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ALASKA OIL SPILL COMMISSION

JUNE 28, 1989

LOCATION: CORDOVA

OIL SPILL COMMISSION MEMBERS

Walter B. Parker, Chairman

Esther C. Wunnicke, Vice-Chairman

Margaret J. Hayes

Michael J. Herz

John Sund

Timothy Wallis

Edward Wenk, Jr.

VOLUME II OF II

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1 see in stopping her.

2 MR. PARKER: We'll adjourn until 3:00.

3 (Off the record)

4 LUNCH

5 (On the record)

6 MR. PARKER: I was asked to restate the purpose
7 of this Commission for those of you who weren't present
8 at our opening. The purpose of the Commission which was
9 established by the legislature and appointed by the
10 Governor is to make recommendations in a report to them
11 on January 8th, or by January 8th, on how to improve the
12 transportation of crude oil and other petroleum products
13 in the Marine and River Environment and also how to
14 improve oil spill response and mitigation. And, in doing
15 that we are expected to and will examine the past record
16 including the recent history here in Prince William Sound
17 and then proceed after examining that past record, which
18 we are in the process of doing with you now. And to
19 develop to the best of our ability what the state of the
20 art is in these various areas and what possible
21 improvements can be made and to proceed to some technical
22 recommendations from that. And, also probably the most
23 important part of the task to come up with some
23 recommendations on changing the institutions, which
25 govern the transportation of oil and oil spill response

1 and mitigation.

2 Our Commissioners are: my name is Walt Parker,
3 I'm the Chairman. The Vice-Chairman is Esther Wunnicke,
4 my far right, Ed Wenk, next to him, John Sund, Meg Hayes,
5 Tim Wallis will be back shortly and will be sitting
6 there. We took a very late lunch.

7 The next group that we are scheduled to talk with
8 is the Spill Response Office. Anyone here from the Spill
9 Response Office, yet?

10 MS TAYLOR: I'm Connie Taylor, Chair of the
11 Spill Response Office and we have a number of
12 presentations. First, I would like to introduce to you
13 Erling Johanson, Mayor of Cordova, who's the
14 representative on the Committee and he'll make the first
15 presentation.

16 MR. PARKER: Okay. Good afternoon, Mayor.

17 MR. JOHANSON: Chairman and the distinguished
18 members of the Committee, it is a pleasure to have you in
19 Cordova and on behalf of the City of Cordova we hope that
20 your endeavors are fruitful and that the information that
21 you find in Cordova is helpful to reaching your
22 conclusions.

23 One of the things that comes first to my mind is
24 that in the early hours of the 24th, there was talk
25 around town in the streets that the tanker had wrecked

1 over there on Bligh Reef. And one of the things that was
2 a little difficult in our community was to confirm with
3 reliable sources exactly what was going on. In
4 particular the city of Cordova was unable to reach
5 authorities at the Valdez or the Alyeska emergency lines
6 in Valdez to get accurate information. There was no
7 response.

8 One of the things that I found very helpful was
9 a call received from Mayor Devons directly to myself
10 in Valdez. His call brought to my attention the
11 situation as he perceived it on behalf of his community
12 and made it perfectly clear that it was a serious
13 problem that we were facing and would affect both of our
14 communities.

15 One of the things that was particularly different
16 in this particular emergency is that the event itself was
17 outside of the municipal boundaries of Cordova. Outside
18 of the municipal boundaries of Valdez and outside of the
19 municipal boundaries of Whittier. Outside of the
20 municipal boundaries of all our communities. So, in
21 Cordova we ultimately called it an emergency situation
22 even though the event itself was outside of the
23 boundaries. And that was because of the effects of the
23 accident on the lives and economy of the people of
25 Cordova.

1 The City Council was summoned together quickly in
2 the evening where we discussed that the general issues
3 and that we better mobilize locally to protect our
4 interest and quantify where we were at at that particular
5 time. And, also we felt that as a community, it was a
6 fragile economy as we have based on the inshore fisheries
7 of Prince William Sound, almost exclusively, that we were
8 at one of the greatest risk of losing the most in terms
9 of the community.

10 We, at that time, went to Valdez and looked
11 around for a couple of days and came back to Cordova and
12 gave a report in this room to a number of people gathered
13 here on my perceptions. And one of the things that we
14 found is that the community and associations in Cordova
15 were one of the first to respond in terms of the oil
16 containment and protection of the environment. And, also
17 we are finding that the community of Cordova is in a
18 leadership position in terms of identifying adverse
19 affects, social and economic in the communities. Some of
20 the things that we have found for example, are recent
21 filings with Exxon for claims that included legal
22 expenses, many of which are justified as emergency
23 response. Or rejected by them. And we were a little
23 surprised at that, but what we found is that, I guess, it
25 was the first time they had been faced with those sorts

1 of claims and it was going to take a little time to
2 negotiate it or help them understand better why they were
3 justified.

4 One of the things that we have been concerned
5 about is after the oil spill we anticipated that the
6 herring fishery would be closed and it was. We
7 anticipated that the unreal assurances of the clean up
8 being done by September 15th, we anticipated those
9 assurances were unreal. Many of these things have proven
10 to be the case. And, what we are anticipating now and we
11 hope we are wrong in, we don't want to have the similar
12 thing repeated here that they had in France, where the
13 responsible parties walked away from the local
14 communities and the local governments and we want to be
15 wrong in this case. We don't want that to happen here.

16 What was quickly done in Cordova was we
17 institutionalized our response to this event. The city
18 of Cordova organized the Oil Spill Response Committee.
19 You've met the chairman and you have many of the members
20 here. The oil spill response disaster committee is
21 composed of significant sectors of our community. Fish
22 production, fish catching, Chamber of Commerce,
23 businesses, City of Cordova and the Aquaculture
23 Association. And we pulled those groups together in an
25 effort to identify problems and to disseminate informa-

1 mation. And, we've been working to deal with Exxon, the
2 City of Cordova has, with the State and Federal
3 Governments and have established an office dedicated to
4 those jobs with a paid staff. Many of these actions
5 would not have been necessary at all, but for the oil
6 tanker crash, oil spill in the Sound.

7 We are finding that it is putting great stress on
8 the lives of the people in the community and also
9 exceeding our budgets to an extent we hadn't anticipated.
10 We hadn't anticipated the event. But, we are all
11 dedicated to insuring that Cordova gets taken care of.
12 We...

13 And when they say show us in black and white
14 there's a lot of grey area type things in the community
15 that have to be taken care of as a result of this. And,
16 one of my goals is to insure that those grey areas are
17 taken care on behalf of Cordova.

18 Now, one of the things that we are finding is
19 that the State of Alaska had set aside \$35.7 million
20 dollars to take care of the State's interests in many of
21 these matters. One of the things that continues to be
22 very important to us is that there be direct grants to
23 the communities and not just Title 29 Municipalities, but
24 including the villages and other communities like that to
25 help offset the impact and cover these unanticipated

1 budget items. And we have been working to get that taken
2 care of. It hasn't happened yet but I intend that it be
3 taken care of.

4 And one of the things that is going to be
5 important, I believe, is that there be a mechanism in
6 place to assist the communities in staying tied together.
7 United. Because that's one of the keys, I think, that,
8 for example Cordova, Valdez, Kodiak, Kenai Borough,
9 Shenega, Tatitlik, Port Graham, Port Lions. They all be
10 dealt with in a uniform basis on those matters that are
11 consistent throughout all our communities. And, that, I
12 think, is one area where the state can take a lead in
13 insuring that that is facilitated. Whether it is a
14 matter of funding, whether it's a matter of staff
15 assistance in certain areas. And, that seems to be a
16 key.

17 MR. PARKER: Yeah. Oil Spill Coordinators
18 Office I think would, to my understanding, that was one
19 of the missions that was given to it. Is that your
20 understanding?

21 MR. JOHANSON: If that's the case I haven't seen
22 the type of result that we fee that we need from that.

23 MR. PARKER: I think you -- Do you have a
23 coordinator from that office that is here? Kathy, is it
25 not?

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MR. JOHANSON: Yes.

MR. PARKER: I think, I'll check on this, but I think at least in preception of the Governor and the Mini-Cabinet that office is reflected to carry that out and I'll certainly bring it up with them and either confirm that or point out to them that they need to take further steps. One or the other.

MR. JOHANSON: Mr. Chairman, a case in point is, for example, at our meeting in Valdez the other day, we passed out the Cordova financial report on what our office had been doing, and a couple of the Mayors identified "hey, where did you get the child care funds? Nobody told us that that was available?" And the background on that was in part it was from Emergency Services and in part from Exxon. But, the community should not have to be going at the state to try to seek out those funds in a situation like this. It should be presented, "what can you use?" That's a case in point and that sort of service in that particular case had not been recognized. That was Whittier, by the way, and one other community that I forget which it was.

That's one of the keys that would be uniform throughout all the communities so that we are not being split up just because we don't have as good a information resource or other staff assistance losing out. That

1 applies to Cordova, the villages or anybody.

2 Anything else?

3 MR. PARKER: You remember the Governor brought
4 up his proposal for a block grant and the speech he gave
5 in Port Graham. You had any follow up on that as to what
6 those were going to consist of. He and I have discussed
7 it, but very tentatively, but, not to where I got any
8 idea...

9 MR. JOHANSON: I haven't seen any details.
10 There were no details presented at the Mayors meeting in
11 Valdez yesterday. They will be meeting July 6 in
12 Anchorage. The Oil Mayors and possible some detail
13 provided at that time.

14 MR. PARKER: Well, we will take it up with Bob
15 and the Mini-Cabinet and the Governor at first contact.
16 We will be meeting tomorrow in Anchorage so I will make
17 that a priority item for Friday to bring this matter up
18 and I will try to highlight it once again. We did the
19 end of last week as a result of the Mayor's meeting and
20 flood phone calls from affected communities about various
21 problems that were occurring. We did talk to them about
22 getting the Mini-Cabinet to move this up to a high
23 priority item and start at least getting more public
23 information out to the communities. Because it doesn't
25 see that anything has come forward that I've seen. So, I

1 want to see what we can do in Juneau in that regard.

2 MR. JOHANSON: Mr. Parker, one of the requests
3 the Mayor's Group has made is that they be represented on
4 by Mini-Cabinet by an individual. That request has been
5 made more than once. And then as a minimum the DCRA
6 representative Commissioner Hoffman be represented on the
7 Mini-Cabinet. That has been made more than once and thus
8 far none of those requests have been approved. And we
9 feel there's probably a reason, but I'm not sure what it
10 is besides internal politics.

11 But in terms of the impact on people, the people
12 should be represented for those inputs and at a minimum
13 the people -- DCRA representative might be a good
14 representative there. We have found Commissioner Hoffman
15 helpful in many regards.

16 MR. PARKER: Esther?

17 MS. WUNNICKE: Was Mr. Hoffman at your meeting
18 in Valdez this week?

19 MR. JOHANSON: I had to leave at 1:00
20 yesterday, but I saw him stick his head in the door for a
21 minute, but I didn't get a chance to speak with him. I
22 don't know if he testified or spoke. But, in summary,
23 the community should be receiving help from the state
23 positively instead of having to go to the state and fight
25 for assistance. Because these communities are not pre-

1 pared to go to the State and fight under these
2 circumstances. And the one advice that came from
3 somebody in Anchorage, the other day, was "well, when the
4 Legislature reconvenes in January, go fight for what you
5 need". That's the wrong kind of help.

6 MR. PARKER: Yeah. You certainly can't wait
7 until the next budge cycle for resolutions. I thought
8 that was what the \$37.5 million was at least in part
9 for.

10 MR. JOHANSON: We believe with direct pass
11 throughs to the local communities we can identify prompt
12 distribution for local benefit.

13 MR. PARKER: In the Mayor's meetings, has there
14 been any total quantification of what the community
15 needs? Like Mead Treawell gave us the sheet this morning
16 that shows what you had spent so far and what you
17 projected to spend. Have the other communities done that
18 kind of projection, yet?

19 MR. JOHANSON: I believe there was a Joh Gleva
20 (ph) I think, was at one time collecting some of those
21 details. To what extent it's been collected, I don't
22 know.

23 MR. PARKER: You.....

23 UNIDENTIFIED SPEAKER

25 (INAUDIBLE)

1 MR. SUND: Mr. Mayor could your group of mayors
2 put together any recommendations on proposed legislation
3 that you may be running into in terms of these roadblocks
4 in terms of people or the State being able to deal with
5 this situation because of existing statutes or
6 regulations that are giving them a hard time. You
7 brought up one that all this event occurred outside your
8 boundaries, which brings up the little technical problem,
9 can a community have an emergency that's outside it's own
10 boundaries. You obviously just stepped through that hole
11 and decided to do it. I don't know if that's a Title 29
12 problem or -- that runs into there. But, I mean, in
13 terms of the state coming forward or you going to the
14 state is there any statutory problems? Are they quoting
15 anything to you that they would like to help you except
16 we don't have the authority to do this type of arguments?

17 MR. JOHANSON: John, I can't identify any
18 specific defects. That's not to imply that there isn't
19 any.

20 MR. SUND: Well, you are not getting any help.
21 So, it's either because they don't have authority to do
22 it or they don't want to do or they don't have the
23 capacity to do it, or the willingness to do it. For some
23 reason it is not coming out and I'm just trying to track
25 down why.

1 MR. JOHANSON: One of the philosophies heard is
2 that the \$37.5 million was intended by the State to be
3 used to quantify the State's problems. To establish the
4 state's position and that sort of thing. We were under
5 the impression that a portion of that was to come to the
6 communities.

7 MR. SUND: Well, I think one of the other
8 qualifications was that you needed an AG's opinion
9 certifying that money would be reimbursable from a third
10 party, from Exxon. In order for that money to be
11 expensed. So, it's really the 35 million is set us as a
12 pasture type thing. The State's going to spend it but
13 they are anticipating going collect it. So, I guess what
14 I'm getting at, is there anything where the AG's come
15 down and said "well, maybe some of these expenditures
16 that the communities are looking for may not be
17 reimburseable". They are actual dollar outlays -- from
18 Exxon. I don't know. I'm just asking the question.

19 MR. JOHANSON: It's a good question and I'll
20 make note of that. One of the -- regardless of whether
21 it is reimburseable by Exxon, the communities need to be
22 reimbursed or assisted with those expenses.

23 MR. SUND: Yeah. When you budget for the year
23 was it written at the time of the spill?

25 MR. JOHANSON: Our budget is 4.4 million and

1 it's proofed long before the spill. June.

2 MR. SUND: You know, I've a simplistic outlook

3 here, but any amount of money you spend over 4.4 billion

4 is an off-budge item.....

5 MR. JOHANSON: Million. Million.

6 MR. SUND: Million. You aren't up to that zero

7 yet?

8 MR. JOHANSON: No, sir. We are 4.4 million,

9 sir.

10 MR. SUND: You know, it's an off budget item

11 that starts getting trackable -- this is the primary

12 reason and it should be able to be made up by others than

13 the tax payers of the community.

14 MR. JOHANSON: That's one of the key points.

15 MR. PARKER: Ed?

16 MR. WENK: Thanks Mr. Chairman. Mr. Mayor, I

17 would like to ask a couple of pre-event questions. And,

18 I realize that this may date back to a time that may even

19 preceed your term in office and so and so and so on...

20 MR. JOHANSON: I know others that are much

21 more qualified to respond.

22 MR. WENK: First question. This was asked

23 earlier today, but to just bring it into focus of other

23 questions, you were aware..... I'll ask the question

25 this way: I assume you were aware of some kind of a

1 Contingency Plan being in place prior to the event?

2 MR. JOHANSON: Yes.

3 MR. WENK: Did you ever see it?

4 MR. JOHANSON: It's nothing that I was actively
5 involved in to any extent whatsoever. I presume somebody
6 is taking care of that.

7 MR. WENK: Well, were you ever consulted in it's
8 being prepared or updated?

9 MR. JOHANSON: Not that I am aware of.

10 MR. WENK: Okay. Did anyone in an official
11 capacity be aware of the fact that the plan itself was
12 degraded?

13 MR. JOHANSON: We would have to check in the
14 City's official records, but not that I am aware of.

15 MR. WENK: It is obvious that it wasn't the
16 capability was gone when the emergency occurred and I just
17 wondered whether, just incidentally, anybody had been
18 aware of that degrading.

19 Completely different question. There's a puzzle
20 that everybody is trying to unravel as to why the tanker
21 was on the course it was. And, there is some commentary
22 that ships occasionally go on the inside of that Bligh
23 Reef booyie. Is this a practice known to you and have
23 you ever heard any of your fishermen ever talk about
25 seeing a tanker do that?

1 MR. JOHANSON: I am only aware of what I've
2 read in the newspaper. Some people expressed surprised
3 before they left. But, am not qualified to speak on that
4 exact.....

5 MR. PARKER: Do you know anybody here that would
6 -- I mean, would I be right that the fishermen in this
7 community are really the ones that would be able to
8 answer that better than anybody else?

9 MR. JOHANSON: Yeah. This is the community
10 that has the greatest experience and ability of
11 discussing those types of matters.

12 MR. PARKER: Any easy way to get that
13 information?

14 MR. JOHANSON: Well, there are representatives
15 here including CDFU on our committee and in the community
16 that you can speak to on those type of matters, I
17 presume.

18 MR. PARKER: Okay. Anyone else? Well, I can't
19 make any promises, but the administration -- you know,
20 Mayor, all I can say is that I will bring this matter up
21 with them again and see what they have done since my last
22 conversations with them on Friday. See what is
23 developing with them and urge them at a minimum to get,
23 you know, information out on where they are progressing
25 in this particular area. Because since the Governor made

1 a statement at Port Graham about community grants, well,
2 I'm sure that there is a high degree of anticipation in
3 all the communities about exactly what that means.

4 MR. JOHANSON: Well, the Governor came through
5 Cordova during the early days of the event on more than
6 one occasion and many of the people here were under the
7 insurance that the state was going to be pro-active in
8 assisting in the communities as a result of his comments.
9 And, personally, at this point, it doesn't seem it's
10 being implemented or implemented as efficiently and
11 affectively as it should be.

12 MR. PARKER: Meg?

13 MS. HAYES: That makes me wonder, and I'm not
14 sure I can pose this question properly. But, we've heard
15 quite a bit in the last three days about the inadequacies
16 of the support that's been -- and the system that's been
17 lulled in supporting. At the same time we have been
18 hearing about the great deal of money and work and effort
19 that's gone into damage assessment, particularly wildlife
20 assessment. But most of that seems to be aimed at
21 liability questions with an eye on court cases and things
22 like that. Cordova is a community that at least in my
23 mind is one of them in the Sound that is the most
23 affected in both of those areas. You have a long
25 history as a community being concerned about the

1 water quality and fisheries response. And, I guess I'm
2 interested in the observations you might have about the
3 relative spending patterns in those two areas.

4 An idea has occurred to me that outside
5 interests, the national press, the national environmental
6 groups, the national newspapers are much more concerned
7 about pictures of sea otters dressed in oil, if you will,
8 in contrast to the communities and how they have been
9 affected. And, I'm wondering if some of the decisions
10 that have been made have been made with an eye towards
11 the national press rather than the true affect or the
12 immediate affect of the spill.

13 MR. JOHANSON: In terms of overlooking some of
14 the people problems, I think that there has been some of
15 the people problems have been overlooked. For some
16 reason a lot of the focus aims towards the animals and so
17 on. But, the people problem is an extremely critical
18 component we have to get taken care of in the
19 communities.

20 For example, when we go to Jeff Bush in the early
21 days and say where are the economist to help us assess
22 some of this local damage that we have incurred, this
23 town was ground zero in terms of economic damage from
23 this oil spill in the early days. Remember? Herring was
25 shut down. Herring seining was closed. Herring gillnet-

1 ting was closed. All those were closed. That's what
2 jump starts Cordova in the spring and they were all
3 closed. So, when it was requested -- the economic
4 development division, where are the people to come and
5 help us with this right now, we don't have a number of
6 staff economist here in Cordova, and so forth and so on,
7 especially that are experienced in this kind of thing,
8 still nobody's come.

9 In terms of other people problems. City Council
10 meets in this room. Three or four weeks ago a lady
11 sitting right here crying who's going to help her. Who's
12 gonna come help her in her specific native problems? Why
13 doesn't anybody care about her? Where are the counselors
14 for example? Where are the people? Does Hank Hodge in
15 DCRA in Anchorage have people? Does mental health have
16 people that run a circuit through the communities and
17 identify leadership or key people that have to keep a
18 straight head and just debrief them once and a while.

19 You know that Richard Gist (ph) made a big
20 difference in many of these communities when he came
21 through. There is still a lot of stress and tension and
22 a lot of the people problems, unfortunately, seems to
23 have been overlooked to this point.

23 MR. PARKER: I'll try to follow up on that
25 Richard Gist visit for the benefit -- how did he make a

1 difference?

2 MR. JOHANSON: We were, as a community, totally
3 immersed in the crisis response. We as a community were
4 facing what seemed to be a huge obstacle with apparently
5 nobody listening. He had -- from the outside, been
6 involved in those things before, had seen those kinds of
7 things, so he could come in, study the situation and
8 explain what was happening. And then when it was put in
9 perspective to many of these people, then it made more
10 sense. You see? You see the point? He had experience
11 in that sort of catastrophic situation. Prepared a text
12 and sent it out and many of those papers went out on the
13 ground and so on. I don't know where.....

14 MR. PARKER: ...who he was?

15 MR. JOHANSON: I don't know who's idea it was,
16 but it seemed to make a difference in many areas.

17 MR. PARKER: Who sent him out here?

18 MR. JOHANSON: I don't know who it was, but he
19 came through the State of Alaska. One of the State
20 offices.

21 UNIDENTIFIED SPEAKER: The office of Human
22 Services sent him out through DES.

23 MR. PARKER: Okay, thank you.

23 MR. JOHANSON: We found Joe Barber and his
25 group to be very helpful, too. Responsive.

1 MR. PARKER: There was some initial help from
2 the state which seems to stopped somewhere along the
3 lines, I gather.

4 MR. JOHANSON: There are certain actions in some
5 things in the early days that stick out in my mind as
6 being helpful, but he came in that regard, but still
7 nobody from economic development came. Then we get the
8 word that Exxon is not willing to fund economic damage
9 assessment programs, right?

10 MR. PARKER: Uh-huh.

11 MR. JOHANSON: But, still we have to do that
12 from day one, but then the state is saying 'well, Exxon
13 is not going to reimburse it, we are not going to advance
14 it'. That's a problem, you see, because we have to take
15 care of those studies for our community to insure that we
16 are indemnified for the longer term with good
17 information. Does that answer...?

18 MR. SUND: Mr. Chairman, I find it kind of
19 interesting that Exxon would not help fund an economic
20 assessment program unless they've made a determination
21 that there's no liability or not potential liability on
22 their behalf. Yesterday we heard a presentation from a
23 science advisor, Mr. Mackey, that they are undertaking
23 scientific programs in the Sound from water quality to
25 pink salmon. And their primary purpose for doing those

1 studies was to prepare for litigation and to prepare the
2 data base for the litigation they anticipate to be
3 involved in. And, if it wasn't basically for that
4 litigation they wouldn't be undertaking those studies.
5 So, there's probably a link here somewhere and that's why
6 I was getting to the statutory basis. And, I think it
7 came in the discussions in Valdez with the Amocco people
8 that -- in that judgment there, that lawsuit that came
9 out of Amocco, the judge said there was no liability for
10 damages to communities. And so there's some legal
11 precedent there that I would guess that all the Exxon
12 people bring all the lawyers to the table with them. So,
13 I know they've been thinking about this. That they have
14 made a determination that there is no -- or small chance
15 of liability. And, it gets back to my question, where do
16 you see in the statutory law any impediments to get into
17 the type of relief you are asking. It may be that
18 there's no liability. That there may be a statutory
19 prohibition on liability by third party people here. And
20 that may be why you are not seeing any help. And, that
21 gets back to why the state isn't springing loose some of
22 this 35 million, because maybe the AGs made the
23 determination there's no ability to recover it. And, so
23 I just want to go -- it's kind of a full circle argument,
25 but on of our purposes here is to propose legislation,

1 both state and federal, to solve some of these problems
2 and maybe part of that is that we may have to create a
3 liability for damage recovery by affected communities if
4 it doesn't exist already. So, we skid out of this loop
5 that we are in.

6 So, if your Mayors would take that upon
7 themselves to just take a look at that and give us some
8 advice it would help.

9 MR. PARKER: Tim?

10 MR. WALLIS: Who have you dealt with in the
11 State Disaster Office?

12 MR. JOHANSON: Joe Barber.

13 MR. WALLIS: Joe Barber?

14 MR. JOHANSON: Emergency Services. He was very
15 action oriented and cooperative when he was here. And
16 there are other people, too, but that's the one name that
17 comes to mind.

18 MR. PARKER: Any other questions? Thank you,
19 Mayor.

20 MR. JOHANSON: Chairman Parker, thank you.
21 And, Committee thank you for coming.

22 MS. WUNNICKE: Thanks for having us.

23 MR. PARKER: Is there anyone else, Connie, from
23 the.....

25 MS. TAYLOR: Yes, I would like to introduce

1 John McMullen. He's the representative of the committee
2 of the Aquaculture (ph) Corporation of Prince William
3 Sound.

4 MR. PARKER: Okay. Let me say, Mr. McMullen,
5 one of the things that's been a big surprise to me in
6 this is being reacquainted with the scope of what you've
7 had underway down here the last few years.

8 MR. MCMULLEN: It's a very positive community
9 in accepting the role of aquaculture and it is a pleasure
10 to join the group and be a part of it.

11 My name is John McMullen, as stated, I am a
12 representative on the committee and represent Prince
13 William Sound Aquaculture Corporation, which I will refer
14 to as PSWAC as everyone else does around here.

15 (* On this map I just handed out, you can find five
16 salmon hatcheries scattered around Prince William Sound.
17 The one up at Valdez is owned by Valdez Fisheries
18 Development Association. Going counterclockwise, you
19 come to the Cannery Creek Hatchery, which is one of our
20 hatcheries. And the next one over is Esther Hatchery,
21 which is a PSWAC hatchery. And then down to Main Bay
22 Hatchery, which is Alaska Department of Fish and Game
23 Sockeye Salmon Hatchery. And then down to the hatchery
23 which we will be talking most about today, and that is
25 the PSWAC hatchery at Port San Juan.

1 I have drawn some arrows in the center of the map
2 indicating the general direction of oil spill and the
3 flow of oil carried by prevailing currents in the Sound.
4 The direction of the spill was away from the Valdez
5 Hatchery, the Cannery Creek Hatchery and although we
6 thought it was going to threaten the Esther Hatchery, the
7 oil didn't actually come inshore there. So, the only two
8 hatcheries in the Sound that actually were oiled, was
9 Main Bay, Fish and Game Hatchery there and our hatchery
10 down at Port San Juan.

11 After the Exxon Valdez grounded on March 24th our
12 organization was informed of that by Marilyn Leland of
13 the Cordova District Fishermen United, whom we shared an
14 office with at that time. There was no general strong
15 alarm and the only information we had was there was a
16 spill and there seemed to be a problem up there some
17 place. But, then as information came in the next couple
18 of days, we realized the extent of the spill and our
19 hatchery people deployed a little bit of boom we had
20 around our facilities. They deployed around our floating
21 net pans and the bays by the hatcheries. At that time
22 there were about a 675 man juvenile salmon in these five
23 hatcheries that were about ready to be put to sea. This
23 summer we expected a return of about 30 million hatchery
25 salmon, which if that will occur along with the natural

1 production, will make this by far the largest salmon year
2 in Prince William Sound ever.

3 You may have heard of the zero tolerance policy.
4 That was agreed between Fish and Game and DEC that if
5 beaches are oiled in an area, there'll be no commercial
6 fishing there and if salmon are found to be oiled in the
7 fisheries or nets are found to be oiled, the fishing will
8 be discontinued there until the fisheries are reexamined.

9 Well, the area in southwest Prince William Sound
10 vicinity of our Port San Juan hatchery was heavily hit by
11 oil, so the fishery has been closed there for the year.
12 This also caused us to change our operational plans for
13 cost recovery. We were going to recover fish for sales
14 at our Cannery Creek Hatchery and our Esther Hatchery.
15 It was a trade off and because the fishermen couldn't
16 fish in the southwest part of the Sound, we agreed to
17 conduct our entire cost recovery program at Port San Juan
18 and allow the fishermen to have the excess fish, those
19 being not needed for brood stock, at our Esther and
20 Cannery Creek Hatcheries.

21 Shortly after CDFU, Cordova District Fishermen
22 United, informed us of the oil spill, they began
23 organizing their fishermen and soon there were fishing
23 boats on the way to the hatcheries. The City of Cordova
25 and PSWAC arranged for an advance of \$200,000 to PSWAC to

1 pay for upfront expenses on painting oil booms and
2 getting them out to the hatcheries. Our procurement
3 people searched nationwide and in Norway for boom
4 material and had it flown in over a period of several
5 days. One boom is used at Port San Juan came from Norway
6 along with a factory representative who actually
7 installed it and deployed it at that site.

8 And, by March 29th there was 10,000 feet of
9 harbor boom deployed at Saw Mill Bay, and the second, and
10 two booms deployed in front of our Esther Hatchery.
11 Northeast side of Prince William Sound. We hired Spill
12 Tech, which is an oil boom consultant, to deploy these
13 booms and maintain them for us and they are still on the
14 payroll doing just that.

15 On March 30th we still needed material for three
16 more booms and during this time there was oil in and
17 around Evans (ph) Island, Saw Mill Bay and people were
18 working on cleaning that up. Exxon boats were in the
19 area as well as DEC. At that time the motor vessel
20 Bartlett in Aurora State Ferries (ph) came to the scene
21 with clean up crews who pitched in to preserve the
22 hatchery status.

23 MR. PARKER: They were over at.....

23 MR. MCMULLEN: They were down at Saw Mill Bay
25 at Port San Juan. It's a hatchery that was being

1 threatened the most.

2 On April 5th heavy oil surrounded Saw Mill Bay
3 and the Department of Environmental Conservation was on
4 the scene as they had been coordinating the clean up
5 efforts outside the bay.

6 Then we got word that the large deflection boom
7 which was needed in the entrance of the bay, was on it's
8 way by fishing boat from Cordova. This boom was the
9 first boom that was obtained by Exxon from the Navy in
10 California and sent out to us. When it arrived it didn't
11 have any anchors or cables and so it was not deployable.
12 At which time our staff ordered 3,000, let's see, I think
13 it was 4 or 6 3,000 pound anchors out of Seattle with all
14 the cable and shaft and everything and had it brought up
15 by charter jet. Alaska Airlines brought it up and the
16 fishing boats brought it to Fort San Juan, which time the
17 Coast Guard Cutter Ironwood set the anchors and deployed
18 the boom. Along with the fishing vessel Mel, which since
19 that time has done a very good job. Coast Guard Cutter
20 Ironwood was to be commended. It just did a marvelous
21 job for us out there.

22 About this time our President, Bruce Susimotto
23 (ph) went over to Valdez to speak with Exxon people about
23 some advance money for oil related expenses. Senators
25 Crutool and Semansky (ph) accompanied him and at that

1 time one of the managers over there pledged \$1 million to
2 be placed into our account. Since then that pot has
3 grown as we bill them for the added expense that we
4 accrue.

5 The oil reflection boom, the first part of it,
6 that I have already talked about, was deployed on April
7 9, which was 15 days after the days the spill. During
8 that time the National Marine of Fish and Service,
9 University of Alaska, were performing biological surveys
10 in Prince William Sound and MFS was doing water quality
11 studies at Saw Mill Bay to determine if the water was
12 safe to release salmon into. U of A was doing studies to
13 determine if we were going to have an adequate
14 (inaudible) in boom also for help release strategies.

15 On April 12th 3100 feet of oil deflection boom
16 was put in place by the bookie tender Ironwood and that
17 set the outer deflection boom at Saw Mill Bay which is
18 the first line of defense for us and it served as that
19 since.

20 The following day the Nordam boom arrived from
21 Norway and became our second line of defense at Port San
22 Juan and it is still in place there being tended. Since
23 that date, the boom systems at both of our affected
23 hatcheries remain in place, our consultants remain on our
25 payroll, and Exxon boats, and our chartered boats are

1 still working the area picking up pop wheat and cleaning
2 the oil spills which come through the booms and into Saw
3 Mill Bay. We've got to keep this area clean because if
4 it does get soiled, it's very -- it could be likely that
5 the sale of 6 million pink salmon for cost recovery this
6 spring could be discontinued and they'd just die unused
7 in the Bay.

8 Lately I have been working with the Interagency
9 Shoreline Clean Up Committee which advises the Coast
10 Guard and Exxon as to which beaches should be cleaned by
11 priority and the schedule of timing for that cleaning.
12 We've been able to input our recommendations which are
13 intended to protect the hatcheries at a time when our
14 fish will be arriving, when fish sales will be taking
15 place, or when our brood stock will be collecting. We've
16 asked for susation of all activities in the areas of our
17 hatcheries between the dates of July 15th and September
18 7. Their window was originally substantially narrower
19 than that and I believe they have responded to that. The
20 indication is they have. I don't have that in writing,
21 but the latest meeting when I was over to Valdez Monday,
22 we were talking about that wider window of protection for
23 the hatcheries, which I find satisfying. Also, Exxon is
23 going to put in some added boom at Fort San Juan to
25 protect the hatchery when they are actually beach clean-

1 ing an island, just outside the Bay, and they think that
2 there's a very high chance that oil could move in towards
3 Port San Juan at that time. So, we are getting some
4 extra protection now, we are being listened to and as far
5 as our recommendations on beach cleaning, I think we have
6 a lot better communications going than we had earlier in
7 the year.

8 So that's about our status right at this time.

9 MR. PARKER: Okay. The Interagency Shoreline
10 Cleaning Committee. Is that the one that meets on
11 Wednesday or Friday?

12 MR. MCMULLEN: Monday, Wednesday and Fridays.

13 MR. PARKER: Monday, Wednesday and Friday. Is
14 that in Valdez always?

15 MR. MCMULLEN: Always in Valdez.

16 MR. PARKER: Who is chairing that now?

17 MR. MCMULLEN: Joyce Christoffersen.

18 MR. SUND: Mr. Chairman, I just have a question
19 on the cost recovery issue. When you first mentioned it
20 I had the first question of how do you keep your cost
21 recovery fish from being oiled, and I assume you are
22 trying to do that through adequate booming. Any
23 discussions taking that you -- you are going to have to
23 harvest and do something else with them. You can't let
25 them all die in the Bay. Maybe you can. I'm not sure I

1 want to be around when they expire.

2 MR. MCMULLEN: We have been very vocal in our
3 dealings with Exxon about maintaining those boom systems
4 in place. Earlier they did want to take the Navy boom
5 away. The outer deflection boom, which is really a boom
6 doing most of the work there. And they brought down some
7 consultants, they, Exxon, to look at our situation. We
8 flew over to Fort San Juan with them and their
9 consultants recommended leaving the booms in. Now we
10 are going to fortify them instead of remove them. So,
11 that's working good.

12 MR. SUND: So, what's the downside -- if you
13 can't get those fish to the market in adequate quality,
14 Exxon will pick up the difference.

15 MR. MCMULLEN: That's what they'll be asked to
16 do. Presently, of course, there are class action suits
17 in progress. PSWAC is attempting to negotiate -- has
18 chosen to negotiate it's claims with Exxon and that is in
19 progress.

20 MR. SUND: Well, but you've made an agreement
21 with the fishermen to let them fish on your cost recovery
22 fish at Cannery Creek and Esther. So, I mean you're
23 trading off. You kind of left the hatchery hanging here.
23 The corporation anyway in the sense that you've put all
25 your eggs in the Port San Juan basket. Right now is

1 there an agreement with Exxon that if that strategy does
2 not come through because of the Port San Juan fish become
3 contaminated, that they are going to pick up the value of
4 those Port San Juan fish?

5 MR. MCMULLEN: Those thoughts are written into
6 the terms of the draft of the agreement to be negotiated.

7 MR. SUND: Exxon hasn't agreed to that, I take
8 it?

9 MR. MCMULLEN: No, they haven't agreed to that.
10 We have been able to keep.....

11 MR. SUND: It's not a step you have to get
12 through. Because if the fish come out and they are clean
13 you are able to harvest them, process them and market
14 them. And then you don't have to go through this next
15 step. But, if it doesn't work out, you've left the
16 corporation hanging in a pretty big hole, there, because
17 these other fish, I assume, are all going to be captured
18 about the same time. And they are going to go into the
19 wild marked.

20 Thank you, Mr. Chairman.

21 MR. PARKER: Anyone else?

22 MS. WUNNICKE: Thank you very much for coming.

23 MR. MCMULLEN: Thank you.

23 MR. PARKER: Good luck.

25 MR. SUND: Congratulations for making it to the

1 private sector.

2 John and I used work together and we had a lot of
3 dealings when we were putting these non-profits together,
4 he was on the other side of the table most of the time
5 when I was representing the Southern regions.

6 MR. PARKER: Connie?

7 MS. TAYLOR: Next, I'd like to introduce Ken
8 Roemhildt. He's the processor representative on our
9 committee.

10 MR. ROEMHILDT: I've just got a couple of quick
11 comments that I didn't deal with this morning. One of
12 the things that we have been working with, excuse me,....
13 Ken Roemhildt, I work for North Pacific Processors and
14 I'm on the Oil Spill Response Committee.

15 One of the things that the community has been
16 dealing with since very shortly after the oil spill
17 started was the labor problem. We discussed a little
18 portion of that this morning. But, I would like to
19 discuss some things that are happening -- have happened
20 later on. Another example of Exxon saying "well, that
21 doesn't fit into our plans right now, folks, we're sorry
22 about that". My cannery in particular, we had about 40
23 or 50 people working at the time of the spill and
23 obviously Exxon and VECO came in paying very high wages
25 and that's what resulted in that 50 or 75 of our crew

1 that normally comes to work for us not coming to work.

2 However, the people that did stay and work for us
3 felt they were doing the honorable thing. We had taken
4 care of them in the past and they felt it was right to
5 stay at our plant and continue working for us. Starting
6 a month or month and a half ago, people who had not
7 chosen to do that were walking back into town with checks
8 that were equal to maybe a season's wages for the average
9 cannery worker. So, we've got a problem. We've got
10 discontent in our crew and in a lot of other areas in
11 town they are feeling that they did the right and
12 honorable thing staying with us, but now they are trying
13 to figure out how they are going to make ends meet in a
14 competitive situation where everything is doubled. We
15 start at \$6.00 an hour. VECO started at \$16.69. Kind of
16 a tough situation there.

17 So, everything that seems to be happening, even
18 though there are some honest attempts to make things
19 better, seems to be working against the people who didn't
20 quit their jobs and go out and work on the oil spill.

21 Now we've had a lot of problems with finding
22 enough bodies just to do our work, but we also have a
23 serious problem in what happens a little further down the
23 line with crews that are no longer happy with their
25 current job because it appears to them that they did

1 right and ended up paying a very big price for that.

2 Exxon is talking about helping by bringing in
3 crews. Paying airfare. We talked a little bit about
4 that with Mr. Cambronera (ph) this morning. That's going
5 to make the problem worse. The rest of the people had to
6 pay their own way back into town and out again this
7 winter if they want to go on vacation. They are talking
8 about reversing bunkhouse charges for people who stay.
9 That's fine for those people. But, again, it makes the
10 local people, or the people that have stuck with us, look
11 like everybody's taking care of the other person and not
12 taking care of them.

13 We have another major problem, normally the type
14 of people that I can anticipate that are going to come in
15 are going to be the normal type of crews that you hire
16 that work a couple of three weeks then part of them
17 wonder off. We have set things up so that we're not in a
18 position to retrain people in the middle of the season.
19 We spend an awful lot of time making sure the people we
20 hire want to stay the season, will stay the season. As a
21 matter of fact, the last couple of years we've had less
22 than 5% of our crew quit during the season. So, we are
23 no longer -- well, we no longer have that item in mind
23 and no longer are we really capable of doing that,
25 because we've lost enough people already that we are

1 going to be training... We've got a certain slot
2 allowed in our work schedule to train people as the
3 season starts. But beyond that we are going to have a
4 real problem with that. It seems like pretty basically
5 everything we are doing is costing us more money. And,
6 unfortunately a lot of that stuff is going to be very
7 hard to document in dollars and cents. At least with any
8 sort of a reasonable cost to us as far as documentation
9 goes. There are just so many things pretty near
10 everywhere we turn something is costing us more. From
11 tenders to crew, you know, what we have to do to house
12 more people, feed more people, all of those things are
13 certainly out of the area of the normal operation.

14 That's basically all I have at this time.

15 MR. PARKER: Have you in any of your dealings
16 with either Exxon or VECO got any indication as to why
17 they chose to almost tripe the going wage rate?

18 MR. ROEMHILDT: No, I haven't got any answer to
19 that question, nor have I gotten any sort of straight
20 answer as to how we solve our problem when it comes to
21 competing with those wages. I do not feel it's fair to
22 expect people to stay in my plant to do what's right by
23 me and Cordova's community and Cordova's fishermen, and
23 yet earn half to one-third of what the people who took
25 off right away and worked on the spill. You know, how do

1 you answer that question?

2 UNIDENTIFIED SPEAKER: The reason I was given as
3 to why the \$16.69 as a wage rate, I was told by
4 D.J.(inaudible) the Exxon liaison in Cordova, that that
5 wage was negotiated at the time of the construction of
6 the pipeline. And it was in the contract, clean up
7 workers, that that would be the wage pay.

8 MR. ROEMHILDT: That's fine. It doesn't help me
9 at all.

10 MR. PARKER: That's very strange. Because the
11 industry has not been particularly noted for -- in recent
12 years.....

13 MR. SUND: Those agreements -- Mr. Chairman, I
14 guess maybe I ramble a little bit, you know, it almost
15 seems the paradox of all this, you are probably better
16 off not processing this year and taking your last three
17 year average profits and claiming Exxon. That's the
18 simple way out of it. It doesn't help anybody, but -- is
19 any discussion talked about letting you just match the
20 \$16.69 and take your average wage differential for the
21 last year and Exxon picking up the difference?

22 MR. ROEMHILDT: Are you going to talk about,
23 Connie? Okay, yeah. We've got a lot of stuff.....

23 MR. SUND: I mean that's a simple way out.
25 That's a fair way out. They can just pay that for every-

1 body in town for a while and then everybody gets the same
2 amount of money. I don't see it happening, but.....

3 MR. ROEMHILDT: We have suggested that. Going
4 back to you earlier comment. North Pacific Processors
5 sells label product. We don't' sell to private label.
6 And so we are not in a position to say that we can lose a
7 season's pack. Because once that shelf space is gone, it
8 costs lots of money to get it back.

9 MR. SUND: Yeah, I understand.

10 MS. WUNNICKE: That was free legal advice.

11 MR. SUND: It's worth what you paid for it.

12 MR. ROEMHILDT: There are very practical matters
13 to what we decide to do. We have talked long and hard
14 about a proposal to pay bonuses to people who stayed on a
15 monthly basis. We've talked about proposals to raise the
16 wage to this level and then subtract some of the benefits
17 the people get in town. None of those got anywhere at
18 all.

19 MR. SUND: Your problem in the fish business is
20 that you are competing in a world market. You are
21 competing against my plant and on the scale we are a much
22 smaller plant than you are. But, you are competing
23 against Bristol Bay and the Aleutian Islands and all of
23 Southeast Alaska who do not have these problems and who
25 have different -- you know, we have a \$6.00/hr. starting

1 wage rate. Your wages go up \$2 or \$3 an hour, you're not
2 gonna pass it on. There's nobody to pass that onto. You
3 have to eat it. I'm not going to get into legal theories
4 of claims, but you've been around long enough that your
5 records and accounting should show what your average wage
6 rate per pound or per case of product produced is and
7 give you some basis for trying to figure out what
8 happened to you this year. But, it doesn't make up for
9 the inefficiencies of training new crew and stuff.

10 MR. ROEMHILDT: It also doesn't guarantee that
11 they are going to honor the claim either.

12 MR. SUND: Oh, I'm sure their not. I mean, you
13 didn't bring your lawyer to the table with you. I mean,
14 that's one advantage of being in Cordova. I haven't seen
15 one person testify with their lawyer at their side yet.
16 Yesterday in Valdez, I think the Coast Guard was the only
17 one who didn't bring their lawyer with them and they had
18 two Captains with them. So, anyway, thank you very much
19 for your comments. Sorry, I don't have a solution.

20 MR. ROEMHILDT: Thank you.

21 MR. PARKER: Thank you.

22 MS. TAYLOR: I am Connie Taylor and I am Chair
23 of the Cordova Oil Spill Disaster Response Committee and
23 we would like to thank you for serving on the Alaska Oil
25 Spill Commission and for coming to Cordova and hearing

1 our story.

2 First I would like to tell you a little bit about
3 our committee. The City of Cordova set up a committee
4 almost immediately after the spill of representative
5 groups in the community. Processors, fishermen, the
6 Aquaculture (ph) Corporation, the business community and
7 we are just recently, with an ordinance change, adding a
8 person from the native community and a member at large to
9 serve on the committee. The committee serves as an
10 advisory body to the City Council and we initially met
11 daily for at least two hours. We have now dropped down
12 to two days a week, about 2 hours a meeting.

13 So, we can hear concerns of the community and
14 give people a place to come when they do have a concern.
15 We've had people come to us with concerns about hiring
16 practices, about boat rotation, about boat cleaning, the
17 pop weed problem in the Sound. A number of those kinds
18 of issues. Child care's been another issue we've heard a
19 lot about. So people have had a place to come and
20 express their concerns in the community and hopefully get
21 some response. Not always the response they wanted, but
22 at least they've felt they have a place to come and talk
23 about their concerns. And, they feel like that's one of
23 the things that's been beneficial in the community.
25 They've had some place to go where there was someone to

1 listen to them.

2 The committee has just recently established some
3 formal goals and they were approved by the Council at its
4 last meeting. I would like -- you were given a copy of
5 the goals by me this morning and I would like to go over
6 a few of them with you in terms of some of the things I
7 feel the committee served its important purpose.

8 The first goal we have is the healing process in
9 Cordova and restore Cordova's moral. And a related goal
10 to that is maintaining the contract to publish the
11 Cordova Fact Sheet and maintain a public information
12 center and recovery efforts. One of the things that was
13 immediately a problem in Cordova was a lack of
14 information and a lack of accurate information. We've
15 been publishing a Fact Sheet on an almost daily basis.
16 It is distributed by bulk mail to every post office box
17 holder in the town. So, people do have copies of the
18 fishing reports that are coming out, stories about
19 meetings in town. They have some piece of information so
20 they can make some decisions for themselves. Have an
21 understanding of the things that are affecting their
22 lives so broadly.

23 Another goal is to help insure the restoration of
23 the Sound and work with the industry and government to
25 lessen the risk of future oil spills. And to provide for

1 a workable response in the event that another spill
2 occurs. I think that's another important goal in terms
3 of people's perception of their futures. Of course,
4 that's one of the things that everybody feels is at risk.
5 What's going to happen next year? Is my son going to be
6 able to fish? How's life going to be for me in the
7 future? And giving people the opportunity to participate
8 in the planning for things that would prevent a future
9 oil spill or in the event one does occur, have a better
10 response in terms of the clean up and in terms of how
11 things take place in town. It gives people another
12 opportunity to maintain their mental stability in the
13 situation.

14 Another goal we have is to prioritize, coordinate
15 planning into work to obtain funding for community
16 improvements to strengthen Cordova's economy and lessen
17 the risk of economic damage for future oil spills.
18 Cordova's sort of a one horse town. We are all fishermen
19 here, or we directly relate to the fishing industry in
20 some way. And Exxon has recognized this as a unit
21 community and they are considering all businesses as
22 primary claimants. And I think that just underlines how
23 a unique community we are. But, I think that's a
23 dangerous situation when you think of future oil spills
25 as something that affects the fishing industry in the

1 future. And one of the things that we are all looking at
2 here is to expand our economic base so that we have
3 something else going on during the year that we aren't
4 wholly dependent upon a fishing industry.

5 So that's essentially what the committee has been
6 working on and I'm also President of the Cordova Chamber
7 of Commerce and I have a few remarks to make to you as
8 President of the Chamber of Commerce as well.

9 The Chamber's function, of course, in a community
10 is to work to support the businesses in the community and
11 that's one of the things the Chamber first undertook to
12 do. Was to help provide some guidelines, what kind of
13 information the businesses need to have together in terms
14 of filing claims. We started contacting Exxon and
15 negotiating with them as far as recognized Cordova
16 businesses were unique. Of course, the initial reaction
17 of Exxon was Cordova's not even near the spill -- we
18 don't even recognize Cordova at all. I think everybody
19 say the ad that was run nation wide that apologized to
20 Valdez and the rest of Alaska in that -- they printed
21 that in Cordova's paper -- they changed the words,
22 but.... At any rate, that's one of the things we first
23 started. And the way we worked with Exxon is we had some
23 officials come here, we took them around to different
25 businesses and they actually met privately with the busi-

1 iness owner, looked at the business owners books and got
2 a true feeling of our important fishing is to every
3 business here. And that was people like the medical
4 clinic, laundromats -- businesses that you wouldn't
5 ordinarily thing would be affected by an oil spill, and
6 yet were able to show that they were dramatically
7 affected.

8 And as a result of that Exxon did recognize the
9 business as primary claimants. That's been very
10 important for the businesses here. I believe some 19
11 business claims have been settled. Initially the plan
12 was to provide an immediate 25% advance against future
13 settlements, but the settlements actually had been
14 processed for the most parts so quickly that business had
15 been able to accept a full settlement and keep going.

16 They initially set up a two month period, March
17 and April for claims and they have now extended that and
18 they are dealing with claims from March, April, May and
19 June. And one of the interesting things that they have
20 agreed to do is that if a business doesn't file it's
21 claim till the end of the year and overall the year was
22 equal to their prior years, but they had the lost during
23 March and April, you'll still be able to collect the lost
23 for those two months, even though overall the year was as
25 well as expected. I think Exxon has reasonably fair in

1 terms of dealing with the business community here once
2 they recognized the effect the oil spill had upon us.

3 MR. PARKER: (inaudible)many communities.
4 Very strong complaints of slow pay to vendors. Did that
5 every occur here? Did you ever go through that kind of
6 period here?

7 MS. TAYLOR: We have gone through that kind of
8 period here and that is one of the things that is a
9 concern and needs to be looked at in terms of future
10 spills. I think it's understandable when you look at
11 what happened. Why they were slow on paying. But that
12 still created a significant cash crunch to those local
13 businesses.

14 MR. SUND: Connie, could you have a comment on
15 why the each individual business is being treated as a
16 direct party claimant or a direct injured party and Exxon
17 chose not to deal with the City? Why the distinction?

18 MS. TAYLOR: I don't know anything for a fact
19 from anyone. The only guess I could make is that there
20 might be an assumption that if the fishermen are taking
21 care of and are made "whole" and the business community
22 is made whole, that perhaps there wouldn't be any lost to
23 the City.

23 MR. SUND: The City could exerts it's tax in
25 jurisdiction over those people and recoup any extra money

1 it had to expend?

2 MR. TAYLOR: As I understand it, it is being
3 reimbursed for additional expenses relating specifically
4 to the spill. It seems all the communities are being
5 reimbursed for additional police forces, any boom
6 materials they've spent.

7 I agree that the City's not been recognized to
8 the degree that they want to be recognized in terms of
9 assurance of being compensated for any losses.

10 MR. SUND: Well, I think business communities
11 should be directly concerned about that because I'm sure
12 the city has to balance it's books at some point and the
13 ultimate solvency of the city is it's taxing
14 jurisdiction, which will come back on top of the property
15 tax owners, which is ultimately not fair, because not
16 everybody here individually benefited from the spill in
17 terms of high wages being paid on the spill, or being
18 compensated for losses in their business. And, yet
19 everybody would be required to pay equally through a tax
20 to reimburse the community for it's losses. So, I think
21 it's very important that the third party, the cause of
22 the injury here, Exxon, have to pay the individual claims
23 whether they are city or personal or business related or
23 there's going to be some very unhappy people around
25 Cordova.

1 MS. TAYLOR: I don't mean to imply that the
2 business community isn't concerned about it. At least,
3 my perspective is that the issue is still under
4 negotiation and isn't resolved. But, I think it's very
5 important that the city be compensated for any losses it
6 does experience. And in terms of the future, I think it
7 needs assurance that it will continue to be compensated
8 if losses occur in future years.

9 MR. SUND: Thank you, Mr. Chairman.

10 MS. TAYLOR: A number of items still concern the
11 local businesses and of course, as well as the City, are
12 concerned about future years. What happens if there are
13 no salmon next year or the year after? The herring runs,
14 the salmon runs, of course, your -- it's something that
15 is affected for years in the future and no way to predict
16 until the year occurs. And right now, other than general
17 statements, there's no firm policy that yes we will be
18 here next year if there are no salmon runs. That's one
19 concern.

20 Some other concerns of the businesses are
21 businesses that had bank loans canceled as a result of
22 the spill or lost an opportunity to sell their business.
23 We had two businesses that I am particularly aware of
23 here in Cordova, the owners are close to retirement and
25 were hoping to sell out this year or next year. And, the

1 value of their business is now questioned. So, there are
2 some concern in those areas that the Chamber is still
3 negotiating with Exxon.

4 Another concern is the businesses that may have
5 lost contract. For example, a builder may have had a
6 house contract canceled. Those things are still
7 unsettled, still in negotiation, but still unsettled.
8 And, it creates specific areas of concern for the
9 business when they are affected.

10 MR. PARKER: (inaudible)...some people are
11 having problems getting loans because the banks feel the
12 economy here isn't justified?

13 MS. TAYLOR: The one loan that I've heard quite
14 a bit of talk about publicly, is for the tank farm for
15 the oil supplier. He evidently had some tanks brought in
16 and had a loan to install the tanks and my understanding
17 his loan was canceled after the spill. That's the only
18 specific event that I know of that is public information,
19 but there may be others.

20 MR. PARKER: Okay.

21 MS. TAYLOR: Some of the things I think there's
22 not an answer to yet, but I think there are things that
23 you as a Commission should look at in the future in terms
23 of how to relate to a future spill. Some of the things
25 that were done initially to attempt to mitigate the dam-

1 ages on a community, and yet seem to have caused a whole
2 series of other damages. And, you heard Mr. Roemhildt
3 speak as to some of those.

4 One of the reasons they came in, as I understand
5 it, and hired local help, paid high wages, was the theory
6 that if the workers were making lots of money, the money
7 would filter through the economy and everybody would be
8 well again. Instead it has created total disruption. As
9 Ken said, there's people in his plant didn't go and make
10 the big wages and then there's some people who are now
11 coming back with lots of money. So, it's created a major
12 distortion in terms of who has money and who didn't have
13 money. And, who stayed and who went. There's friction
14 entirely through the community. I believe the intent was
15 good in that they wanted to make everybody well by
16 getting the money distributed through the economy. But,
17 somehow it seems to have backfired and I think that's
18 something that needs to be looked at in retrospect when
19 we're a little further from the issue. Right now it's a
20 hot enough issue, it's hard to get a perspective.
21 Sometimes I think, right now, we are too close to the
22 forest to see what's really going on it. But, that's one
23 of the things that's been a problem.

23 Local purchasing is another thing that sounded
25 good initially. Great. So, we don't have any herring

1 season, the businesses are not making the sales they
2 normally anticipate making, so VECO came in and started
3 buying from all the businesses. So, instead, for
4 example, buying rain gear from the manufacturer, they
5 bought from five or six or a dozen local businesses
6 throughout the community. When you magnify that over all
7 the items that are being purchased for the spill, all of
8 a sudden you have a huge paperwork backlog and they can't
9 get the checks out on time. And, then we had, as you
10 said, vendors weren't paid on a regular basis as expected
11 and there's a cash crunch.

12 Another result of that is when the local
13 fishermen come in now and want to buy gear in town, all
14 of a sudden there's nothing in town for their nets,
15 raincoats are gone. It's all been purchased by VECO and
16 there's no merchandise available for local folks.
17 Another area of contention. Another issue that relates
18 to that as far as Exxon is concerned, is if they had gone
19 straight to the manufacturer and bought 12,000 raincoats,
20 they would have got them at a much better price, than if
21 they bought them here locally and paid sales tax on them.

22 And I don't know which is the right way to go or
23 which is the better way to go. And, I don't think those
23 answers are available, yet. And, I think it's the kind
25 of thing that needs to be studied. So, then if future

1 spills, hopefully it don't ever happen, or any disaster
2 essentially, what's the right thing to do? Come in and
3 pay high wages? Or should you match the existing wages
4 in a town and not disrupt things? Should you buy from
5 local merchants or should you go straight to the
6 manufacturer? And, I think those are areas that just
7 need a lot more further exploration so that hopefully
8 when.....

9 MR. SUND: It's hard to have a disaster and not
10 disrupt anything.

11 MS. TAYLOR: That's true. But, the question is
12 how to create the least additional disruption. And, in
13 terms of Cordova I think some of the things that have
14 happened that have created a great deal of additional
15 disruption and -- disruption is going to continue into
16 the future. We essentially have, let's say, one family
17 where they all went out and worked on the spill, they've
18 got lots more funds than the family, as Ken says, stayed
19 and did their duty to the job they had. On one side the
20 kids will go to college, on the other side maybe they
21 won't. I mean, who knows where the total ramifications
22 of some of these things are? But, on a long term basis,
23 I think they are worth looking at.

24 I don't understand a lot about it, but I do
25 gather that there are standard disaster policies that are

1 followed. And, the particular one that we were most
2 involved with here, as far as having the businesses
3 recognized as primary claimants, is that evidently they
4 take the group of people that is most affected, in this
5 case the fishermen, call them primary claimants, and then
6 take those who are suppliers to the fishermen, call them
7 secondary claimants, and then everybody else is sort of
8 out there in the world and not recognized. And, that
9 seems to be a standard disaster policy. And, there may
10 be some other things that could be added to a standard
11 disaster policy that are not so disruptive and I think
12 it's the kind of thing we need a group such as yourselves
13 to brainstorm on in the end when this is over in terms of
14 maybe developing some "standard policies" for Alaska that
15 don't destroy the communities.

16 I have.....

17 MR. SUND: I have a question on that. Do you
18 know of anybody in the community that wanted to go work
19 on the spill that didn't get hired?

20 MS. TAYLOR: I.....

21 MR. SUND: I mean from the beginning. I mean...

22 MS. TAYLOR: There's been a lot of
23 (inaudible)...

23 MR. SUND: I mean, this -- there's a lot of
25 people now maybe looking retro, saying 'maybe I made a

1 bad decision'. But, I mean, in the beginning was there a
2 lot of choices. They hired this person and not that
3 person?

4 MS. TAYLOR: In the beginning, of course, there
5 was total havoc. It certainly seems apparent that some
6 people went because they were a friend of so and so. Or
7 this person got hired because he knew the right name to
8 call. And, things went on that weren't fair and I think
9 that, even if the intent was good, when you have hundreds
10 of people being hired overnight inequities occur. I
11 don't know how to address that other than I think it's
12 one of the things that happens in the world. I think the
13 intent was not to have it happen, but I think it
14 definitely did happen. There are people that wanted to
15 go out and didn't go out. Other people went out and
16 didn't like it when they got there. The only fair way
17 you could have done it was put everyone in a hat and pull
18 their name.

19 MR. SUND: Well, that might be one of the
20 things you have to put in some type of planning process
21 if you are going to do a local hire type issue. Or have
22 some in your contingency plan of how people are selected.
23 Fair is only in the perception of the mind of whatever is
23 done is fair.

25 MS. TAYLOR: That's right.

1 MR. SUND: Lotteries are not fair. There's a
2 lot of losers in the lotteries. People accept the
3 circumstance.

4 MS. TAYLOR: Right. Well, at least everybody
5 in a lottery type situation, everybody would feel that
6 they had an equal chance of having their name pulled.

7 MR. SUND: I guess, Mr. Chairman, what I am
8 getting at and why I keep bring this up, is if it wasn't
9 Exxon, if it was a bankrupt carrier out there, you know,
10 that was not financially responsible, and either the
11 State or local government had to step in and do this, I
12 think there's a lot of squawking about how a private
13 person hired, but people kind of say, 'well, they are
14 private and they can choose'. But, if that had been the
15 state government out there hiring, and they took you and
16 not me, there would be a lot more screaming about. So,
17 therefore, I think some type of methodology of how you
18 select people or how you select volunteers or how you get
19 in there has to be laid out ahead of time to deal with
20 that.

21 MR. PARKER: In this situation there are not
22 winners. Even those who may have large bank accounts at
23 the moment. So.

23 MS. TAYLOR: That's correct. I think in some
25 ways there are no winners in this solution.

1 MR. SUND: Someone tried to tell me once that
2 rich people are very unhappy. I've always wanted to try
3 it out.

4 MS. TAYLOR: Don't believe it.

5 MR. PARKER: Yes?

6 MS. TAYLOR: I have one more thing I would like
7 to add on it. Sort of personal level. One of my views
8 as far as healing the communities, I think people need to
9 be able to make their own decisions. And, a lot of the
10 things we hear going on right now, or at least I seem to
11 hear alot, is let's have Exxon make this decision for us
12 or let's have the state make this decision for us. And,
13 I think that kind of thing is detrimental to the mental
14 health of the people in the community here. I think
15 people in Cordova need to have the information, accurate
16 information, and then they need to be encouraged or even
17 pushed to make decisions for themselves and then accept
18 the responsibility for those decisions. And, I think
19 that's where emotional healing will come to people,
20 through making decisions. Thank you.

21 MR. PARKER: Thank you. Anyone have any further
22 questions? Thank you, Connie.

23 MS. TAYLOR: Maybe I should just address one
23 thing that Ken brought up and that was wage subsidies.
25 And the Chamber has been making proposals to Exxon on

1 wage subsidies. Consistently their response has been 'no
2 we do not want to pay wage subsidies'. Some of the
3 things that they talk about in relationship to that are,
4 of course, if they pay wage subsidies in Cordova, Valdez
5 is going to want wage subsidies. Pretty soon Anchorage
6 is going to want wage subsidies. And I think they are
7 afraid of inflating the whole wage structure throughout
8 the state. And, while that's happening to some degree
9 it's not beginning to happen to the degree that if they
10 brought everybody in Cordova up to \$16.69, it would
11 happen. Another problem with wage subsidies, if you
12 brought everybody up to \$16.69 there are already people
13 who would normally be making more than that. So,
14 essentially you would have to bring everybody up
15 proportionately if you aren't going to distort the
16 overall economy even further. If you have a supervisor
17 already making \$17.00 an hour for supervising a crew at
18 \$10.00 an hour people and you bring them up to the other
19 level you are going to have to move the supervisor up,
20 too.

21 MR. WENK: Mr. Chairman, time for one quickie?

22 MR. PARKER: Alright.

23 MR. WENK: Coming to the point you made at the
23 very end about not just a healing process being
25 facilitated by citizen participation, but the wisdom be-

1 ing shared. The wisdom isn't concentrated only in the
2 expert. My question. We heard about some gungho new
3 contingency planning by Alyeska with a very intense
4 schedule of drafting and completion and, I think, with
5 dates set by the state itself. Am I right? By August
6 1st, set by the State of Alaska?

7 Anyway, it's a rather vigorous effort being
8 mounted. And, maybe this has already been answered and I
9 missed it, as to whether or not people here are being
10 consulted? Have been consulted?

11 MS. TAYLOR: Evidently.....

12 MR. WENK: Is your organization being consulted
13 specifically?

14 MS. TAYLOR: Specifically our organization was
15 not consulted and that's one of the things that bothers
16 me.

17 MR. WENK: Okay.

18 MS. TAYLOR: They did seem to come to town and
19 meet with people informally and then somebody selected a
20 group of names and called together a group that doesn't
21 have any particular standing to meet with.

22 MR. PARKER: (inaudible) ...organization?

23 MS. TAYLOR: I believe the Response Committee
23 established by the City of Cordova would be the
25 appropriate one. Yes. And they have not been officially

1 contacted. They did come at the end of some of their --
2 after they had a meeting. And appeared at the committee.
3 They have not specifically asked the committee to
4 participate as a group in their work.

5 MR. PARKER: Any other questions?

6 Okay. Thank you, Connie.

7 MS. TAYLOR: Thank you.

8 MR. PARKER: The Prince William Sound Seiners
9 Association.

10 UNIDENTIFIED SPEAKER (INAUDIBLE)

11 MR. PARKER: We are happy to hear that.

12 MS. HAYES: Mr. Chairman, I would just like to
13 be sure that someone passes on the fact that we tried to
14 be here when they were here. And it was no fault of our
15 own about their good fortune.

16 MR. SUND: Mr. Chairman, I do want to put on the
17 record being the member from the fishing community here
18 when these schedules were set that I stress very, very
19 strongly to the body that it was very important that we
20 arrive in these communities on the off days not the on
21 days, because there's nothing more frustrating in a
22 fishing community for a body to show up and hold a
23 hearing when everybody's out fishing. Even though we
23 tried very hard, we failed. And, for that reason we will
25 try to get back again. So, for those of you who are run-

1 ning the fishing organizations, in town and not actually
2 out fishing, I appreciate.... We did have that
3 consideration in mind and we tried to work around it. It
4 won't happen again.

5 MR. PARKER: Yes.

6 MR. MCMULLEN: Mr. Chairman, John McMullen,
7 again from PSWAC, although the oil spill response plan is
8 being written or worked on now by Alyeska it's not being
9 dealt with directly through the Committee -- members of
10 the committee like myself are dealing with them to
11 develop plans for individual hatcheries. Where we will
12 have materials on site, storage buildings and plan to
13 deploy those materials should this occur again. So, we
14 are working on it as individuals.

15 MR. PARKER: Okay. Thank you.

16 MR. MCMULLEN: One other thing. I will gave
17 you a name before as Joyce Christofferson and that's
18 Sharon.

19 MR. PARKER: Sharon. Okay.

20 MR. MCMULLEN: Thank you.

21 MR. PARKER: The Chairman would note that the
22 choice was -- we were going to come before the 4th of
23 July. We simply couldn't arrive on the day we were
23 guaranteed there would be a closure. One does have to
25 admit that this is not a normal season.

1 Is Rick Steiner here?

2 MR. STEINER: Yeah.

3 MR. PARKER: Okay.

4 MR. STEINER: I know you've had a long day.

5 We'll make this as brief as we can. First of all, let me

6 add to you paperwork.

7 Thanks for coming to Cordova. My name is Rick

8 Steiner. I'm with the University of Alaska, Marine

9 Advisory Program here in Cordova. I am also a fisherman.

10 I have fished for several years and I have just this year

11 purchased a Prince William Sound seine permit package.

12 Fortunately or not, that remains to be seen. Also, as of

13 day two of the spill, I was plugged into the command

14 structure in Valdez with three other CDFU

15 representatives, Jack Lamb, Jeff Gard (ph) and David

16 Grimes. Probably a couple of other folks, too that I

17 can't remember.

18 I'd like to -- you've heard a lot about the

19 impacts of the spill. The biological impacts in the

20 Sound. The economic impacts of the communities and the

21 social and psychological impacts on the residents, so I

22 won't touch on any of that.

23 What I would like to do is two things. Look

23 ahead a little bit at some possible fixes. And, also

25 touch on, very quickly, the Prince William Sound Science

1 and Technology Institute, which I am a Board Member.

2 First of all, your commission has a lot of hard
3 work in front in it. And I really applaud you for it and
4 I'm sure that I envy you for it, either. But, in order
5 to fix the situation we have to involve the right people.
6 It reminds me of Alice in Wonderland where the March Hare
7 was going to fix the Mad Hatters watch with butter. And,
8 of course, when it didn't work he said 'it was such good
9 butter, too. I just can't understand it'. And, so we've
10 got to use the right tools and the right people to fix
11 the situation. And, I'm certainly not one of those. We
12 do have experts around the world that can be called upon.

13 But, I would like to offer some suggestions.
14 First of all the vessel traffic system needs to go
15 through a very thorough external audit. And that's done
16 not by the U.S. Coast Guard, not by DEC, not by probably
17 many of the people in this room, but by people who had
18 nothing to gain or lose by what they say. I suggest the
19 Port Directors from some of the largest ports in the
20 world, such as Rotter Dam, South Hampton, England, places
21 like this. People who know how to operate a port.

22 This external audit, this is something I would
23 really recommend the Commission recommend to the -- I
23 don't know exactly who would establish it. I'd be glad
25 to help you with it.

1 MR. PARKER: (inaudible)...transportation...
2 (inaudible)...to insure the audit was done. I wouldn't
3 let him pick the auditor, but.....

4 MR. STEINER: I agree. I agree. And
5 Secretary Skinner has been very cooperative in most of
6 this. It should include the adequacy of radar coverage,
7 navigational aides, communications, protocols, navigation
8 equipment, maintenance policies, the best equipment in
9 the world isn't worth a darn if it's not maintained and
10 kept up to date. Day/night transit restrictions, vessel
11 speed limitations and things like this.

12 The most important thing -- after the spill I
13 went -- I've been in contact with Solum Voe (ph) in
14 Scotland for about four or five years. I went over and
15 visited the terminal in Scotland and chatted with them
16 about how they do it. And the most important thing there
17 that differs from here is that they have trained,
18 certified pilots operating the ports. It's not a farm
19 kid from Iowa who's never even seen a boat before sitting
20 in front of a radar screen trying to assess the
21 difficulty of the situation or whether the boat is where
22 it's suppose to be. And that's a very easy correction to
23 be made. Train certified pilots. Right into the
23 operation of the ports.

25 There's some gadgetry that's available. Trans-

1 ponders on each vessel. There's more sophisticated radar
2 systems with automatic radar position aides that actually
3 dial in the traffic separation scheme. Sets an alarm if
4 the target vessel is outside of those things. Very, very
5 simple, it's not star wars technology that exist. And,
6 it's used in many other places.

7 Secondly, shipping standards need to be reviewed.
8 Very thoroughly by people such as the Society of Naval
9 Architects and Marine Engineers. I don't know, Ed, you
10 might even be a member, I'm not sure. But, also the
11 American Bureau of Shipping. And, you've all heard
12 probably about the substandard fleet that comes in and
13 out of here. Some percentage, we don't know how much,
14 but probably 10 to 20% of the boats that come in and out
15 of here probably shouldn't come in and out of here with
16 hazardous cargo.

17 MR. PARKER: Convenience vessels or...?

18 MR. STEINER: By and large, I believe they are
19 mostly limited to the Amarada Hess Line ships. They go -
20 - they sail to the Virgin Islands and I am not aware of
21 any others, but there might be. We need to involve the
22 tanker skippers in this sort of process. The shipping
23 standards need to go to the vessel integrity. The piping
23 and pumping systems, deck arrangements, tank cleaning and
25 just everything to make sure it's worthy of hauling haz-

1 ardous cargo out of Prince William Sound.

2 MR. PARKER: Power plants?

3 MR. STEINER: The power plants, I did forget
4 that. Thank you. That's a darn good idea. Review of
5 manning requirements. This really an essential part
6 here and that includes both pilot certification and
7 training and also the deck officers certification and
8 training. The people are usually very, very competent
9 seaman. Hazelwood was a very, very competent seaman.
10 So, it's not necessarily a training requirements, or
11 something like that, but retraining gives people a
12 consciousness that people care. And, I have talked with
13 a few tanker masters about this and they sure they would
14 be glad to go twice or once every year and drive the
15 little tanker in the lake or the simulator and... And,
16 on a serious note, he did think it probably was a very
17 good idea to retrain.

18 MR. SUND: Are you aware that the Coast Guard
19 has been the biggest objection to the retraining,
20 recertification?

21 MR. STEINER: No. Is that right?

22 MR. SUND: Yeah, because of the increased costs
23 that they see coming to the budget.

23 MR. STEINER: To the Coast Guard budget?

25 MR. SUND: Yeah.

1 MR. WENK: I don't want to take time here now,
2 but studying the problem in Puget Sound, there was a
3 report published in 1982, this was the number one
4 recommendation, was increasing qualifications and
5 requiring recertification using simulators and so on, and
6 my colleague, John Sund, here, is absolutely right. The
7 Coast Guard was the only -- we went to thirteen different
8 maritime groups to test the recommendation. The Coast
9 Guard was the only one to raise the objection. And, the
10 problem, just to elaborate, the problem is even worse
11 because they have in certification, changed the technique
12 of examining masters and mates by eliminating the
13 narratives and asking true/false questions. People who
14 understand testing realize that this degrades the quality
15 of testing. It's done to save money.

16 MR. STEINER: That's an excellent point and I
17 have heard that from another tanker skipper who said
18 'well, if a five year old could drive the tanker out of
19 Valdez then maybe a five year old could pass the test'.
20 You know....

21 MR. WENK: Well, if by guessing he got 50%.....

22 MR. STEINER: Yeah. Right. The Coast Guard
23 policy could be altered in that to an extent.

24 MR. PARKER: In 1976 we had a great deal of
25 resistance from both the pilots and the Coast Guard on

1 the original Valdez simulation and they were happy that
2 we did it afterwards. At least they said they were, but
3 I -- something needs to be done here, there's no doubt
4 about that.

5 MR. STEINER: I think we need to involve the
6 Coast Guard in these discussions and we plan to within
7 the next two weeks to set up a meeting. But,
8 specifically on the vessel traffic system, but with some
9 tanker skippers as well. That's the kind of form I think
10 we can really make some headway on.

11 Next, Contingency Planning, you've heard about
12 that. I would just like to make a comment that the
13 redone Contingency Plan, the interoperating plan right
14 now, the plan that basically BP is putting together for
15 Alyeska is by far in a way at least an order of magnitude
16 better than any in the world that I have looked at. It
17 is truly a remarkable piece of work and they have
18 involved local people around the state. They are making
19 every attempt to. They are on a very tight deadline.
20 They have to have it to the state by August 1st. So, I
21 don't think that's any fault of theirs. They are doing
22 what they can and doing an excellent job at it.

23 I think in other places of the nation, as we've
23 just learned, people probably need to throw away their
25 contingency plan as we've just done and start another

1 one. And I suggest the BP people to do it.

2 There's many things to be considered in that.
3 You've got it in your little flyer that I sent you here.
4 Liability and compensation has to be thought through
5 very, very clearly ahead of time. There's a number of
6 bills in Congress addressing those.

7 MR. SUND: Just a flash on this. This is the
8 second time the BP people have come up. I think Mark
9 mentioned working on this plan. Does British Petroleum
10 Shipping Company have a contingency plan? Exxon Shipping
11 had one. I mean, is this contingency plan that's going
12 in now fashioned after their own internal.....

13 MR. STEINER: Mark would be a much better
14 answerer of that than I would, but I think this plan is a
15 very, very new concept. By having the escort response
16 vessels along with the outbound tankers. It's never been
17 done before to my knowledge. Mark?

18 So, liability and compensation, I think we need
19 to consider the possibility of having no strict liability
20 limit. There's a bill I just heard about in Congress to
21 do just that. If there has to be a limit maybe it should
22 be considered to be \$1 billion as opposed to the current
23 \$100 million or the proposed \$500 million.

23 MR. SUND: Mr. Chairman, again if you are going
25 to be speaking with the Coast Guard, you'd talk to Admir-

1 al Kime about that. He's a strong advocate of the \$75
2 million limit on the liability.

3 MR. STEINER: \$75 million limit?

4 MR. SUND: Yes. He worked on Congress on
5 behalf of the Coast Guard the last two or three years
6 before he came here on that specific bill. So.

7 MR. STEINER: We are going to involve.....

8 MR. PARKER: (inaudible) ...I'm sorry, yeah.

9 MR. STEINER: Well, we'll track that very
10 closely, because I don't think anybody -- as the costs
11 rise on the Exxon Valdez spill I think it's going to be
12 much easier to raise that strict liability limit.

13 Also, the third party chartered vessels need to
14 be covered by it. At least at \$1 billion bond. As you
15 know, and people around the country know now, with this
16 tanker back east that can be a problem. Not so much
17 here, but it can be.

18 Public oversight. The real things I took away
19 from Solum Voe in addition to the port authority that
20 they had established, which was done in a very
21 professional manner, was their citizen's involvement.
22 From day one, I attached a little summary of how they
23 have organized itself, but it's been a joint venture
23 between local citizens, because they are elected by the
25 Shetland Island's Council (ph) and the oil industry that

1 actually operate the terminal. It's a revolutionary
2 concept in American capitalism, but the British somehow
3 live with it. What it does, it defuses a lot of conflict
4 before it happens. And, also it informs the public and
5 the public informs the oil industry that way. They have
6 a Solum Voe oil spill advisory committee advising their
7 Coast Guard, their Shetland Towing, all these different
8 components, go through their equipment and things like
9 that. It's all in there.

10 The public process in this whole thing was an
11 utter failure. And, there's enough blame to go around
12 for everybody. I think DEC deserves some, the Coast
13 Guard deserves some, EPA deserves some, Alyeska and Exxon
14 doesn't even rank up there in the highest in my opinion.
15 You know, we did a lot better with Exxon than we would
16 have done with many oil companies. Personal opinion.

17 I guess the last two things, one, real quickly,
18 sort of a broader, more global issue, and that's of a
19 national energy policy. We are not fixing anything here
20 unless we stop this increased consumption of oil. And
21 it's easy to do. We can do it. We have the technology
22 to double automobile gas mileage, increase the energy
23 efficiency of homes and office buildings, lights in
23 office buildings. It exist and all we need is a NASA
25 scale project to do it. We can do it.

1 The other thing is this issue of corporate
2 responsibility. Both to the citizens and to the
3 environment. And, we need to establish a group, I think,
4 of some, probably some legal people. I don't know who
5 they would be. Association for corporate responsibility
6 and such that actually sit down and do a systematic
7 analysis of how to motivate corporate America to be as
8 responsible as they absolutely possibly can. There are
9 very easy ways, I think, of doing it.

10 Jail terms have been talked about. I'm not
11 necessarily a fan of them. But, things like an internal
12 ombudsman appointed to the corporations. Thank you.

13 MR. PARKER: With regard to that, one of your
14 colleagues in the University, Harry Badder (ph), who
15 taught Natural Resources at the University in Fairbanks
16 has pulled together a group of environmental lawyers to
17 study just that as an independent effort having no formal
18 tie to what we are about here and you might want to get
19 in contact with Harry and discuss it.

20 MR. STEINER: It's our program that's funding
21 that. The Sea Grant Program.

22 MR. PARKER: That's right it is.

23 MR. STEINER: It's a remarkable effort and I
23 really applaud my boss for putting that together. Some
25 of the finest environmental lawyers in the country.

1 The second thing I want to talk about very
2 quickly is just that Prince William Sound Science and
3 Technology Institute does exist. There is a facility
4 that has been incorporated as Private Non-profit
5 Autonomus Research Institution. The idea has been around
6 for many years. Largely to provide logistical support,
7 bunks, boats, and labs and office space, library and
8 things like that for visiting researchers which we have
9 stream of every year here. Mainly working on the Delta
10 and in th Sound. The oil spill, of course, gave a little
11 urgency and a little bit of leverage for us to create
12 such an institute. We are looking at two lines of
13 funding right now. One is the Steven Bill which
14 establishes what he's calling an Oil Spill Recovery
15 Institute to do some hard core technology development
16 which I think we've agreed with the University of Alaska
17 and the Institute to make that a program within the
18 Prince William Sound Science and Technology Institute.
19 And, I think Stevens is bought off on that.

20 The other source of funding we are looking at --
21 and that would be \$5 million the first year, \$2 million
22 from the TAPS fund, each additional year is operating
23 money and that's much more solid than most Congressional
23 money, because the TAPS fund when it goes down, more
25 money goes comes in and it goes back up. So, it's a lot

1 more secure than the Federal budget has been.

2 The other source we are looking at is directly
3 from the oil industry. And that is either from Exxon or
4 from Alyeska owners and they've been, so far, fairly
5 receptive to us.

6 MR. PARKER: What research would you think you
7 would tend to focus on first in that program?

8 MR. STEINER: Well, certainly major component
9 of it is impact, oil spill impact assessment. And it
10 could be -- the idea is for it to form some sort of an
11 umbrella organization under which a lot of the splinter
12 groups, you know, the private consulting firms and the
13 Universities and the agencies can direct some of their
14 research through -- make it easy for them to do it. You
15 know, provide -- actually have enough money, if we had a
16 \$4 million a year operating budget, which is what we are
17 tentatively looking at, we'd have enough money to put out
18 RFP's for specific kinds of work that we think is
19 slipping through the cracks. So.

20 MR. PARKER: Okay.

21 MR. SUND: Was there any thought about working
22 on any technology on oil spill clean up? In terms of
23

23 MR. STEINER: There is, but.....

25 MR. SUND:booms or skimmers or recovery

1 type equipment.

2 MR. STEINER: You know the thing with booms
3 and skimmers, mechanical recovery, there's only so much
4 that can be done with it. And, that's why prevention
5 should be 95% of all of our efforts, I think. And
6 mechanical recovery, the boom experts and skimmer experts
7 will tell you that there's probably some things that you
8 could do technologically with them to make them more
9 efficient, but not a heck of a lot. The other two areas
10 that do deserve some work are dispersants and ignition.
11 Combustion. And,

12 MR. SUND: Mr. Chairman, I was just wondering,
13 that your answer to the Chairman your primary focus is on
14 mitigation or damage measurements and yet your real
15 thesis here is on prevention.

16 MR. STEINER: Alright.

17 MR. SUND: So, you've skipped prevention, you've
18 skipped clean up and gone to damage assessment as your
19 primary objective.

20 MR. STEINER: It's not the primary objective.
21 No. As I was trying to say before, the institute idea
22 has been around for probably six or seven years to be a
23 basic scientific research organization.

23 The spill came along, gave us some leverage and
25 some public support. And, when Senator Steven came

1 through town we talked with him and he was very
2 interested in the concept. When it got written up in his
3 Bill, it gave out as an Oil Spill Recovery Institute.
4 The stuff needs to be done. The work needs to be done.
5 The problem is we don't want to duplicate what industry
6 is doing all over the world. And, there's a number of
7 industry research centers doing just that all over the
8 world and they are very well funded directly from the oil
9 industry. For us to try to do that kind of work here, I
10 think is a little ridiculous. First point, a lot of
11 people here don't want oil spill recovery work to be done
12 here. Research to be done here, because to do work on it
13 you spill oil. And I think we've had it with spilled
14 oil.

15 So, there are existing facilities -- we get the
16 money, we can contract it out to these existing
17 facilities and the people who know how to do the work.
18 So, I do think the work needs to be done. But, a lot of
19 it needs to be done in prevention. The double hull
20 concept and whatever. Double bottoms, reduced tankers
21 lengths needs to be looked at. And, we've talked to a
22 few people about contracting out a study on that, even
23 though some people are very certain that it would solve
23 something other people say it would have sunk the Valdez.

25 Anyway, we do intend to do some of that research.

1 MR. SUND: Sounds like you need to get a new
2 name for Steven's money.

3 MR. STEINER: Well, I think we've agreed --
4 there was a split between the institute and the
5 University of Alaska and I'm wearing both hats. So, we
6 got everybody together about a week ago and came to an
7 agreement, the University is 100% behind the institute
8 now as possible an additional funding mechanism for some
9 university projects. And, they don't want to administer.
10 So, I was pleased. I was amazed, but I was pleased.

11 MR. SUND: Thank you.

12 MR. STEINER: Thank you. Ed?

13 MR. WENK: Is this the end? Do we have time
14 to talk with the gentleman a little further?

15 MR. PARKER: Yeah. We have some other people
16 who want to testify, too. We'll be out to our airplane
17 very quickly from here.

18 MR. WENK: Well, I'll make this very brief.
19 First, Rick I want to congratulate you on this paper.
20 I've had a chance to, I won't call it read it, but skim
21 it.

22 MR. STEINER: I'm sure to say skimming around
23 here is okay.

23 MR. WENK: Anyway it seems to me that you have
25 covered a lot of critical basis in a very readable and

1 congenial way. I want to focus on one of your points on
2 corporate responsibility which I know you are tip toeing
3 around, because it is such a tough one to get ahold of.
4 It's been a matter of academic study for a long time.
5 The compartmentation of minds here is very strict because
6 there is such a thing in the literature in the corporate
7 culture. I think that the literature will also reveal
8 that the corporate culture is a factor in how an
9 organization responds to a crisis including oil spill.
10 And, I wonder if you want to comment on the software
11 counterpart to the hardware of rapid response. The
12 software counterpart being personnel, organization
13 behavior, not just the corporate culture in the limited
14 sense, but the corporate culture in the sense that
15 culture leaks beyond it's own boundaries and can have an
16 influence on the entire process. Some of the things
17 we've heard here today suggest to me that Cordova is
18 currently participating in some of the corporate culture.
19 Any comment?

20 MR. STEINER: Very just a very quick one.
21 That is that people in Cordova have long been under the
22 impression that primarily Alyeska has been an
23 impenetrable fortress. We have talked with them for the
23 past four or five years and largely because of one high
25 rate oil shipper from Virginia who got upset because he

1 thought he had some water in his oil, they were shipping
2 oil out of here, and he went to Alyeska and said 'I want
3 some money for it' and they say 'get lost' and he said,
4 'okay, here I come'. His name is Chuck Hammel (ph).
5 And he has cost them many, many millions of dollars since
6 he got on his horse. Why the public process didn't
7 function there I'm not sure.

8 The only thing I can say really about corporate
9 culture is that I think corporations which are just
10 composed of people like we are become complacent. And,
11 there's also this bottom line dollar figure, which they
12 are driven by their stock, stockholders, and most of them
13 vote by proxy anyway, such as Exxon's 80% by proxy, so
14 they control themselves. Now, there's a way of changing
15 that that might be something -- I mean that strikes at
16 the heart of America, and I realize Thomas Jefferson,
17 which should be dead for saying that -- but, I'm thinking
18 there might be some constructive creative solutions to
19 doing something like that. I think the big thing is
20 corporations have a bottom line of money and to be quite
21 honest with you, I think some oil companies have just --
22 people say well oil companies are complacent, they don't
23 really expect an oil spill. They expect oil spills.
23 They just know its a cost of duty. This one is going to
25 be a slightly costly one for them, but, you know, pro

1 rated over the life of the pipeline and whatever, I
2 really am pleased, though, that they have sat up and
3 taken notice here. The contingency plan developed here
4 is truly remarkable and BP really desires a lot of credit
5 for it.

6 I'm not sure if that answers your question, but
7 it probably takes a better mind than mine is right
8 now.....

9 MR. WENK: And it takes a little more time than
10 we have here.

11 MR. PARKER: Don't lecture in organizational
12 theory, you don't want to get -- describe too much to
13 corporations other than sometimes, especially large ones,
14 get so bound up with their own internal doings that the
15 external world.....

16 (Tape change - no overlap)

17 MR. SUND: ...hundreds of thousands of shares of
18 stock. So, I think that's where you are going to see the
19 change in corporate responsibility coming from and it's
20 honest-to-God right down to the bottom line pocketbook.
21 But, it's the way the individual -- individual
22 stockholders are not going to affect Exxon. Individual
23 people do affect the management structure of their
23 pension fund. Which then can again influence the large
25 corporations. And I think that's where you are going to

1 see it in the next decade - where the next changes are
2 gonna come.

3 MR. PARKER: Any further questions?

4 MS. WUNNICKE: No, sir. We don't have the
5 time.

6 MR. PARKER: Yeah, thank you, Rick. We'll be
7 talking to you.

8 MR. STEINER: We'll see you again.

9 MR. PARKER: Now, we will reopen public
10 testimony. Anyone who has not been heard from today wish
11 to speak to us?

12 MS. BIRD: I don't really have that much to
13 say to you. Nancy Bird is my name for the record. But,
14 I didn't prepare anything. I would like to submit
15 something in writing to you at some time and think it
16 would be good at this point, maybe, since nobody has
17 jumped up to say anything to you more, to maybe have you
18 tell us what your time line is on what kind of a report
19 you are going to do. And, I know that from talking to
20 Meg that you've had some discussions about various
21 issues, and you may not really know what you are going to
22 focus on at this point.

23 Ed said earlier that you had some immediate
23 things and I would be curious as to what those are or
25 what kind of things you are looking at.

1 MR. PARKER: We have a statutory responsibility
2 to have a report in January 8th. We will probably put
3 off writing the final draft of that to the last minute so
4 that we can spend as much time analyzing and accumulating
5 information, but we certainly will have to start writing
6 sometime in November on the assumption that, you know,
7 too many people have Christmas plans. December is always
8 a half month for getting work done. So, we are going to
9 be working on our work program tomorrow and hope to have
10 a draft of our preliminary work program. And, I stress
11 preliminary because it will be a fluid document that we
12 develop as we go. Have that available for circulation to
13 all concerned as soon as we can pull it together after
14 tomorrow.

15 MR. SUND: Mr. Chairman, I'd just follow up --
16 this is our second meeting, set of meetings, but I think
17 the Chairman is correct in those of us that have been
18 involved in reports to get something out by the middle of
19 January, we basically have to have out draft done by the
20 end of November for circulation in December and printing.
21 But, we have planned as a group to try to meet at least
22 roughly every three weeks. And it looks like -- used to
23 be we are talking two and three day meetings, but this
23 one stretched to four and the Chairman mumbled to me
25 something about a five day meeting in my ear a while

1 back. But, being a parttime Commission.....

2 MR. PARKER: It just feels like five.

3 MR. SUND: I think we were planning and I
4 guess, I don't want to speak out of turn here, but I
5 think we are planning to go down on the Kenai Penninsula
6 on our next set of meetings, mid-July, and then to Kodiak
7 the first part of August. Trying to get their during the
8 closures of the season, although in Kodiak that might be
9 a year, now.

10 MS. HAYES: Mr. Chairman?

11 MR. SUND: But, I would stress the preliminary
12 nature of any work document, because some of us are still
13 grasping out here to see what the factual basis is in
14 terms of where we should be going or what other people
15 are doing. There's a lot of work being done in this
16 area.

17 MS. BIRD: From what I understand you have a
18 fairly open ended document from the legislature.

19 MR. SUND: It's a little different than Exxon.
20 We have an open end document and a limited budget.

21 MS. HAYES: Mr. Chairman, Nancy I just want to
22 put -- many of us have discussed this and I guess I just
23 want to re-emphasize it. That our Commission is -- our
23 commission delivers a paper to the legislature and the
25 Governor the beginning of January. And, after the

1 February 15th we disappear. We go back to our own lives.
2 We are private citizens without even a title anymore.
3 And, I think that we feel strongly that the way to make
4 anything come out of the work that we do is by having you
5 people in the audience and people in the towns that have
6 been affected by the oil spill primarily and others who
7 may feel threatened by it and not have been affected it
8 themselves, meaning Southeast, recognize the work that
9 has been done. Have confidence in the work that we have
10 pulled together and demand some kind of action taken on
11 it. We have a very short life and we aren't going to be
12 able to follow it through. And I think because of that
13 feeling that it's the -- and, the people that are
14 demanding attention, either at the national level or the
15 state or municipal level, are the people that are really
16 going to affect any of this.

17 And, we are going to give it our best shot that
18 we can in six months. But, the long term following
19 through is going to have to be all of you. And, that's
20 in a sense a responsibility that you and the other people
21 in the State of Alaska have to insure that what the
22 recommendations that we come forward are tested, are
23 battered through public discussion, and are implemented.
23 And, I guess I just feel again strongly that we would
25 want to come back for some kind of reaction to the docu-

1 ments that we put out and the information that we gather,
2 but it's ultimately the follow through that's gonna have
3 to be done at the public level.

4 MS. BIRD: I think that answers sufficiently,
5 unless you have anything. Maybe there's somebody else
6 that wants to tell you something.

7 MR. WENK: Well, I'm not sure. I have some
8 comment. Is there time?

9 MR. PARKER: Sure.

10 MR. WENK: First of all, I agree with everything
11 you've heard from colleagues here. I just want to add
12 one or two points and this won't be new to you, but let
13 me give you another person's perspective.

14 First of all, the Exxon Valdez is a global event.
15 It is not just Prince William Sound. I've been a student
16 of this sort of phenomenal where technology which is so
17 important in our current culture, sabotages us as well as
18 itself and I can't think of a recent American event of
19 this severity that stayed in the news as long as was as
20 global in its heighting sensitivity to the challenge that
21 we have ahead of living in a technological world. What
22 is challenged really are our values and you people have
23 brought this out in testimony. There are some basic
23 conflicts here which are not going to be easily resolved.

25 I believe this Commission has a potential of ris-

1 ing above itself in a way, because of that challenge.
2 And, I don't see this as a perfunctory report that's
3 going to come out. I think it's going to raise some hard
4 issues that are going to make people think. I think it's
5 going to be tough and hard hitting and I want to give an
6 example. And, I'm sort of tipping my hand in terms of
7 something that will come up on the agenda tomorrow, but
8 since you may not be there. I'm sorry that Rick isn't
9 here. But, on this question of corporate responsibility
10 and now I use the term corporate responsibility to apply
11 to the Coast Guard and DEC and so on as well. We've
12 gotten into a habit in this country of protecting top
13 management by a number of underlings usually attended by
14 lawyers, and no disrespect to any lawyers present. But,
15 the person who's in charge is very seldom held
16 responsible. Our corporate laws somehow make it very
17 easy for the top people not to be responsible. And when
18 you are not responsible it is very easy to not pay any
19 attention. I believe this Commission is going to be
20 determined very soon and holding hearing in which we
21 enlight and I hope we don't have to use the power of
22 subpoena, Mr. Chairman, but invite the very top people of
23 the organizations that are involved. And I mean the
23 president of corporations and the commandant of the Coast
25 Guard and the Secretary of Transportation. And even

1 officials from Washington in the office of management and
2 budget that has something to do with the Coast Guard
3 budget that has something to do to with the readiness of
4 the radar system right here in Prince William Sound.

5 It is so easy to say that these decisions are
6 made at a lower level, but they are conditioned by a
7 state of mind at the very top. And I believe we need to
8 find out what that state of mind is, if all are actors on
9 this stage and see whether or not on this very question
10 or corporate responsibility the issue can be raised of
11 how to make the top officials both responsible and aware
12 of the consequences of their state of mind.

13 MS. BIRD: Thank you. Is there some address at
14 this point that people can send comments to? Or is that,
15 at this point you don't have one. Should be just give
16 them to Kathy.

17 MR. PARKER: Well, we are going to be at 707 A
18 Street, but it's not a formal address. The Governor's
19 Office in Anchorage is where we are going to be. Where
20 we get our mail right now.

21 MR. SUND: This Commission is an out-of-head of
22 it's staff and out-of-head of an office.

23 MS. HAYES: And I could point out-of-head of
23 when we are suppose to exist.

25 MS. BIRD: Will we be able to get copies of

1 this Commission's (inaudible) so that we can make more
2 comments? How do we do that?

3 MR. PARKER: Well, I think probably by
4 maintaining close contact with the Mayor and the Oil
5 Spill Response Committee. And, with Kathy. Kathy will
6 be here -- her organization and ours have about the same
7 life span. So, she'll be here.

8 MR. SUND: If I may just comment, Mr. Chairman,
9 that the effective date of this Commission, we
10 effectively start, I think, on this coming Saturday.
11 Whenever July 1st is. We are ahead of our own starting
12 dated. So.

13 MR. PARKER: Yeah.

14 MS. WUNNICKE: Mr. Chairman, I would like to
15 say, though, and to further expand on our procedures.
16 Because of the brief nature of the Commission and because
17 of so much of liability, it's going to be handled in the
18 Courts, it's unrealistic to expect this Commission to
19 assign liability. Just as it is unrealistic to expect us
20 to assess damages. We are not going to be in business,
21 even long enough, to look at some of the damages that
22 remain to be assessed from this event. So, we are in the
23 position of trying to get the facts from which we can
23 make our determinations of what went wrong. And, then
25 make our recommendations to prevent those things from

1 happening in the future and should they happen in the
2 future to respond to them as quickly as possible and to
3 mitigate their affects.

4 So, there are some sidelines to this open ended
5 mandate.

6 MR. PARKER: Anyone else wish to.....

7 MS. HODSON: Thank you, Mr. Chairman,
8 Commissioners. My name is Marsha Hodson and I soon am to
9 be leaving Cordova and will be going to Anchorage to work
10 with the oil spill coordinator for the Alaska Center for
11 the Environment. Last week I was part of the group that
12 met with the environmental groups here and CDFU and
13 helped coordinate that event and as a result of that week
14 end, we have addressed specific issues and we will be
15 sending a report to you.

16 Also, I would like to offer my services to you or
17 anyone at the Center for the Environment or anyone in the
18 environmental community. Because if you do need any
19 papers, position papers, you need any documentation, any
20 foot work we would be happy to provide that service to
21 you. I know where to find you and I have deadlines
22 myself as the 8th of July, and that may be a little bit
23 optimistic, but we have addressed many of the issues that
23 you've heard from Marilyn and from Jerry and from Rick
25 Steiner today. You've already heard some of the various

1 concerns that we have, but we will be documenting them
2 again, and you will be hearing them again. Thanks a lot.
3 MR. PARKER: Thank you, Marsha. Any questions?
4 We did get your initial documentation and read it with
5 great care. So, keep producing them.
6 MS. HODSON: Thank you very much.
7 MR. PARKER: Anyone else?
8 UNIDENTIFIED SPEAKER: I guess not.
9 MS. THOMAS: Well, I could say one thing. It's
10 easy for a corporation like Exxon.....
11 MR. SUND:get on the mike here.
12 MS. THOMAS: JoAnn Thomas and my daughters and I
13 setnet. So we are directly involved. Our season was
14 closed May 19th and we started negotiations in April with
15 Exxon to come to some kind of a beach clean up. That is,
16 our 30 permit holders. But, we are such a tiny
17 organization. We've never made progress. They have
18 always agreed that we would clean our beaches. That is
19 the area, you know, east Shammie (ph) the area where we
20 fish and probably the area where we also own cabins.
21 But, we never specified that. Because when their first
22 guidelines came down, it said that the affected fishermen
23 would be put to work. And that they had a little
23 priority list of local residents, people with permits and
25 it was in a descending order. And, again I say that they

1 have always agreed that this would happen. But, the time
2 line keeps moving down. We thought well May, then the
3 season -- then they said when the season's closed. The
4 season was closed May 19th. Then into June and then it
5 was going to be the end of June, so now we are looking at
6 the first of July and we still don't have any definite
7 plan. You know, are we really going to clean our
8 beaches. That is these 30 little permit holders? So, my
9 directive, I guess to this Commission is, I think it's
10 easy for a large corporation like Exxon to deal with
11 another very large corporation such as Aquaculture. I
12 believe that they are dealing very fairly with
13 Aquaculture because they can understand the corporate
14 mentality. You know, Aquaculture has a 13 million dollar
15 budget annually. But, we , 30 setnetters, we probably
16 have a \$40,000.00 annual budget. So, it rest upon like
17 the Commission to inchampion the rights of people who
18 are such a tiny minority. And I intend to follow that up
19 with some written, you know, statistics.

20 I didn't come prepared to speak today and I'm
21 glad that you were able to hear that even so late and
22 your plane is so quick. Thank you.

23 MR. PARKER: Thank you.

23 MS. ADKINS: I would like to say one thing in
25 rebuttal here. I know you are in a hurry. One of the

1 things that came to mind -- Marla Adkins again, was that
2 my architect was in Seattle bringing back a vessel and
3 while we are in the middle of this clean up and they are
4 saying they need vessels, I found that they were lame on
5 vessels, laying off vessels, several weeks ago, and at
6 the same time they were bringing vessels up from
7 Louisiana, who he ran into in Ketchikan and didn't have
8 Alaska maps on board. These fellows were going to work
9 in the Prince William Sound waters and didn't know these
10 shores. They had never been here. One day one of the
11 boats was cleaning up a spill, Exxon said stop, we have
12 change of shift. This crew had worked for several hours
13 to contain this spill, they said let go of the oil. And
14 the crews said no. Thank you.

15 MR. PARKER: Thank you. Is there anyone else?

16 MS. HAYES: James, could you come forward
17 please and stop being coy?

18 MR. BRADY: My name is James Brady. I'm the
19 area management biologist here for the Department of Fish
20 and Game. And I don't have a prepared statement for
21 you. I appreciate that you are here and I have the
22 confidence in my colleagues here and in the people I work
23 with in Cordova, expressing many of my concerns and I
23 have a lot of other things that are demanding my
25 attention right now, so I really couldn't invest the time

1 to prepare a statement for you today. But, I do
2 understand that there was some questions that arose
3 earlier that I might address. I'd be happy to do that,
4 if you would like.

5 MS. HAYES: Mr. Chairman?

6 MR. PARKER: You weren't around when I was on
7 the Board eighteen or nineteen years ago. Things
8 change. I mean, I always expect district biologist to
9 stay where they are forever.

10 MR. BRADY: Well, Ralph Peral (ph) is still in
11 town. You might know him.

12 MR. PARKER: Well, I'll be darn.

13 MS. HAYES: Mr. Chairman, James, one of the
14 questions that was raised this morning was about Fish and
15 Game intervening on behalf of the animal rescue squads.
16 With Fish and Wildlife Service and Exxon. And it was
17 explained that in truth apparently the authority is with
18 Fish and Wildlife Service and not Fish and Game. Do you
19 have any observations about the animal rescue squads or
20 anything like that that you would like to share with us?

21 MR. BRADY: No, I really couldn't, you know, I
22 don't feel like I could comment on that. I haven't been
23 directly involved in the animal rescue group that has
23 developed here other than the early days of the oil spill
25 and I mean the first three or four days. Beyond that,

1 you know, this is a program that seemed to develop on its
2 own. And it has grown quite extensively. I understand
3 Kelly Weaverling spoke to you earlier?

4 MR. SUND: In terms of Fish and Game you're
5 over on the management side, right? Is there any of the
6 Game people around in town or non-Game people?

7 MR. BRADY: We have in our office one Game
8 biologist and he, this summer, has picked up an assistant
9 and they are both out of town right now in a field camp.
10 They are conducting surveys. He'll be back in in the
11 next day or two.

12 MR. SUND: But, does non-Game deal with birds
13 at all?

14 MR. BRADY: There's no non-Game representative
15 in Cordova. They're based out of the Anchorage office.

16 MR. SUND: Well, we'll save it for Anchorage.

17 MR. PARKER: Subsistence send any people down
18 here?

19 MR. BRADY: There is a program that has been
20 developed by Subsistence that is primarily addressing the
21 concern that has been expressed by the native groups in
22 Prince William Sound and lower Cook Inlet and I think it
23 may be expanding in the Kodiak area as well, over the
23 fear of contamination of their subsistence foods. And,
25 there's a sampling program that's going on. The State,

1 DEC has a seafood quality inspection program. And, in
2 addition to that the subsistence research program has
3 gone further to do a very extensive detail chemical
4 analysis on subsistence food types and provide additional
5 information, I guess, to correlate with DEC, inspection
6 results and provide further substance to those
7 inspections.

8 MR. PARKER: Okay. Thank you. Anyone else?

9 MS. WUNNICKE: How far does your district, I
10 mean, how far does your district extend?

11 MR. BRADY: The Prince William Sound management
12 area extends from Kayak Island, actually Cape Suckling
13 (ph) to Cape Fairfield. So, I have the Copper River,
14 Delta, the Bering River area as well as all of Prince
15 William Sound.

16 MR. PARKER: Okay. Thank you.

17 MS. WUNNICKE: Thanks.

18 MR. SUND: Another question here?

19 MR. PARKER: Okay.

20 MR. SUND: Just because that definitional
21 thing came up that was discussed earlier, what is Prince
22 William Sound in terms of planning for this oil spill,
23 are you on that oil spill contingency planning team that
23 Mark Hutton is working on here?

25 MR. BRADY: No, I am not.

1 MR. SUND: Is anybody with Fish and Game
2 involved in it?

3 MR. BRADY: I expect that our habitat division
4 is taking the lead role.

5 MR. SUND: Are you aware that they are cramming
6 together a new contingency plan now or...?

7 MR. BRADY: I am aware of it although I haven't
8 been pulled into the process or looped into the
9 information on that.

10 MR. SUND: Seems like the management of the
11 fisheries in the area probably is part of the contingency
12 planning process, or should be. They are having a hard
13 time figuring out what Prince William Sound is. It is
14 seems to me that the fishery management might make sense.

15 MR. BRADY: I would agree. I would just say
16 that my primary focus is the management of our salmon
17 fisheries and I really have been devoting the majority of
18 my time in preparation and planning for this year's
19 salmon season to work around the circumstances that the
20 oil spill has created. And, we are primarily focusing on
21 conducting a fishery this year that will provide the
22 industry with assurance that the product that is
23 harvested will be of premium quality standards.
24 Exceeding standards in the past. And that's our main
25 focus right now. And, that's what I've been devoting a

1 lot of my time towards. I usually have about 12 hours of
2 work, seven days a week this time a year without an oil
3 spill and with the oil spill its.....

4 MR. SUND: Are you making any plans in terms of
5 shoving down the fishery or managing the day to day
6 fisheries based on the processing capacity in the Sound?

7 MR. BRADY: No, no that's not a consideration
8 right now. You mean exceeding process capacity?

9 MR. SUND: Yeah. The processors may not be able
10 to handle the load that you may put on them as a manager.

11 MR. BRADY: No, that hasn't been one of the
12 major considerations in our planning for the season. You
13 know, we don't know at this time that our forecast is
14 going to be accurate. There's been a lot of
15 uncertainties and you know, I'm still pretty optimistic
16 we are going to have a significant harvest in Prince
17 William Sound.

18 MR. SUND: Thank you.

19 MR. PARKER: Okay. Well, thank you, Mr. Brady.

20 MR. BRADY: Thank you.

21 MR. PARKER: I want to say to the good people
22 of Cordova that we got a great deal out of our visit with
23 you today. I hope that we will be able to take the
23 information you have given us and translate it into
25 something that will have some real affect on the future.

1 I want to especially thank Kathy for all her help and
2 point out that if you need to contact us she's as good a
3 person to start with as any until we can get our phone
4 number established in Anchorage. She has my number and
5 other numbers that can be put in contact with in the
6 immediate future and hopefully we will have a telephone
7 hooked up by the first of the week.

8 Do any of my fellow Commissioners wish to say
9 goodbye in any fashion?

10 MR. WENK:: Goodbye in any fashion.

11 MS. BIRD: Could I just say one thing?

12 MR. PARKER: Yes, maam.

13 MS. BIRD: Nancy Bird again for the record.
14 To your asking James about wildlife, one of the things
15 that I want to address in the letter, actually more my
16 husband would want to address, he worked on the Wildlife
17 Rescue fleet on one of the otter boats for three weeks,
18 and I think that some of the U.S. Fish and Wildlife
19 concerns about otters being picked up that aren't badly
20 enough oiled in the stress involved being worse and so
21 on, has some legitimacy. I know some of Kelly's
22 frustrations with some what he was told one day and then
23 the next day it would be changed. And so on. But, I
23 know I was also upset by some of the stories that I heard
25 of some of the bird rescue people going out and chasing

1 birds for over two hours and to me the fact that a bird
2 could survive two hours and still not be caught is an
3 indication that maybe the bird isn't badly enough oiled
4 to deal with it. So, for the future, I think that there
5 is some legitimacy to needing a certain amount of
6 training and not volunteers desperately wanting to do
7 something, but that can also do more damage than good.

8 MR. PARKER: Thank you.

9 We are going to adjourn in Cordova and begin
10 again in Anchorage at 9:00 tomorrow morning.

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12 * * * END OF DAY * * *
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