

## **Governor Murkowski's Proposed Remarks**

I was pleased to accept the invitation to address the SE Conference held in Petersburg September 20 and 21. But it was not to be—the Fog Gods came down on Wrangell and the flight North was cancelled on both days.

So, bear with me as I pen this message which I had intended to present.

SE Alaskans are wary of the sustainability of our local economies as well as that of the rest of the State. Our cash cow—oil, is drying up with both production and price in decline. The State Dividend has been proposed to be cut in half and our State is running a deficit in the neighborhood of 3.3 Billion. We are drawing down our States savings to fund our State government whose cost has doubled in the last decade. The proposed LNG line to Kenai has been put on the shelf mainly because the world price for LNG is insufficient to amortize the 60 to 70 Billion cost of the line. In summary, the current economics simply do not support the LNG project at this time.

So what can the SE Conference do? Yes, we have resources in our part of the State—fish, minerals, timber and tourism. We have seen the demise of our timber industry go from nearly 5,000 jobs with pulp mills in Sitka and Ketchikan and some 7 or 8 saw mills Today, only the Klawock mill is in operation.

It is rather ironic that the foundation for the timber industry in the 1960s and 70's was a Federal Forest Service mandate that timber from the Tongass had to be primary manufactured in SE, resulting in the several mills (as a side note, in the early 70's, Ketchikan Pulp was paying nearly 70% of all the corporate tax in our State, and it is no longer in operation .

Under the Administration of President Clinton, the timber contracts were cancelled. ( The pulp mills had requested an extension of their 50 year contracts to meet new environmental standards and President Clinton rejected their request.) Militant Environmental groups praised the closure of the two pulp mills and then followed more restrictions on timber availability and roadless rules, etc. So the same Federal agency who incentivized this major industry in SE Alaska closed it down and now allows limited exports of round logs.

A reflection on a little history—when the Forest Service was established, President Teddy Roosevelt insisted that the Forest Service be placed in under the Department of Agriculture , because he regarded timber as a crop. With proper management it is renewable. Contrast our two renewable industries. Timber, under Federal jurisdiction is gone, yet our salmon fishing industry has flourished under State management. There is a message for the Federal Government here. Mining too, is struggling because of environmental opposition and the world mineral price.

Yet I believe there is for SE Alaska, if led by the SE Conference, a significant opportunity to increase our remaining renewable industry—tourism.

Americans want to see Alaska. In spite of the Cruise Industry bringing nearly one million visitors through SE Alaska, there is a huge opportunity to expand. A significant group of American retired folks can't afford a cruise to Alaska. Their view of retirement is to get into their camper or RV and hit the road to see America.

Right now we have a unique opportunity to develop this new potential here in SE without taking on any Federal interference—the FS, BLM,

Park Service, etc. or national environmental groups. We can make this happen and build on it for years into the future.

It's hitching on our own red wagon to the American dream of seeing America for lots of blue collar Americans. Retired from their factory jobs and ready to start off in their pickup campers and RVs and take off and to where? Alaska!---specifically the fantastic paved road system on Prince of Wales Island—the communities of Klawock, Craig and Hydaburg. To make this happen, we must take action now, because in the fall of 2018 the State will take delivery of two new ferries. The new ships will be day boats for 300 passenger, and 53 cars. Right now they are proposed to be routed north from Juneau and Haines to Skagway.

To open up this new Prince of Wales venue we must collectively come together as 70,000 SE residents united in our support for this new ferry route. The effort must be in concert with the Alaska Marine Highway System (AMH) and the Inter Island Ferry System (IFA).

By servicing the Northern end loop , a mom and pop visitor could drive to Prince Rupert, then take the AMH to Ketchikan, then the IFA to Hollis, and then access 100 miles of some of the most pristine area in North America. When departing PW Island, they could board in Coffman Cove and go to Mitkof/Petersburg and catch AMH ferry north to Sitka, Juneau, Haines or Skagway. Or go on to Wrangell, then South on the AMH ferry to Ketchikan and on to Prince Rupert. The existing terminals at Coffman Cove and Mitkof can accommodate the landing design on the new ferries. These terminals were built with Federal funds and the Government is looking for pay back.

An alternative suggestion could consider running the IFA ferry while it lays in Ketchikan midday on the short trip to Annette-Metlakatla, and have the current AMH vessel Lituya sail North to serve Coffman Cove,

Mitkof and Wrangell on at least three sailing per week during the summer. Or perhaps convert the Taku to a day boat. This approach could result in greater efficiency in our ferry system and lower costs. It would take cooperation of the Marine Unions as well and the result would open up a whole new group of visitors to Alaska.

This effort could be promoted at the numerous RV conventions throughout the Lower 48, with professional presentation by the SE Conference as the new and exciting opportunity designed especially for those who want to visit Alaska in their own campers.

The development of the camper/RV visitor will grow over the years and the benefits from this new source of visitors will have a very favorable impact on SE economy.

I urge SE residents to consider this as an opportunity to expand tourist activity which can contribute measurable to SE Alaska's economy. Working together we can do it ourselves.

I would be happy to assist on this effort and to have any feedback you might provide.