

**Verbatim Comments of Senator Ted Stevens at Anchorage Board of Realtors
Luncheon on Wednesday, August 21 2002 at Noon at Anchorage Marriott
Downtown
Regarding Natural Gas Pipeline**

“Professor Steve Haycox told Downtown Rotarians this week that State of Alaska should build a gas line and own it. He has a new book on this theme. I have heard that and I have heard the presentation of the Fairbanks Gas Pipeline Port Authority Group. And I know of several other entities that have the ideas concerning that. I think they are all viable. The question is is what will the producers do? **The producers have the right to produce that gas under State and federal law.** And they have the right if they want to transport that gas themselves or they can turn the gas over to a pipeline company that would transport it as a common carrier or they could turn it over to a pipeline company that would buy the gas from them and take it to the destination and distribute it. There are a whole series of mechanisms that are there. When you look at the cost of this pipeline... we understand it is somewhere around \$38 Billion. **If we are going to build it as such we have to make up our mind we are going to have to defer the Permanent Fund for a substantial period of time.** I think that would have an economic impact on us. I don't know why we shouldn't allow other people whose business it is to borrow money and invest to invest in this pipeline and have it built under the normal concepts of free enterprise. The Pipeline Authority in Fairbanks, I think they have a great idea; they are not going to like me for this but from Fairbanks to Valdez. But I question whether in the long run that federal law is going to support the idea that a Port Authority can take gas from the North Slope and carry it to another company that would buy it at the Canadian Pipeline, the Canadian Border, and that is their proposition. That is not a port authority in my judgment. For the pipeline to come from Fairbanks to Valdez, that is a port authority, an export authority. And I think they have a good idea for the Gas Pipeline from Fairbanks to Valdez and I have been assured by the people that control the large producing companies that they would welcome a proposal to build that other “Y line” they call it; that they want to concentrate on getting major lines to Chicago. I really don't argue with Steve (Haycox) about the concept of “downstream profits.” The obvious one....you would have to forego, **I think you would have to forego at least the Permanent Fund Dividends for about 10 to 12 years.** If you want to have an impact on your housing industry, that is a good way to do it. That Permanent Fund Dividend that we get for each family gives us cushion in buying things like homes ‘cuz we are assured we do have income out there for a few years. It is a cash flow certainty that you are going to get a Permanent Fund Dividend and I think with a family of more than six we can afford better homes now because we are sure no matter what our income is, that we are going to have, it is like a bonus every year. I worked with Jay Hammond on the Permanent Fund Dividend and I believe in it very much and I hate to see anything interrupt it ‘cuz I think it does add to our quality of life not here... not only here... but out where I have just come from. They have out there an annual income of somewhere around \$16,000, \$17,000 per family. But guess what... about \$8,000 to \$10,000 of that is Permanent Fund Dividends. If that is upset, if that is disturbed, Rural Alaska is going to be really disturbed. I am not sure about that. I really respect his judgment but that I don't, I can't, I would have to think about it a little bit more. I don't think I would agree with it.”