to assure the legacy of International Polar Year continues after its activities conclude in 2008.

Utilizing the knowledge gained from the IPY will help us address impacts on our local communities. From Newtok to Shishmaref,

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Alaskans have felt the impact of global climate change. Many Alaskans living along our coasts, especially those on the West Coast or Arctic Ocean, are already forced to protect their lands from erosion and may have to relocate their homes and communities.

Civil works projects undertaken by the Army Corps of Engineers normally first undergo a cost/benefit analysis before work can begin. My staff and I are working with the Corps to assure this policy will not apply to projects for erosion control or the relocation and reconstruction of these villages.

Alaskans have already begun focusing on how to better utilize our resources to protect our environment. The Cold Climate Housing Research Center in Fairbanks is at the forefront of developing technologies for Arctic climates.

As Alaska's elected representatives, we share a duty to the men and women who volunteer to serve in our armed forces. We are working hard to bring the Army and the Air Force of the future to Alaska.

Taking advantage of Alaska's geo-strategic location, the Air Force is stationing our most capable transport aircraft, the C-17, and the newest generation of stealth fighter aircraft, the F-22, at Elmendorf. Eielson will become a premier training base, hosting "Red Flag-Alaska" – exercises to expand joint training operations and to improve interoperability with our allies.

The Stryker Brigade, at Fort Wainwright, showed their valor in Iraq, serving with both distinction and honor for 16 months. A new Airborne Brigade consisting of 3,500 soldiers at Fort Richardson, the Pacific's quick response fighting team, is currently deployed to Iraq, where they, too, are distinguishing themselves.

At Fort Greely, the nation's only defense against rogue ballistic missiles, 14 operational missiles are now in place. An additional seven missiles will be fielded at the end of this fiscal year. Financial investment in missile defense infrastructure has totaled more than \$1.3 billion over the past five years.

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The greatest threat to our nation is global jihad, which has become an international conspiracy of extreme Islamic militants. To fight the War on Terror, we have uniformed U.S. military in 147 countries, including Iraq and Afghanistan.

Congress authorized military action against Iraq in October 2002. Our Armed Forces now serving in Iraq were sent there pursuant to that Congressional action.

We have achieved one of the objectives authorized – to remove the threat to regional peace and stability presented by the Hussein regime. The current debate in Congress is whether our forces should be brought home before we achieve the remaining objective – a stable Iraqi government capable of defending itself.

Iraq is not Vietnam – when we left Vietnam in 1975, the North Vietnamese government was fully functioning. If we pull out of Iraq now, the Iraqi government cannot survive. Iraq would rapidly descend into anarchy with enormous bloodshed and violence, creating a vacuum. Unfriendly regimes would quickly move to take over Iraq's vast oil reserves, which would allow them to finance more acts of terrorism.

Our military leaders understand this. Bob Gates, the new Secretary of Defense, and General Dave Petraeus, the new U.S. Commander in Iraq, have developed a plan, together with Iraqi President Al-Maliki and approved by President Bush, to ensure this doesn't happen. Americans call this plan the "surge" – many Iraqis call it "Operation Imposing Law."

Recently, Secretary Gates and General Pace, Chairman of the Joint Chiefs, allowed me to participate in a tele-conference with General Petraeus to discuss the implementation of this new plan.

It promotes stability in the region, encourages the Iraqis to rapidly increase their capabilities, and ensures that Iraq is able to defend itself when U.S. forces leave.

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That is why I continue to support our military forces assigned to Iraq. I remain convinced that it is in our national interest to support the Iraqi military and police forces as they defend Iraq against the terrorist-inspired insurgents.

I believe the young men and women who now serve our nation are the new "Greatest Generation." They are all volunteers who serve by choice. We salute those who face danger each day. And we honor their families' sacrifice for our nation. For those who are injured in our nation's service, we must do all we can to make sure they get the care they need and deserve. And we will never forget those who have made the ultimate sacrifice for our nation. May their loved ones gain some measure of comfort from knowing that they are in the thoughts and prayers of all Alaskans.

It is because of their bravery that our nation has not experienced a second 9/11. Congress has and, I believe, should continue to finance every conceivable approach to protect our nation at home and support our troops abroad.

Alaska has done well in Washington in the past. Control of the House or Senate has not affected the consideration of Alaska issues. The Alaska Native Claims Settlement Act in 1971, the Marine Mammal Protection Act in 1972, the Trans-Alaska Pipeline Act in 1973, the Magnuson-Stevens Act in 1976, and the Alaska National Interest Lands Conservation Act in 1980 were all passed when I was in the minority. And relationships Don, Lisa, and I have formed with members on both sides of the aisle endure today, despite the negative atmosphere in Washington. I feel Alaska will continue to do well if the state becomes a partner.

During the 109th Congress, my good friend Senator Dan Inouye and I adopted a bipartisan approach to our work, resulting in a highly successful two years. Our Committee reported 55 bills to the full Senate, and 31 of these were eventually signed into law, including a new tsunami warning system and the reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act.

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Now Dan is Chair, and he and I are working on a number of issues that will benefit Alaskans. To ensure these comments are not excessively long, (and to save my staff from nodding off), I'll just list some of these issues:

- E911 to ensure rural communities have access to emergency services,
- Universal Service,
- protecting kids from predators on the internet,
- interoperability for first responders,
- protecting our oceans from illegal, unreported and unregulated fishing,
- ocean exploration, mapping and observing, and
- CAFE standards for motor vehicles.

And there are many other issues I could discuss, such as:

- reauthorization of the No Child Left Behind Act with changes to address Alaska's unique needs,
- the Farm Bill,
- physician payments for Medicare and Medicaid,
- the Secure Rural Schools Act, and
- the Western Hemisphere Travel Initiative.

And many, many more, but I'd rather try to answer questions you have on any issue. Again, thanks for the privilege of appearing before you.

May God continue to bless this great land we call home and bless our nation.

Thank you.

Please report corrections to the Chief Clerk's office.