

Also enclosed is our recently published final report describing problems of pipeline impact in the small communities scattered throughout the Interior of Alaska.

The FPC response was typical of the response we normally receive from agencies of the federal system that we believe should be, or should have been involved in this problem.

Our comments, by the way, expressed our best thinking on the role of the federal government with respect to the resolution of adverse social and economic consequences of "major federal actions." We based the comments on the extensive identification and documentation of impact problems during construction of the trans-Alaska oil pipeline through the Interior of Alaska.

During the Anchorage hearings before the Council on Environmental Quality on May 16, we repeated those recommendations and, at the request of the Council, recast them in terms of the Alaska Natural Gas Transportation Act of 1976, P.L. 94-586.

Those comments, so far as I know, are part of the CEQ's public hearing record, and remain our best thinking today.

Given our long record of frustration in dealing with the federal government, we decided to prepare this letter only because the CEQ in their official report to President Carter made an accurate reference to the substance of my comments in Anchorage, thus bringing the issue, "out of the closet," so to speak; and because the Canadian National Energy Board in their July 1 approval of the Alcan Gas Pipeline proposal also required that a 200 million dollar fund be established for the resolution of social and economic problems associated with the project north of Canada's 60th parallel.

Since I have not read the official NEB decision, I cannot comment on their intent with respect to either the creation or the disposition of these funds, but I believe it is imperative that President Carter include the creation of a similar fund - though the amount and methods of collection and disbursement may be entirely different - in his September 1 recommendation to Congress ... if, in fact, he recommends that one of the two remaining applicants be authorized to construct and operate the gas pipeline.

With respect to distribution of such funds we do not believe that a fund of this sort necessarily needs to be set up on a 100% grant basis except for planning and programming purposes. Obviously, if the project is successful, revenues accruing to municipalities and states will be ample to repay loans made to these entities for impact preparations, including essential capital improvements, prior to the project start.