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Resource Review

Resource Development Council for Alaska, Inc. Box 100516, Anchorage, AK 99510
September 1986

Groundfish harvest

Alaska fishermen fight for share

by
Chris Blackburn

After nearly 25 years of promises and false starts, it appears that U.S. processors are mounting a serious effort to take over the harvesting of the groundfish — pollock, cod and flounder — in Alaskan waters, but whether Alaska processors and fishermen will be part of this development remains in doubt.

Fourteen Seattle-based factory trawlers are already harvesting groundfish off Alaska's coasts and another six are known to be under construction — the actual number is probably higher.

About a half dozen U.S.-owned floating processors, only one of which is based out of Alaska, are also at sea taking deliveries from U.S. vessels and several more are either under construction or in the planning stage.

Washington State residents are currently taking home about 90 percent of the money being made from Alaskan groundfish by U.S. vessels, including joint venture vessels, and U.S. processors. Oregon and California residents are also involved in Alaska's groundfish fisheries.

Only a handful of Alaska plants are processing any substantial quantity of groundfish — three which worked under state or federal grants and the two Dutch Harbor surimi plants which are Japanese financed as part of an industry "fish and chips" agreement.

Alaska's failure to participate in the processing and harvesting of the abundant groundfish stocks off its shores appears to be the result of past policies designed to protect Alaska coastal communities and new policies which discourage fisheries investment in Alaska.

Big Boat vs. Small Boat

The combination of weather and salmon created two crab fleets in Alaska. In coastal communities around the Gulf of Alaska the



Minced fish is mixed with stabilizers to make surimi at Alaska Pacific Seafoods in Kodiak. (Photo by Chris Blackburn)

resident salmon fleets developed the crab fisheries. Even today in Kodiak the mean keel length in the Tanner crab fleet is 58.1 feet.

However, for the Bering Sea Crab fisheries, larger vessels in the 100-foot class were required to withstand winter weather in the middle of nowhere. The large vessels demanded volumes of product and vast areas to fish. The owners tended to be fishermen from the Seattle area with a history of spending part of the year fishing Alaska and then returning home.

Inevitably, the resident Alaska fleets became concerned that the large "outside" crab

fleet would swoop through the areas fished by the resident fleet and "scoop up all the crab."

The Board of Fisheries over the years passed a series of regulations designed to make large boats uneconomical in the Gulf of Alaska — limits on the number of pots that could be fished, restrictions on the amount of area a vessel could fish.

The regulations worked, but they also prevented fishermen who wanted to fish near home from investing in bigger vessels.

As a result, the investment in high technology for the crab fisheries, in large vessels and in catcher-processors, was made mainly by non-resident fishermen working in the Bering Sea.

The Bering Sea crab fleet became 90 percent non-resident vessels; while the small vessel Kodiak crab fleet remained 97 percent resident vessels. As a result, Alaska lost 40 percent of the exvessel value of its crab fisheries to Washington fishermen.

When the crab industry collapsed, it was the non-resident, large Bering Sea crabbers

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Message from our executive director

by Paula P. Easley



Balance needed to solve industry conflicts

If you're a fish, you lead a charmed life in Alaska. Of all the inhabitants of the universe — well, let's keep it to Alaska — can you think of one that has a more elevated, even deified, status than does the fish?

Fish are more important than people, and more important than minerals, petroleum, trees — you name it. There is no balancing test in the regulatory process that asks which resource development is more important to the economy or to the needs of the people of the state. Did you ever think about that?

The presence of fish near *any* proposed development project means that the developer is subjected to millions of dollars of environmental studies and costly mitigation measures. "Fish must be protected at all costs" is the prevailing philosophy. Even the mere suggestion that fish "could be affected" by oil drilling, timber sales, land disposals or commercial activity of any kind is enough to forestall or preclude resource exploration, i.e. the Bristol Bay oil lease sale, the buy-back of the Kachemak Bay leases, seismic testing in the tidelands, gold mining in Cook Inlet, logging in Prince William Sound.

Another example of this lack of balancing is the U.S. Borax molybdenum project. The Forest Service says the annual value of commercial fish and shellfish losses (this is the "worse case projection," mind you) for the two primary alternatives for mine tailings disposals are \$7,334 for Wilson Arm and \$5,000 for Boca de Quadra. The federal government wants Borax to build a \$59 million tunnel to Boca de Quadra. The idea is that fewer fish would be affected, about \$2,000 worth, by going to Boca de Quadra. My first reaction was, "You've got to be kidding!" Spend \$59 million for \$2,000 worth of fish?"

Yet this scenario is repeated time after time, and every industry can relate similar horror stories. Even the commercial fishermen and processors interested in management of the fishery and development of new technology are held back by attitudes resistant to cost/benefit analysis and independent research.

An Alaska oil company was required to construct 700 feet of bridg-

ing on a causeway that cost \$35 million. In spite of its own fish monitoring programs and in-depth studies which showed the extensive bridging was not a necessary mitigating measure, the company was forced to do the work. It was even forced to install special lighting inside the culverts so the fish could see as they passed through!

Unlike the timber industry, Alaska's fishing industry is allowed to capture 100% of its annual sustainable yield. I propose that we extend similar privileges to the timber industry and take a more rational approach to addressing the matter of fish mitigation.

Let's go back to the Borax situation. Here government has laid the entire cost of \$59 million, which translates into billions of dollars over the life of the project, onto one company. What happens when we do that? (1) Projects are delayed, until the price of the resource goes up enough to recapture the mitigation costs, (2) The company decides it can't go into production at all, or (3) We import the product from some other country that doesn't have these stringent requirements.

Has government ever answered this question: What is the most efficient and beneficial use of our available resources?

Without an input/output model to evaluate the direct and multiplier effects of each development project, we have no way to judge if our potential has been maximized. We simply can't afford to continue to make value judgments in favor of fish (and often only one species of fish — salmon) when other resources are under utilized.

Other industries have provided revenues to the state which have greatly enhanced the fisheries industry in a variety of ways. An objective, analytical approach to tracing the flow of revenue might reveal a few surprises about where the dollars earned in each resource industry end up! We're all in this together and there has to be some give and take.

Editor's Note: How can we do a better job of balancing economic and environmental concerns to benefit the maximum number of citizens? Please send your ideas for publication in the Resource Review.

Resource Development Council, Inc.

The Resource Development Council (RDC) is Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

RDC invites members and the general public to its weekly breakfast meeting featuring local and nationally-known speakers on economic and resource development issues. The meetings are held on Thursday at 7:30 a.m. in the Northern Lights Inn. Reservations are requested by calling 276-0700.

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Resource Review encourages its readers to submit articles, announcements and letters to the editor for publication. Send all correspondence to Resource Development Council, Resource Review, Box 100516, Anchorage, Alaska 99510.

Conservation dependent upon industry

"... Only through the wealth and efficiencies created by industry can the environment be improved"

— Dr. James R. Dunn

"Neither environmental improvement nor improvement in the human condition are possible in this world without industry, technology and the wealth they create," according to Dr. James R. Dunn of the National Council for Environmental Balance.

In a report on the interdependence of industrial development and conservation, Dunn said that a basic danger in America's effort to create an environment free from flaws is that "we may excessively damage our industrial system." He said the system itself is an "essential resource, and the base on which the quality of our environment really rests." Dunn added, "failure to understand this is an

irrational reaction against the industrial system that created the comforts and security which we take for granted."

Dunn's article pointed out that the emotionally turbulent decades of the '60s and '70s brought about radical changes in laws and perspectives about the environment. "Many of these laws and perspectives still bear the imprint of emotional turbulence," Dunn wrote, "rather than the rational scientific approach which is needed to conserve an environment that must support 230 million Americans in constantly improving standards of comfort and health."

Dunn said "a growing realization exists

now, based on logic and not on political persuasion, that only through the wealth and efficiencies created by industry can the environment be improved."

Dunn cited the following examples:

- The efficiency of industry, agriculture and transportation now make millions of acres of marginal land uneconomical for farming. Thus great tracts of land, no longer cultivated, have reverted to forest — more than 50 million acres since 1900.
- As the forests have expanded industry has greatly expanded and improved many wildlife habitats, increasing major segments of both bird and animal populations.
- Reforested areas have greatly reduced erosion, vastly improving the quality and recreational value of surface waters.
- Greatly increased treatment of sewage has improved the quality of both surface water and groundwater.
- Medical research and development have allowed a phenomenal increase in the health and longevity of the U.S. population in this century.

In stark contrast, the less developed countries — a great deal less industrialized — are now undergoing the greatest human created environmental destruction in the history of the human race, Dunn said.

"The bottom line for most of these countries is deforestation, destruction of plant and animal species, rampant disease, shortening life spans, high birthrates, deterioration of water and soil resources and ultimately starvation," Dunn said. He stressed that industrial development and conservation are interdependent.

"Industry is often considered to be environmentally guilty until it proves itself innocent," Dunn said. "Considering industry's excellent track record of compliance with environmental regulations, this is gross injustice. Our legal system affords better treatment of hardened criminals."

Environmental laws are necessary; however, "unless they are written in the atmosphere of scientific understanding and reexamined objectively and systematically, they may be counterproductive to environmental health and not in the best interests of the United States, economically or environmentally," Dunn concluded.

Portrait

Ethel H. "Pete" Nelson



For 33 years Ethel H. "Pete" Nelson has been a strong advocate of resource development in Alaska because she believes Alaskans can reap the benefits of their land while enjoying its special values.

An Advanced Exploration Land Representative for Texaco, Inc., Pete has been an active member of the Resource Development Council since its inception as OMAR eleven years ago. As the battle began to brew in the mid-1970s on the lock-up of Alaska lands, Pete joined the Council to offer her time and expertise in helping the organization defend rational approaches to using Alaska's land and resources.

Today Pete is a member of the Council's Executive Committee. She has served on the Council's Board of Directors for five years.

"Of all the issues before Alaska, those dealing with the future of our land pose a greater impact than any other single issue," Nelson said in a recent speech she made on behalf of RDC to a local civic organization. "We must work hard to see

that our potential will not remain in the ground where it lends little assistance to our mission of building a solid and diversified economy."

For over five years, Pete has been responsible for Texaco's lands department in Alaska as well as the company's local public and government relations efforts. Her responsibilities at Texaco are demanding, but Pete's commitment to productivity and effectiveness has earned her a respected reputation at Texaco and throughout Alaska's private sector.

Despite a busy and sometimes hectic schedule at Texaco, Pete has made a strong commitment to RDC and other resource development organizations such as the Alaska Miners Association because she believes it makes sense to get involved in changing public policy.

"Our success in Alaska's ever-changing economy is connected to the utilization of land and resources," Pete said. "It's imperative that we work together to improve the quality of life in Alaska through sound resource development."

Murkowski aims to make Alaska "Gateway" to Olympics

Over a quarter of a million people are expected to travel to the 1988 Summer Olympic Games in Seoul, South Korea from the United States, Western Europe and the Middle East and if Senator Frank Murkowski has his way, Alaska will serve as the "Gateway to the Seoul Olympics" with travelers disembarking here for an "Olympic Vacation."

"The 1988 Olympic Games in Seoul offer us an opportunity to bring visitors from around the world to Alaska," Murkowski said. "We will be able to open our doors to those who will be traveling through our state and show off the abundance of human and natural resources we have to offer."

To meet the challenge of making Alaska the gateway to the Olympics, Murkowski is working with Secretary of Transportation Elizabeth Dole to see that foreign airlines, most of which are limited to refueling and crew-change stops in Alaska, will have the clearance to disembark passengers during the period of the Seoul Olympics.

Murkowski is also the cosponsor of a bill to establish a pilot visa program which would waive visa requirements to encourage international travel to the U.S. by making it easier for certain visitors to vacation here. The three-year pilot program is designed to allow visitors from certain countries to visit the United States for as long as 90 days without the inconvenience of applying for a visa before entering the United States. The countries to be included in the program would be determined by the Secretary of State and the Attorney General based on the rate of visa refusal for their citizens and whether the countries reciprocate such privileges to American travelers.

It is estimated that the visa waiver program would bring in another 400,000 tourists a year to the U.S. with Alaska receiving a good share.

The Resource Development Council's Tourism Committee of the Renewable Resources Division is working with Senator Murkowski's office to advance these and other actions so Alaska can host travelers bound for the 1988 Games.

Committee adopts Admiralty Island legislation

The House Interior Committee has unanimously adopted legislation designed to settle a long-standing controversy on Admiralty Island in Southeast Alaska.

The legislation, which was introduced by Congressman Don Young, Chairman Morris Udall and Representative John Seiberling, would allow for expansion of the Greens Creek mineral operation on Admiralty Island, expected to employ approximately 200 Alaskans within several years. It also provides an offer to Shee Atika, Inc., to accept lands off Admiralty Island, where it presently owns 23,000 acres. In return for Shee Atika timber lands, long the subject of litigation by environmental groups, the corporation would receive lands which will allow for the expansion of the city of Sitka, as well as timber lands in the Bay of Pillars area on Kuiu Island.

"Alaska requires a diverse economy, and this bill will aid in providing jobs in the mineral and timber industries, and badly needed community expansion," said Young.

ANWR...

(continued from page 3)

Fifteen years of extensive oil exploration, development and production have already taken place near ANWR with no significant environmental impacts. In fact, a three-fold increase in the size of the Central Arctic caribou herd at Prudhoe Bay and Kuparuk has occurred over the past decade.

When construction of the trans-Alaska pipeline was proposed, environmentalists placed full-page ads in the New York Times and other newspapers around the country predicting widespread destruction of wildlife, unimaginable pollution and tremendous oil spills. The caribou was selected as a symbol by national environmental groups to prevent construction of the trans-Alaska pipeline.

In the brewing battle over ANWR, environmentalists are once again using caribou as a symbol in their efforts to convince Americans to support their position.

Studies have shown caribou to be one of the most adaptable animals to development activities associated with oil and gas development in Alaska, the Soviet Union and Northern Europe. However, environmentalists contend that the Porcupine caribou herd in ANWR will react differently from those of the Central Arctic caribou herd at Prudhoe Bay.

ANWR

RDC launches effort to form consensus

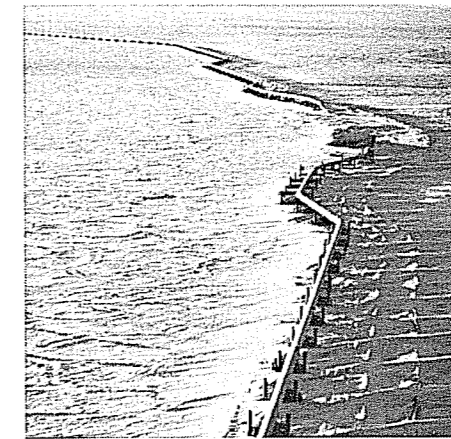
Council meets with community leaders

The Resource Development Council has launched a campaign to forge a statewide consensus on opening the Arctic National Wildlife Refuge coastal plain to environmentally-responsible oil and gas development.

The Council will be mobilizing communities and organizations throughout the state to express formal support for opening the 1.5 million-acre coastal plain to development. Communities and organizations from Ketchikan to Barrow are being asked to adopt resolutions urging Congress to allow exploration on the Arctic coastal plain.

Council officials have met in Juneau, Sitka, Kodiak, Barrow, Dillingham, Nome, Valdez, Bethel and Fairbanks to solicit endorsements by city councils and borough assemblies. The Valdez City Council was the first local government body to adopt the resolution.

"It is imperative that Alaskans speak with a unified voice on the ANWR issue before Congress," said Boyd J. Brownfield, President of the Resource Development Council. "Alaskans wishing to advance resolutions



The coastal plain of the Arctic National Wildlife Refuge holds similar geographical features as those along the coastal plain between Prudhoe Bay and the Brooks Range, as shown here.

through organizations to which they belong may obtain a draft from RDC," Brownfield said. "We're also inviting people to join our ANWR Task Force to work on the project as the issue advances through Congress.

See related story on page 5.

Thoughts from the president



by Boyd Brownfield

Unbeknownst to many Alaskans, the battle lines are being drawn on the fate of about 1.5 million acres of coastal land between Prudhoe Bay and the Canadian Border.

This isn't, however, just any ordinary land as it represents the largest and, perhaps, the last remaining on-shore oil deposit in the U.S. of significant size — it may well parallel the production of Prudhoe Bay.

The land to which I refer is part of a 19 million-acre parcel known as "ANWR" (Arctic National Wildlife Refuge).

I need not dwell on what this coastal plain means to the economy of Alaska and the nation, should even a portion of the quantity of oil expected to exist prove to be there.

The battle lines to which I refer are the old familiar ones. Now that 17.4 million acres (or over 91%) of ANWR are fully pledged and set aside as a national wildlife refuge (thus permitting NO consideration for any development of our natural resources in the area), the environmental community wants to "lock it all up" forever (all 19 million acres) under the false claims of irrevocable damage to the surface, subsurface, and wildlife resources. This position, predictably, discounts the overwhelming, proven evidence otherwise.

Your RDC, along with other responsible state and national organizations, wants the coastal area, 8% of the entire ANWR, to remain open for exploration and possible production.

This is not a local or state issue, it is national and will be decided in Washington, D.C. You must become aware and be prepared to exercise your influence beyond our state borders. You, as a member of RDC, will be called upon for direct involvement. My October remarks will provide more guidance as the issue develops. Be prepared!

ANWR report won't be released before January

The U.S. Fish and Wildlife Service report on whether to allow oil exploration on the coastal plain of the Arctic National Wildlife Refuge (ANWR) probably won't be issued before January, Secretary of the Interior Donald Hodel told a meeting of RDC officials September 5.

The U.S. Department of the Interior is appealing a court ruling that would force it to include public comments and an environmental impact statement in the report to Congress. The ruling was issued after five environmental groups sued the Fish and Wildlife Service in October 1985 and asked for additional items in the agency's report to Congress.

The Fish and Wildlife Service has maintained that Congress should have the prerogative to review the report and decide whether to ask for public input. The agency contends that public input at this point would cloud the issue.

If the litigation moves along quickly, the report could be out by the end of this year, but it's more likely the report won't be released until early next summer.

The report on the refuge was mandated by the Alaska National Interest Lands Conservation Act of 1980. Title X of ANILCA authorized and directed a number of studies and reports on the oil and gas potential and fish and wildlife resources of the coastal plain of ANWR. Section 1002(h) of Title X directs the Secretary of the Interior to make recommendations based on the report on whether to permit exploration, development and production within the range.

Environmentalists say that exploration on the refuge would disrupt the Porcupine caribou herd. Industry says the 1.5 million-acre coastal plain, covering only 8 percent of the refuge, has the greatest potential for discovery of large oil reserves.

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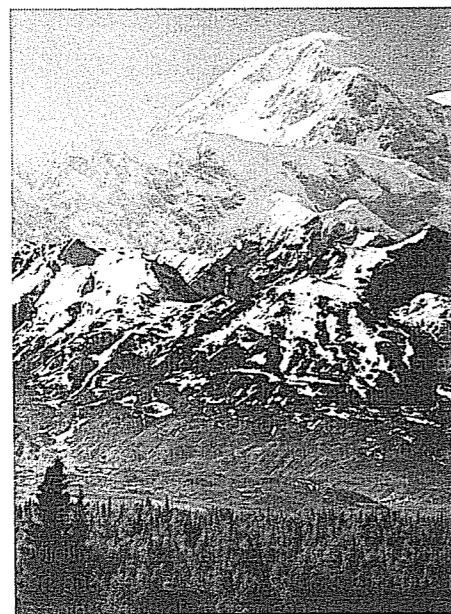
Hearings set on wilderness

Public hearings on whether the National Park Service should add up to 18 million acres of land inside existing Alaska parks into the National Wilderness Preservation System will be conducted throughout September. The hearings have been set to gain public input about wilderness recommendations.

"We're just beginning to draft alternative wilderness recommendations that will be analyzed in Environmental Impact Statements, and early public comments will help us focus on the critical issues," said Boyd Evison, regional director of the Park Service.

The wilderness recommendations, required by Section 1317 of the Alaska National Interest Lands Conservation Act, are due to Congress in December 1987. New wilderness areas can only be established by an act of Congress.

"Since park management is somewhat restrictive by nature, and since wilderness in Alaska is less restrictive than it is in the rest of the country — the differences between the two here are really quite subtle and merit careful consideration," Evison said. "The Park Service's options to develop visitor facilities on park lands are narrowed by wilderness designations. Americans need to consider at



Mt. McKinley from Denali National Park.

this time how much of a presence they want the Park Service to have on these lands in the future."

The Resource Development Council will present testimony at a public hearing on this issue in Anchorage September 23 at 7:00 p.m. at Park Service headquarters.

Persons wishing to attend the meeting may contact the Park Service at 271-2492 for additional information.

Alaska fishermen struggle for share . . .

(Continued from page 1)

which were the appropriate size to convert for joint venture trawling. It was former large boat, non-resident crab fishermen who saw opportunities for U.S.-owned factory trawlers to develop a U.S. groundfish industry.

In the salmon fisheries, where vessel size is limited by law, about 25 percent of the ex-vessel value goes to Washington-based fishermen. Fishermen from Oregon and California also participate in the Alaska salmon fishery.

The numbers indicate that where a large boat fleet is necessary, only about 10 percent of the fleet will be Alaskan-based; where a mix of large and small vessels can be used, Alaska's share of the catch jumps to around 50 percent and when the fishery is limited to small vessels, Alaskans take 60 to 70 percent of the catch.

Thought should be given to whether policies encouraging Alaska residents to invest in large vessels would increase Alaska's share in the groundfish and shellfish fisheries.

The other obvious conclusion is that non-resident large harvesting and processing vessels are here to stay and Alaska can profit by offering them services, trans-shipping facilities and docking space.

Because Alaska has considered itself a state of small-boat fishermen, most of its harbors and docks were built to accommodate small vessels. Even in Kodiak, which is home to a number of large vessels, there is only minimal large vessel docking space.

Raw Fish Tax

The raw fish tax, a tax on every pound of fish passing the dock or deck of a processor within the State of Alaska, has also served to encourage investment capital to look at financing groundfish processing at sea, outside state waters and beyond the reach of the raw fish tax.

Processors fought hard for some relief from the raw fish tax and this year the legislature allowed credit up to 50 percent of the tax owed for specified investments in shore-based plants. It's too early to tell if the raw fish tax credit will result in any significant investment in groundfish processing equipment by shore-based Alaska plants.

Floating operations pay a higher tax than shore-based operations — a differential originally intended to encourage shore-based investment, but in actuality it has worked to encourage floating operations to stay outside state waters.

While the state government has a right to realize revenue from its fisheries beyond creating employment for residents, methods that discourage shore-based investment are

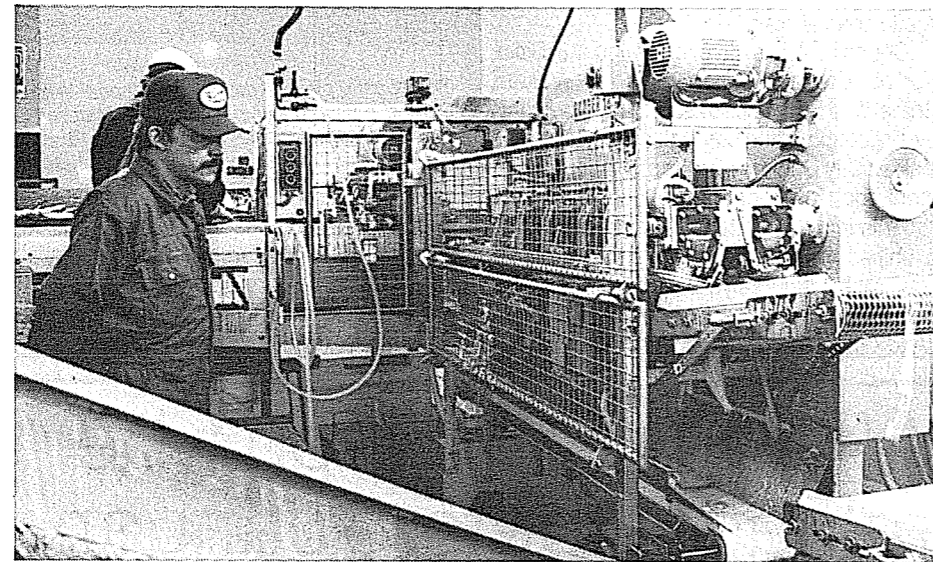
counter-productive. A reanalysis of the tax structure on processors is badly needed.

Regulatory Predictability

Alaska's fishing regulations are made by industry members appointed to the Board of Fisheries. The board meets twice a year for marathon sessions. There is no criteria the board must meet when passing regulations, nor is there any appeal process outside the court system.

The current board is dominated by salmon seine and drift net fishermen. There are no large boat fishermen and no trawl fishermen on the board.

During its March meeting the board closed major trawling areas in state waters to trawling — based on fear that trawlers might damage crab stocks. There was no data to support the board's contention.



A computerized filleting machine turns out 120 fillets a minute for Alaska Pacific Seafoods surimi line in Kodiak. The line was set up under an Alaska Fisheries Development Foundation grant as a model surimi line.

Though the board felt its action was for conservation reasons, it also had a disquieting effect on processors contemplating major investments in groundfish processing equipment.

In short, processors realized that under the current board system they would always be in danger of losing the fishing grounds on which their fleets depended — that there was neither dependability, rationality nor stability in the state's regulatory system.

Any processor, before making multi-million dollar investments, needs assurance that the state cannot arbitrarily close down the fishery.

A similar set of criteria and method for ongoing education is needed for the Board of Fisheries if Alaska is to encourage shore-based groundfish processing.

Agency Support

The Alaska Department of Fish and Game has virtually eliminated its groundfish projects; has only one observer on the staff and has firmly stated its unwillingness to be involved in groundfish research or management as long as it has to coordinate with the federal government, which has management authority outside the state's three-mile limit.

As a result, there is no way for the state to collect the data on bycatch of halibut and crab in the trawl fisheries needed to determine reasonable time and area closures which would encourage groundfish fishing in state waters and give adequate assurance against unreasonable crab and halibut mortality by trawls.

The federal government has shown the same unwillingness to work with domestic

trawling — currently most of the bycatch information available is that collected by National Marine Fisheries Service observers aboard joint venture processors. The foreign companies paid the cost of the observers.

There has been talk on both the state and federal level about making U.S. trawlers pay for observers — which would preclude trawling by any but the largest vessels — which are non-resident vessels involved in joint ventures or factory trawlers.

Shrimp trawling coexisted with crab fishing for more than 20 years. The state maintained a strong shrimp program and sent observers out regularly to monitor the bycatch of crab and halibut.

(Continued on page 5)

Bradley Lake work proceeds on schedule

Site preparation work at the Bradley Lake hydroelectric project near Homer is proceeding at an excellent pace and a contract for dam construction is expected to be awarded early next summer, according to Lee Nunn, Chairman of the Alaska Power Authority Board of Directors.

"We are especially pleased with the local hire effort of our contractor for the \$20 million worth of site preparation work" Nunn told the Resource Development Council August 28. "The contractor, AIC/Enserch, set a goal of 96 percent local hire and has exceeded that mark."

Over seven miles of road have been built this summer, Nunn reported. A temporary camp, airstrip, quarry and gravel pit have also been constructed.

Nunn, who also is construction manager for ARCO Alaska, Inc., said APA has conditional agreements with Chugach Electric Association and Homer Electric Association for 100 percent of Bradley's output. APA is currently negotiating with all seven of the Southcentral utilities for final contracts.

The amount each utility can contract for will be prorated based on 1985 sales. Nunn said APA will not proceed with the contracts for the dam until these contracts are complete. He expects to have them in place early next year.

Nunn said Bradley Lake will offer Southcentral consumers long-term benefits. Once the facility has been paid off, the cost to generate power will be very low. Nunn explained that seven cents per kilowatt hour in the early days of the dam will eventually drop to seven-tenths of a cent. Given the 100-year life of a hydroelectric project, that means at least 65 years of very cheap power.

Even with the drop in petroleum prices, Bradley Lake power remains competitive, Nunn said. "Assuming \$1.65 per thousand feet of natural gas (the current price) and a slow price increase over the next 50 years, Bradley Lake maintains a positive cost/benefit ratio," he said.

Bradley Lake has been recognized as a prime hydroelectric site for many years and was authorized by the U.S. Congress as a federal project in the Flood Control Act of 1982.



Iced pollock arrive at an Alaskan processing plant.

Groundfish processing . . .

(Continued from page 4)

A similar program would allow the development of a groundfish fishery with appropriate time and area closures to protect crab.

Conclusions

For investors the options are clear — invest in at-sea groundfish processing and work within the federal system or invest in Alaska and face raw fish taxes, unpredictable regulation by the Board of Fisheries and a complete lack of state support.

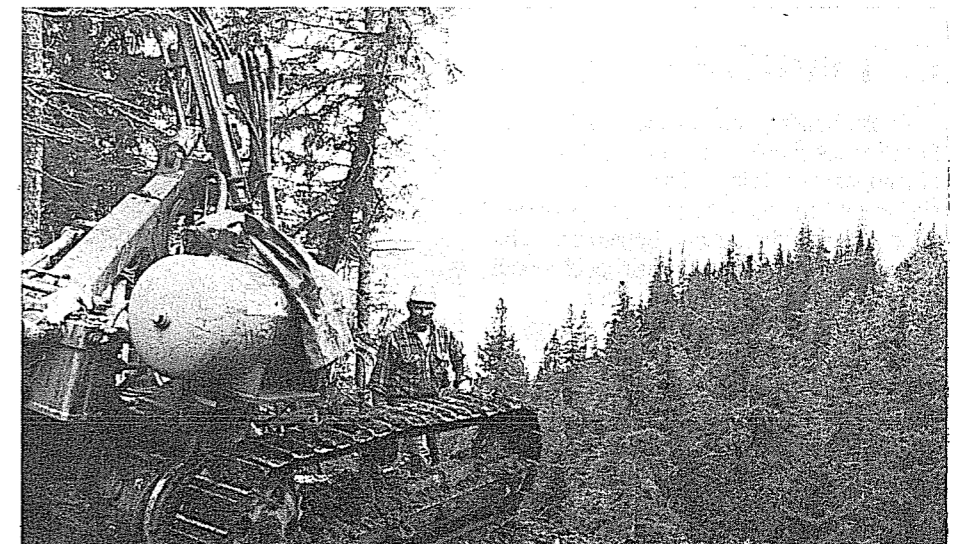
At this point, without some radical changes in direction, the State of Alaska may be dealing its residents out of participating in Alaska's groundfish fisheries.

The entire picture could be changed if the state, instead of talking about "Alaskanizing the groundfish fisheries" took steps to create a stable investment climate.

I suggest that the state take a long look at the effect of the raw fish tax on investment in shore-based plants; fund and develop a strong groundfish program within the Department of Fish and Game which included an observer program to resolve the crab bycatch issues and set criteria, similar to federal criteria, governing the Board of Fisheries actions.

Without positive steps to encourage investment in Alaska for groundfish development, the state can expect to continue to see the profits from its major resource flow outside the state.

Chris Blackburn is director of Alaska Groundfish Data Bank, Kodiak, Alaska.



Work on an access road to the Bradley Lake hydro project near Homer is proceeding on schedule.

Notable Quote

In the sometimes maddening race of governor, in fact for all state political positions, candidates promised wider employment based on natural resources. But how can any governor — or any legislator — fulfill his promise if the environmental organizations continue to bar the wise use of natural resources, which is Gifford Pinchot's classical definition of conservation.

— Chuck Herbert

Anchorage mining consultant and a former president of Resource Development Council