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RECORDED INTERVIEW

OF

WILLIAM SHEFFIELD

CONDUCTED BY

CHARLES FEDULLO

WITH

PAUL MCCARTHY

IN ALASKA

MAY 26, 2009

Part 1 of 1

UAF ORAL HISTORY PROGRAM

SENATOR TED STEVENS PROJECT

Transcribed by:

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INTERVIEW OF WILLIAM SHEFFIELD

(Beginning of recorded interview.)

CHARLES FEDULLO: And I'm just going to do a little bit of housekeeping before we get started.

WILLIAM SHEFFIELD: Okay.

CHARLES FEDULLO: And then we'll go. Excellent.

First of all, I have to just read a little bit of who we are and where we are.

This is oral history of Senator Ted Stevens. The date is May 26th, 2009. The name of the narrator is Governor Bill Sheffield, and the name of the interviewers are Paul McCarthy and Charles Fedullo. This is Tape 1, Side A.

Thank you for joining us today, Mr. Sheffield.

WILLIAM SHEFFIELD: Thank you. It's good to be here.

CHARLES FEDULLO: So Senator Stevens's oral history, 40 years he's been -- was in the United States Senate. I want to spend a little bit of time analyzing his time. Let's start with what was your relationship with the Senator, and what issues did you work on together? I'd imagine it's an exhaustive list.

WILLIAM SHEFFIELD: Well, I, of course, have known

Senator Stevens for probably 45 years, it was at least 5 years before he was a Senator. When I actually met him, I had been with Sears Roebuck and just went into the hotel business in 1960, and I used to sell hot water boilers, all kinds of building materials through the Sears Roebuck catalog in those days.

PAUL MCCARTHY: Oh, really?

WILLIAM SHEFFIELD: All over Alaska. And I sold a hot water system in Glennallen, and a contractor installed it for Sears, installed it, and the owner of the -- who purchased the system from me sued Sears Roebuck because the soil and the permafrost in Glennallen, and probably wasn't installed properly. And we were in court for 30 days.

PAUL MCCARTHY: Wow.

WILLIAM SHEFFIELD: And I remember Senator Stevens learned more than he ever wanted to know about a hot water boiler system. He was an attorney then, and he was right at me all the time. And finally the judge let me go home. I don't even know if I know how the trial turned out. I said, "I've got a business to run and I need to get out of here."

So we've -- yeah, we've been friends for a long time. That's -- our relationship basically has always been friendly. When I was Governor, we only had a couple of disagreements. One was on oil drilling in Bristol Bay,

which he thought would be okay, and I thought not so. And so I won, and then later on the court backed me up.

Since then, Bristol Bay has really changed, and -- and the people-- thoughts are different. The fishing isn't as good as it used to be, and now they're thinking oil wouldn't -- wouldn't be too bad in Bristol Bay. So that's how one thing happens 30 years ago and then it changes over the years, and -- and the outcome could definitely be different in another 10 or 15 years.

The only other disagreement we ever had was on -- I guess on the long-distance phone system. I think he always kind of favored GCI, and I favored what is ACS now, it wasn't then, because -- actually, it was AT&T, and even before that it was something else. But my interest was to keep the -- the telephone charges in the rural areas down as low as possible, and you know, they were subsidized for a long time.

Well, as it turned out to be, none of that ever happened. GCI, I thought, would come in and sift off the cream and it would make a tough run at AT&T, and the subsidy -- the subsidy might go away, and -- but none of that happened at all. And the -- the rural areas are probably even maybe better off now than they were in their low-cost telephone and all that worked out fine.

So -- but I've really been always a developer. I

was in my own business a developer of hotel properties. And I think I had something to do to -- with helping out the -- the tourism in Alaska, the Yukon Territory, and the commercial people to travel and have a place to stay. We probably had too many of them at once, but it's been mainly in transportation.

And, you know, I ran the railroad for several years. I was responsible, along with Senator Stevens, in purchasing the railroad. I campaigned on it, and as soon as I was elected and before I took office, I sent a person back to Washington, D.C., and they actually literally lived with Senator Stevens for over a year helping Ted create the legislation in the Federal Government to sell the railroad, and I spent two years in Juneau getting legislation to be able to purchase it. And it wound up to be 22 and a half million dollars.

And while we knew it was important to own that railroad because of the nonstop transportation corridor between Fairbanks and Whittier and Seward, and in the freight that it hauled at the time and the things it could do for Alaska was important, now that we look back, it was even more important than we thought it was because more things have happened. And then since those days, we were able to get some help from the Federal Government to -- to do more maintenance on the railroad.

It was maintenance poor when we bought it, and the Federal Government didn't make any money, they lost money, so they just put a tie here and a tie there and a little gravel here. And roadbed was bad, and couldn't keep the train on the tracks and meet the demand that Alaska had put on the railroad.

So I went to Don Young in Congress to see if he could help me. I needed some federal funds to help put more money in the ground, build the roadbed, get new equipment. Well, he said he'd be happy to help, but in the House, it's hard -- you know, they -- they authorize and the Senate appropriates.

So when I figured that out, then I -- Don did help me, he helped immensely with language and tweaking language and things like that, and then eventually helping us with the Highway -- with the Federal Transit Authority, the FTA, in getting the -- in the -- in the bill, like all other transit is, like every bus company in the United States and every -- every passenger train, every commuter train, they all get subsidies from Federal Transit Authority.

And when -- so Congressman Young helped us with that. And so did Senator Stevens, of course. And now the railroad gets, like, almost 40 million a year. It goes up about a percent per year, until it's not our Congress of the United States of America again -- anymore.

So we get credit for 60 percent of our passenger miles. We don't get credit for any freight, but for the passenger miles. And if we were to get credit for a hundred percent of our passenger miles, like most other cities across the United States have the opportunity to get a hundred percent, we'd get about 75 million a year.

So that goes a long way at putting a lot of ties here and a lot of ties there and -- and, you know, hundreds -- thousands of ties per year, and new roadbed and rail and welded rail and new equipment.

But before we were able to get into that formula program, I went over to see Senator Stevens after I saw Don Young. He said, "What are you doing, Bill?

I said, "Well" -- well, he called me "Billy" all the time, which I really hated, but he had the money so I didn't disagree with him. He had the power.

So we -- he said, "Well," he said, "why are you waiting for Don Young?" He said, "I'll get you 10 million this year."

And I thanked him and got the hell out of there before he changed his mind. But then I thought, right, you know, he's going to give me 10 million. But I felt good and I knew we'd never get it. Well, we did get it.

And I'd hired a couple of lobbyists and -- to help me, and so we -- the next year we got a little more, and the

next year we got a little more. While I was with the railroad for probably 10 years, we probably got upwards of $400 million in federal dollars, and a little -- and no state money. The state's never given us any money. We've never asked the state for any money. That was the deal.

We run the railroad like a business, but you -- and you don't run it, the railroad runs it, we hire, you have a board of directors, we -- we hire the president to run it, and -- and we'll tell you what we did at the end of the year, but you don't need to give us any money. And we run it like a business without the Legislature interfering.

Fought hard to get that, too. You know, that was not easy. Legislators have a habit of thinking that they know how to do it better than the Governor, and in some cases, that might be, but that wasn't one of them. So...

I campaigned on wanting to run the state like a business, if you remember, and the Legislature taught me a lesson that year. So my new line was, well, it doesn't hurt to know about business. So anyway, that's how the railroad got to be like it was.

And so Senator Stevens, you know, you can't say enough about the things he's done for Alaska, for the things that I'm interested in and the port, which he helped me get the first $11 million, federal dollars, I ever got for this port.

And he helped me every year afterwards with -- he was always the Chairman of the Subcommittee on Defense, and he started out giving me 5 million, I got him to 10, now I'm up to 15 per year. He had a good -- you've got to work with the staff people, they came up here and looked at it and believed it.

Anyway, we worked with Don Young earlier on. We had -- we had staff people up here all the time climbing over the Alaska Railroad wanting to know what the hell we're doing, you know, or what do you need bridge money for, and what do you need all this, and we'd take them to Hurricane Gulch and show them -- show them that we used to tie the railroad tracks back to the mountain every year, you know, so the trains wouldn't fall off.

So a lot of groundwork has been done, but without the help of a congressional delegation that's firmly implanted -- and that's not to say that Frank Murkowski didn't help as Senator. He was pretty much on the Energy and Water Committee, and we used some of his help from the energy standpoint, but he was never really involved in the -- in the major things of helping us with the -- with the financial operations of it. Not that he wasn't in favor of our railroad, he lives in a railroad car in Fairbanks here, and he's a railroad buff through and through.

CHARLES FEDULLO: What did you -- I mean, did your

relationship evolve over time? And -- and what did -- did your views of him change over time at all? I mean, you two sort of ran Anchorage for a period of time, is what my research tells me. Not in a pejorative sense, but -- but in a positive sort of helping the community and the state grow.

WILLIAM SHEFFIELD: Well, we -- of course, he's done -- helped the whole state grow. He's helped every -- every industry, every walk of life, every village. He's helped, you know, with water and sewer, legislation for -- for better hospitalization care.

Really helped the rural areas with their healthcare as far as the communications between the doctors, the hospitals, and the health -- and the health clinic in that village, the health nurse, they -- what do we call them in the villages? Anyway, they -- and with water and sewer and new fuel storage tanks. I mean, you name it, he's done it. And that -- that covers not just rural Alaska, but he's helped with everything in the state.

So we're going to miss him because in a small state like this, seniority is even more important than it is in Kansas or Oklahoma, you know. I mean, in a small state like Alaska, while every state has two senators, some of them have 45 Congressmen or 10 Congressmen or 15 or 20, and we have one. And we don't have heads of agencies here, we have

subheads, but not the real heads of agencies. So that's why you have to have earmarks.

You know, we have a -- and I got this line from Senator Stevens not too long ago. We have a generation gap in Alaska. We've got all these people, like yourself and myself, we've been here a long time. And then you've got these people who have been here five, six, seven years that don't have a clue how we got from here to there. Don't have a clue. I guess they just think it happened overnight or the President gave it to us. The President never gave us anything. We worked hard to get what we have, and Fairbanks, where you folks live, or Anchorage, wherever, we worked hard to get what we have. And -- and it wasn't easy.

And so when you -- I hate to see people rush to the -- to the trough to criticize earmarks too much because they don't understand that that's what built Alaska. And we're -- we're out here in the Frozen North, as far as Washington, D.C., is concerned, and -- or at least that was the opinion a long time ago, it's probably getting better, but you know, we're only 50 years old and we don't have the infrastructure that they have in other states. We haven't been there long enough to get it. They've been there a hundred, 500, you know, 300 years, you know, we -- we -- we've got a long way to go. So we're behind on our infrastructure, roads and bridges and ports and airports and things that

make -- make it tick. And it's all jobs, too, for people.

And, you know, we're a resource state. Senator Stevens understands that, Don Young understands that. We're a resource state, and that's all we have. We have fish and we have timber, which is about -- you can't hardly mine timber anymore down in Southeast Alaska. Cut it. I shouldn't say "mine."

We have -- the majority of the coal reserves in America are in Alaska. Some of the best coal in the whole world is up on the Arctic between Point Lay and Barrow. Best coal in the world. Three trillion tons of it. They say that's enough coal to heat America for 500 years. So we're not going to run out soon, it's just in a hell of a place to get it out. It's on the Chukchi Sea, and we need a rail line to the Red Dog Mine and over the hill. And then you could haul coal to market forever, as much as you want to haul. And Senator Stevens and our delegation understands those things.

PAUL MCCARTHY: When you were working with the delegation, did the fact that you were a Democrat impinge on this, or was that at a time when there was more focus on Alaska and less on the party?

WILLIAM SHEFFIELD: No. There really never was a problem. We've -- as I say, we only differed on -- on those two issues I spoke of earlier, telephone service and drilling

in Bristol Bay, but otherwise, politics never -- never got in the way.

You know, we were -- you know, I've been here since 1953, and so, you know, we're Alaskans, and they were Alaskans, Senator Stevens was an Alaskan and was here before I was and had more experience in Fairbanks and with the Department of Interior, and more -- more active in the Statehood thing than I was.

I worked for Sears Roebuck, and I'm just trying to make a living to stay alive, but I knew about all of that and I was active in the campaign, but not to the extent that they were. And then, of course, Stevens is five years older than I am. That accounts for part of it.

The -- I think that Senator Stevens worked well with Senator Jackson and Senator --

CHARLES FEDULLO: Tsongas?

WILLIAM SHEFFIELD: No.

PAUL MCCARTHY: Inouye?

WILLIAM SHEFFIELD: Magnuson. Every state -- not every state. A few states have had the opportunity of having a delegation that has been there a long time and has done a lot for the state. Senator Jackson and Senator Magnuson were two. In Oregon it was Packwood and somebody else, you know, and so all of a sudden here is Alaska, a little old state with 600,000 people, and out here

in the Pacific, on the edge of the world, and -- and we've had a lot of power for a lot of years.

And we -- I just hope that we'd keep Senator Stevens in office forever, you know. He probably would have just died there because he -- you know, he -- that's what he liked to do, and he was good at it.

And earmarks got a little out of hand and -- and there were some earmarks that were not well thought out, but it was what people wanted, that's where their -- what they were there for. Two bridges might have been one too many at the time. But, you know, when you talk about bridges to nowhere, but there probably wasn't much on the other side of the Hudson River when they built that bridge, either. So -- so that's developing land and developing property and people can live there and work in the city, and they can work in New York City and they can work in Anchorage, Alaska, if there's more places that they can live --

PAUL MCCARTHY: Sure.

WILLIAM SHEFFIELD: -- cheaper. You see. So...

CHARLES FEDULLO: What about his temper? I mean, people talk about Senator Stevens's temper, whether it benefits him, whether it hurt him. What do you think of the temper and did it help him as -- as a legislator?

WILLIAM SHEFFIELD: Well, he had a real temper early on. He pretty much, over the years, trimmed that down.

He can still get up -- get excited and blow his top. And so can Don Young, but you don't see either one of them doing it as much anymore. You know, Senator Stevens has kind of tapered off, mellowed.

People who haven't been up here very long and think Don Young was rough around the edges, you should have seen him -- met him 40 years ago. I mean, he was really rough around the edges. But he's got a big smile and he gets away with it, you know what I mean?

People -- my friend said, "Oh, he's not going to make it this time, he's over the hill, he's not going to make it, he's upset too many people."

And I said, "No, if he wants to win, he'll win. He knows how to campaign. He'll get his -- he'll get his smile on his face and he'll go out and he'll win."

Well, he won by 25,000 votes. I didn't think he would do that, I thought he would win by 4- or 5,000 votes, but he turned that smile on and kept his mouth shut, and -- and smiled at the camera and won -- won big time.

And Ted would have, of course, won 85 percent of the vote had he not been -- had he not been indicted and lost that trial. And I think what was sad -- that's not to say that Senator Begich won't be a good senator, he will work hard just like his father Nick did when he was in Congress, and he'll be good, but he won't -- he won't be able to help

as much as Senator Stevens for awhile because of seniority.

And you've got to build up a good staff so they understand the Senate rules and how the process is. And it won't be from lack of work of Begich, it will just -- just take some time. But he -- he helps and wants to help and he's -- his people call me here at the port and want to know how we're doing with the Beluga whales, anything we can do, things like that, you know, so that's good.

CHARLES FEDULLO: Just talk about the trial a little bit. What was your view of the process? Did -- the indictment and then the conviction and then it being thrown out, do you think it -- did it change your view of Senator Stevens or what he's done at all? Just walk through the process and what you felt as you were reading and watching it all transpire.

WILLIAM SHEFFIELD: Well, I thought the trial was a horrible trial. I thought it was conducted very bad. I was surprised the judge didn't throw it out while the trial was going on.

If you let the Justice Department make mistakes like they made mistakes and do things like they did, and have your jury leaving off and on like they did, some woman say her dad died in Seattle, had to go out there for a funeral, and she went to a racetrack instead, it was a lie. Well, you and I would be in contempt of court. We -- we'd have

gone to jail for a while.

And so I thought it was a horrible trial. I'm not an attorney in any way, but I do have some good lawyer friends who -- who understand a lot. And they agreed, I mean, it was -- they said it was just awful.

And, now, that's not to say that there wasn't some things wrong; some of the staff that Senator Stevens had maybe didn't fill out the papers and didn't do everything.

You've got to understand, he was a senator for 40 years. He's been picked up at the house and driven to work and driven to lunch and driven home, and gets to the office with a schedule put in front of him and he does his work and he goes here and there. And then he gets on a plane, his reservations are made, the seat assignments are done, somebody delivers him and somebody picks him up on the other end. And he's going to go to Bethel today and Kotzebue tomorrow, and all these places, and Southeast Alaska, as well as up in the Arctic.

And when he went in the Senate, you could buy a whole house, and a nice house. I did about the same time, I bought a house in Forest Park for $37,000. The thing just sold for the fourth time for 330. But it was a well-built house. And he's got this cabin in Girdwood that don't look like a $125,000 cabin, and -- and that's what he paid Bill Allen for the bills that he got.

So, you know, I just think that VECO is not in the house-building business, they are not a remodeler, they are an oil driller or work on the Slope. They've been taking the oil companies for years. Cost plus. You know. And padding the bills and padding the tabs. I don't mind saying that because I'd say it right to his face.

So he probably didn't pay enough attention to it and let it get out of hand. I don't know why the Justice Department did it. Maybe they were trying to get at somebody else. It's ironic, isn't it, a Republican administration voted him down, ruined his life, and a Democratic administration come along and took him off the hook.

PAUL MCCARTHY: That amazes me; that just amazes me.

WILLIAM SHEFFIELD: It -- you know, the judge, while he waited longer than I thought he should have, he didn't, in the end, do his job.

The Attorney General and he were both Superior Court judges in Washington, D.C., a long time ago in the same courthouse. So when he got to be Attorney General, I think the judge went to him and said, this stuff is bad. And he'd already called it bad. And there were -- and that he had already called for an investigation of those people in the Justice Department. And -- and I'm sure it's still going on, the investigation.

So there is -- there is justice, as we say, yeah, there is a God. And -- but -- but now he's got, I don't know, 3- or 4- or $5 million worth of legal fees. And I told him he ought to get it back from the Justice Department. And there's probably -- they have some rules probably that they only pay $180 an hour, and he was probably being charged $800 an hour. I don't know. But somehow or another, hopefully he'll sue Bill Allen, he's got the money, and get it paid that way. Wouldn't that be great?

CHARLES FEDULLO: Why did he develop the friendship with Bill Allen? And did people talk to the Senator and say this probably may not be a wise thing?

WILLIAM SHEFFIELD: You know, I was -- I was going to mention that before you asked the question.

Ted, you know, has always either been a -- worked for the government or had a -- or had a small law practice or been in the Senate. Never made any money, you know. Basically, doesn't have any money. And that's what happens to people that are young and go into the Senate or go into the State House of Representatives, they -- they don't have -- they haven't made any money, and so it's tough on them to be what they are and still maintain two homes and raise a family.

Before I ran for Governor, I -- I made my money already and I didn't have to worry about it. So I've been

doing government stuff ever since I've been out of office. And -- but most people couldn't afford to do that, they'd have to go out and get a real job.

So -- so I think he -- he picked some wrong friends to be -- to be friendly with. I used to fight with Bill Allen when I was Governor over local hire. I never won on the issue because it's hard to win on the issue of local hire because there's always somebody out of a job, but we made him toe the line.

And I think that the fact that Bill was successful, you know, Stevens liked that, you know. He had money. And he had a race horse. And so I think over the years Stevens looked to those kind of people, kind of looked up to those kind of people. They didn't need any help from him, you know. They already had it.

And -- but Ted is, on the other hand, a -- I think very relieved in a way he's not a senator. He can spend more time with Catherine, he can spend some time with his sons and daughters. He can spend time with his grandchildren, which he's never done because the state always come first. Always come first, before the family. And he admits that. And he -- he knows it, and he doesn't like it, but that's what he did.

And -- and I don't -- you know, that's -- he's a workhorse. He was good at it. He liked what he was doing.

So he had -- you know, all of us probably pick some people as friends that we -- that we thought why did we ever do that for. But this one, you know, it's really just awful how people can just turn on you and call you out, you know, and say all those ugly things when it's really not true, probably, you know.

And the jury, the trial kind of went on too long, and they got tired of hearing it, probably wanted to get out and go home, quit. Yeah, it was awful.

PAUL MCCARTHY: I always wondered whether, if he had delayed the trial until after the election, it would have been significantly different.

WILLIAM SHEFFIELD: Yeah, I meant to touch on that.

He, in retrospect, should have delayed the trial and had the trial put off a couple of months, give time for everybody to prepare would have been his excuse. He was so sure that he would be acquitted and so positive on the issue that this was a -- just a bunch of poppycock, and he wanted that thing over and done with so he could go out there and run the last month for the U.S. Senate. And as it was, what was it, 10 days before the election was when he was convicted, I guess, yeah. And -- and he didn't have time to recover. Didn't have time. So...

And Senator Begich had taken advantage of that

early on and just happened to luck out.

CHARLES FEDULLO: What do you think some of the Senator's biggest disappointments would be?

WILLIAM SHEFFIELD: Now?

CHARLES FEDULLO: Yeah, I mean, through his 40 years.

WILLIAM SHEFFIELD: Well, his choice of friends probably is high on his agenda. But, you know, he didn't tell me this, but he was sad about the rural Alaska not voting for him. He had to be. You know. If anybody ever helped rural Alaska, it was Ted Stevens and all of his efforts. And look at the Denali Commission. Lordy. 125, 150 million bucks a year going in there. This year the President cut it to 50. And they'll die a little death here probably pretty soon.

But -- and -- and they didn't vote for him. That's -- that's pretty sad. I don't know why that happened. I don't have an answer for that. You know, there's -- there are real solid people in the Bush. You know, they -- they are not phony, they are really not. They are real people and they live on subsistence and they work and, you know, they do their own thing, but I really don't know -- he didn't get a chance to get out there.

See, Don Young took the Bush, but Don Young goes out there every two years. Senator Stevens hasn't had to

go out there in 20 years. He goes out there but goes to hubs and never -- just doesn't have time. So -- and I think that hurt him.

CHARLES FEDULLO: Talk about his agenda legislatively. What are -- you've talked about all the appropriations and all the money and all the different things he's done. What about things like ANCSA, TAPS Authorization, ANILCA, helping set up Native corporations? You dealt with him through a lot of that process.

WILLIAM SHEFFIELD: We did.

CHARLES FEDULLO: What was the process like? Was he a good lawmaker in helping achieve those things?

WILLIAM SHEFFIELD: He did all those things. He was involved in all of the things that you mentioned. The Native Land Claims, ANILCA, you know, TAPS, the pipeline, everything, he was involved in all -- all of those decisions. All the major decisions that we've had in Alaska since I've been here have been -- Senator Stevens has been in on them, or the leader.

And, you know, getting the money for the ferry system, changed those rules on the part of the transportation so he could use DOT money for the ferry and all those things. Yeah, we've led the way on a lot of those things for other states.

So he's in energy, you know, that's oil and gas,

and transportation. We've got more road money than -- per capita than anybody.

And he could walk into any committee and be heard. You know, they have the rule of rules and their own club, and he was right at the top of it. He's been involved in every -- everything important. Transportation, healthcare, education. Paid off the SeaLife Center debt twice, he paid it off once and they spent the money for something else and he had to pay it off again.

PAUL MCCARTHY: That was somewhat controversial, wasn't it?

WILLIAM SHEFFIELD: Yeah. He gave me the money for the railroad depot at the airport. I got 28 million all at one time. And -- because he had been helping the railroad, and they were adding on to the airport, and I thought, jeez, if we don't get a railroad depot in there now, we'll never get one because we're going to have a commuter service here in a couple years now from Wasilla through Anchorage, to the airport, to Girdwood. Commuter service. A real commuter service. It's like they have in cities down in America, you know?

But without that depot at the airport, you'd -- you'd be missing part of it because there's 12,000 people a day working at the airport. 12,000 people a day work at that airport. So that's important.

And so -- and you've got to revamp the whole bus service in Anchorage, you've got to revamp the entire bus service in the Matanuska Valley, it takes people to do that. And I'm going to head that up here pretty soon with the mayor to try to get him to -- a few months of legacy to get on the ball and complete that so that it works. You know. Any city in the world would like to have a railroad depot at their airport.

I've been to Portland recently, they've got a railroad from the airport to right downtown. It's great. Seattle has talked about it for 30 years, it's going to be operating later on -- I think at the middle of June.

PAUL MCCARTHY: Really?

WILLIAM SHEFFIELD: Seattle right to the airport, going to change right at the airport, you can go through baggage claim and be right there.

PAUL MCCARTHY: Really? Really?

WILLIAM SHEFFIELD: Yeah.

PAUL MCCARTHY: I didn't realize that. That would be great.

CHARLES FEDULLO: I mean, did -- did -- you talked about the accomplishments. Are there any -- and you talked about the Senator (audio cuts out) wished there had been more followthrough -- not followthrough, but more ability to complete?

WILLIAM SHEFFIELD: Well, I can't think of anything right now outstanding.

CHARLES FEDULLO: Some people have mentioned ANWR as a disappointment, that he spent --

WILLIAM SHEFFIELD: Oh, well, yeah, that was a big disappointment. It was still on his agenda, and it probably still is even now. But he tried every way there was to get ANWR. And I've always said that ANWR will open when it needs to open.

No president can get elected for being for ANWR. The only way you're going to get ANWR is if you've got a two-term president and he don't care. I think. We had a chance at Bill Clinton, he turned it down. We had Bush, and I guess he never got the opportunity.

So ANWR is a disappointment. And one of the reasons is, is that ANWR is the easiest thing to develop and be online because that pipeline would only be about 80, 90 miles long to join the one we have. The pipeline we have would have to be boosted up at your pump stations, and I'm sure there's work to be done there. There used to be 2 million barrels a day going through the line, but it's been a long time and maybe have to do some maintenance work, but you could have ANWR online in a couple, three years.

And why that's -- and Stevens -- Senator Stevens understands this also, about 7 years from now there's going

to be about 300,000 barrels of oil in that pipeline. Doesn't matter what the price is, that's not much money.

And so when I was in office, the budget -- the operating budget was maximum about two and a quarter billion. And it's over six now. And with the capital budget and other things happening, that's about 10 billion. So something's going to be haywire here in about 7 years. So you people listening to those tapes now, 7 years from now, we need a gas line or we need an ANWR, or we need an Outer Continental Shelf, we need a Chukchi Sea. Those things will -- any one of those can save us.

So I think Senator Stevens wanted to be there to help with those decisions. I think he wanted to be in the Senate to help with the decisions on the economy because the economy was just going sour as he was -- left office. And he wanted to be there and help with those decisions.

I think he wanted to be there to help make the decisions on -- with -- with the military. You know, the wars we're involved in.

He supported Bush all the way. I think he probably feels a little bad about -- about that to the extent that once you start one of those things, you can't turn it off.

And, you know, they never had a democracy, ever. Been ruled by -- by a ruler. And so it's -- it's impossible to change and have a democracy in three or four years.

And -- but we'll be there a long time.

CHARLES FEDULLO: What -- I mean, politics, you bring up George Bush. People looked at Senator Stevens from a national political standpoint as somebody who really wasn't part of a -- wasn't a Republican, a conservative Republican base, that he was more of an Alaskan first and never really, until late '80s, maybe early '90s, conformed to the Republican line. Could you talk a little bit about that?

WILLIAM SHEFFIELD: Well, Senator Stevens, yeah, was all -- an all Alaskan. He spent his life helping Alaskans. He was never interested in being on Meet the Press on Sunday morning. Never interested in being on the CBS shows and all this stuff. And -- and he had the -- he raised a lot of money for candidates that -- that he liked in the -- in the Senate because he never had to spend the money he raised for himself too much because he was always elected.

So I think he -- he -- I mean, he liked what he was doing. He never wanted to be, oh, the big public guy. He was public because he was good at what he did, but he -- he never was out there organizing the Republican Party and -- but -- and he would always support the President and support people at the Senate, but he was able also to make friends across the aisle with Democrats.

And Senator Inouye is the best comparison one could

make. They are like brothers. And -- and then there's some he didn't get along with. He got along with Patty -- Patty Murray of Seattle, a Senator from Washington State, but not too well with the other one, you know. She was too far to the left for him.

CHARLES FEDULLO: Well, with Patty Murray, he had to develop a relationship; they did battle early on, but they did develop a very good relationship.

WILLIAM SHEFFIELD: That's right. That's right. Yeah, they did.

And he had a bad relationship, I think, with -- with Governor Palin to begin with, but he reconciled that, or made sure that that didn't go bad.

And I think he did his job and wasn't on television all the time like John McCain.

CHARLES FEDULLO: What about in-state politics? I mean, you -- you're a Democrat and you said you agreed with him on most issues, but some people say Senator Stevens actually helped turn the state because of his success from more of a -- of a red state. Do you -- how would you assess that analysis by some folks?

WILLIAM SHEFFIELD: Some people say I was the best Republican governor they ever had. I was born a Democrat, and I'll -- and I'm -- and I'm a registered Democrat, and I always will be a Democrat, but I'm a developer. It used

to be important to have a job. I was born in the Depression. I'm older than all of you.

So I remember when Roosevelt was elected, and my dad ran across to the next farm to a kid, the Republican farmer, because Roosevelt was elected, and so I was probably born into politics, but I -- you know, but I -- in later on in years, and my dad would probably turn over in his grave, but, you know, I haven't always supported Don Young, but for the last 20 years I guess I have, 25 years.

I've supported Senator Stevens for a long, long, long, long time because jobs are important, development's important, the University of Fairbanks is important, the port's important, roads and water and sewer.

And I've been everywhere in the rural Alaska and I have only missed about five villages in Alaska, and I've been there more than once. And -- and so there's things to do.

So I think that I've -- and it seems like in the railroad, and in the port here, that the Republicans helped me and the Democrats don't.

And I don't know what happened to the party because when Roosevelt was elected, the first year he put irrigation in the Spokane Valley, and the next year he had a -- he was building highways out in the valley in Spokane, and they built -- started to build the Grand Coulee, and that was a

stimulus program to get things going.

And then now we have a lot of naysayers in the party. God, against this, against that. You know, the world's changing. And I don't think that -- you know, I'm involved with the NEPA process. I have a permit here. It took four and a half years to get it. And spent a lot of money doing it, working with the agencies. But I've worked with them and I understand the procedures, and -- and that they've got their rules and regulations, they have to go by things, too; but I told Senator Stevens once, you don't have a clue what it takes to get a dollar in the ground. You don't have a clue.

And I think we're so far into it that I don't know how we'll ever -- everything you do costs so much money. You've got to have a study, you've got to hire an engineering company to check on the waterfowl this time of year before you can dig a hole up there. I mean, it's very tough.

CHARLES FEDULLO: Let me shift gears just on you a couple more times. And if you need a break at some point, let us know.

WILLIAM SHEFFIELD: That's okay.

CHARLES FEDULLO: Setting up the Alaska Native corporations was one of the best economic development options that this state has seen. The Senator was hand in hand in that. Can you talk about the setup of the Alaska

Native corporations, how involved he was, and then the process.

I believe it was '88 when they were going away with the -- the Federal Government, if you were involved at all with Senator Stevens, the Native corporations being able to buy -- sell their bad debt to corporations because after the original setup of the regional corporations, they were struggling.

I didn't phrase that question very well, but I think you understand where I'm going.

What was Senator Stevens's involvement, or are you aware of his involvement in setting up the Native corporations and then helping them deal with financial uncertainty due to economic conditions in the '80s and allowing them to sell their bad debt? And that's one.

WILLIAM SHEFFIELD: Well, I think he had a lot to do with it. I -- I think he was -- I don't know that he was the father of it or not, but I think he had a lot to do with it. And there's -- there's an accountant here in town that actually -- actually thought it up, and -- and -- and helped Senator Stevens do that plan.

What happened with the Native corporations, they -- they had never ran anything. And I remember when the Native Land Claims was all settled and, they had their corporations, ANILCA was formed and they had their

corporations, there was a lot of White guys coming in from the Midwest and across the country with their attorney's briefcases in their hand and going to villages and trying to set up corporations and screwing the hell out of the Native people, and they all lost money. And most -- almost all of them were broke. And they -- and they had to do something about it.

And so I think that's probably one of the reasons why they -- why they -- it was started, that was a way for them to get cash and -- and sell their bad debt to a company, and be able to write it off.

So that was -- you know, the hit came for the U.S. Government taxation, but they would have never got any now. Maybe they're getting it all back because the corporations now, most of the Native Corporations are doing very well because Senator Stevens was also the father of the 8(a) corporations, and that's maybe why Dick Cheney doesn't like him, but -- but because he is a Halliburton kind of guy and may be taking some of Halliburton's business. God, I hope they do, I hope they keep taking it away from them because talk about corruption.

If you want to talk about corruption, let's talk about the big corporations that were over in Afghanistan and Iraq. And you read in the paper about they billed 20 million -- 20 billion too much for catering or something,

and you never hear the answer, do you? You never read whatever happened. It went away.

So Senator Stevens helped the Native corporations with -- with the -- with the bad debt thing, they are getting their money back on that; and he helped them with 8(a)s. And the reason the -- and a lot of 8(a)'s are not 8(a)'s anymore because they grew out of it in size. That's what's supposed to happen.

I have an 8(a) company that helped us develop the -- helped us develop the port here, but they -- they grew out of being small. And now they are big and now they are not an 8(a) anymore, but we were still able to have them help us, or be our -- our -- our port developing company because to change horses in the middle of the stream, you know, is not good. So SBA -- SBA let us -- let us do that. But, you know, he had his hands in everything.

CHARLES FEDULLO: You know, as you go through the list of things, it's so long. What -- you talked a lot about all the positive things the Senator's done. What's the legacy? One, did the -- did the trial and the conviction shake people's faith? How will people remember Ted Stevens 20 years from now? Is it one of those cases where people will look at Bill Allen and say he made bad choices? Is it one of those cases where they'll look back and say you can't judge a man by one segment of 40 years? How do you think

he's going to be judged?

WILLIAM SHEFFIELD: I think they'll judge him as a great man and a great United States Senator and done a great job for Alaska. I think they'll forget all the rest. I have.

CHARLES FEDULLO: Do you have any questions, Paul?

PAUL MCCARTHY: I was just going to ask you, how was he able to forge these across the aisle very close and very effective relationships that he had?

WILLIAM SHEFFIELD: I think -- well, he knew how to get things done. I mean, he was a good -- he was a good -- a good --

PAUL MCCARTHY: Process person or --

WILLIAM SHEFFIELD: -- process person.

PAUL MCCARTHY: Yeah.

WILLIAM SHEFFIELD: He was a good mechanic.

Yeah, I think he generally liked people, and -- and he was a -- from Alaska, and he was in the Air Force, in the military and in the war.

The guy in Hawaii was from a noncontiguous state and in the military and in the war, that's how he lost his hand. And I think they struck a good -- a good friendship. And I think a whole lot of other people, you know, the same way, for various reasons, whether it be in playing tennis on Sunday with doubles or something like that, or whatever,

but he worked hard.

You know, when he was appointed, he'd come home every weekend to campaign. He start in Ketchikan, work his way through Southeast, go home from Anchorage. The next week he would start in Anchorage and work his way to Fairbanks and then go back. He always -- he'd leave on a Friday afternoon, he would be back -- back to vote on Monday afternoon.

You know, he did that for years to build up his popularity. For years. And to keep abreast of the -- he loved his work. He liked -- he liked his job. He knew how to do it.

Like you said earlier, he wasn't on -- or we talked about he wasn't on the Meet the Press, he wasn't on this, he didn't do that; he worked for Alaskans all the time, spent all of his time working for Alaskans. He -- I -- and -- and he'll tell you this, if you ask him, that he didn't have any interest in being president or chairman of all of these things, stuff like that.

PAUL MCCARTHY: That's a huge and impressive record, I mean, when you think of 40 years in the Senate. I'm just amazed at --

WILLIAM SHEFFIELD: Stacks of paper, huh?

PAUL MCCARTHY: 4700 cubic feet.

WILLIAM SHEFFIELD: Is that right?

PAUL MCCARTHY: Yeah.

WILLIAM SHEFFIELD: 4700 cubic feet.

PAUL MCCARTHY: Well, at least 4700. There was 4700 boxes, and I don't know if they are the longer boxes, but it would be a minimum of that, and I think --

WILLIAM SHEFFIELD: That's a mile.

PAUL MCCARTHY: -- that's a -- and then the memorabilia was, like, 2- or 300 more boxes.

WILLIAM SHEFFIELD: Well, you know, he -- he raised a lot of staff.

PAUL MCCARTHY: Yeah.

WILLIAM SHEFFIELD: And almost everybody had to be an attorney. If they weren't an attorney, I think he helped support their -- their going to law school nights. Everybody that worked for him come out an attorney.

And I know other firms that do that in Washington, D.C., too, they go to night school for four years, get a degree. A law degree.

PAUL MCCARTHY: Great way to grow your own talent.

WILLIAM SHEFFIELD: Yeah.

CHARLES FEDULLO: Do you think Wally Hickel thought Senator Stevens would last 40 years when he appointed him, 19, what, '68?

WILLIAM SHEFFIELD: He probably did. He probably did. You know, I thought he wanted him to grow old in office

and be there a long time. 40 years is maybe a little longer than what Wally thought, but Wally's a visionary, too, you know, so I'm sure he was on the right track. He wanted somebody to be there a long time. He understood the seniority system. Very important.

Now, you know, like Lisa Murkowski now will be -- she's on the Senate Appropriations Committee. Here's the table. It's narrow and long. Senator Inouye sits in the middle, he's chair. And her name is way down here on the corner. But in the next two to three years, people leaving the Senate or retiring, she'll jump five seats just at that opportune time. She'll jump five seats. She'll be almost to here working her way up. And then, then she becomes even more important to help. I'll be done then, but she'll help other people and -- and other industries, you know.

PAUL MCCARTHY: Do you think the Republican Party is grooming her?

WILLIAM SHEFFIELD: I -- you know, she's young enough, she's smart, she's a hard worker.

PAUL MCCARTHY: Absolutely.

WILLIAM SHEFFIELD: And -- and I think they are probably grooming her to do more than she's doing right now. And I think that the Democratic Party will hand a few niceties here and there to Begich, Senator Begich, to keep him because

he's young enough. He's only 45 or 47 or something like that, you know. And -- and that's -- that's what the party should do is build up what they've got that's sound that people feel good about.

CHARLES FEDULLO: What do you think Senator Stevens will do next? I mean, there's the joke that he will run for governor and he has petitioned this thing. Do you think he fades off and becomes a diplomat for the state and a statesman or do you think he has other plans in mind?

WILLIAM SHEFFIELD: Well, I think -- I think he'll be active for a while. I think he'll set himself up in a little consulting business when the law -- law allows him to do that. I don't know if it's a year or two years you have to be out --

CHARLES FEDULLO: I don't know what that --

WILLIAM SHEFFIELD: And I -- and I think that he'll be very interested in the university system in Alaska. I think he wants to help the university system.

His papers are going to be at the University of Alaska Fairbanks, aren't they?

PAUL MCCARTHY: Right.

WILLIAM SHEFFIELD: And he has a right to move them sometime if wants to, or his family could, you know.

PAUL MCCARTHY: Yeah, the challenge is who else can handle 4700 cubic feet of paper. That's a huge -- it's

one of the largest collections.

WILLIAM SHEFFIELD: So I think he wants to work on that.

PAUL MCCARTHY: Sure.

WILLIAM SHEFFIELD: Probably spend some time with Catherine and spend a little time in Arizona. I know he has an office in Washington, D.C., on M Street. And he's got boxes back there, too, you know. So I -- I -- I think he's going to be active in Alaska. You know, what, I don't know exactly, but I'm sure he'll be active and participate, and he's not going to fade away.

PAUL MCCARTHY: Do you think he feels a bit betrayed by the electorate, or is that the way the circumstances --

WILLIAM SHEFFIELD: No, I think he understands. I think, as I said earlier, I think he feels sad about rural Alaska, but -- but I -- I don't think he feels betrayed. He was convicted and he had a problem there, and -- and he -- hindsight, he should have waited maybe and had the trial later, but he was so confident that he'd be okay that he did it early, but the thing went on too long.

PAUL MCCARTHY: Way longer than, I think, anybody anticipated.

WILLIAM SHEFFIELD: Yeah, way longer. A month long. And a lot of bad things happened in that trial. It

was awful.

So I think he'll be -- he'll be active on the national scene. He has to make a living, you know. He's got a lot of attorney's fees, so he's going to have to keep working. But I think he'll do some of that work, but I think he'll also be involved in Alaska doing things that are good for the state. The university system, I think, is one.

And I also, going back to almost the beginning of our economy, I think -- I think he's relieved. He doesn't have to read the paper today and do something about it. You know, that's very good.

PAUL MCCARTHY: Right.

CHARLES FEDULLO: It almost seems after he lost the election for Senate Majority Leader, there seemed to be a relief in just his comments then because instead of -- he had -- he was leaving Appropriations at that time.

WILLIAM SHEFFIELD: Yeah.

CHARLES FEDULLO: He seemed to have that same sense of relief, and he started taking his youngest daughter at that point to school. And he was spending more time at home with Catherine. And it's almost -- reading just a few comments that people have given lately that there's almost a symmetry there, that losing the election for leadership that he never thought he would lose changed his path and allowed more time for his family, and it's the same issues

and complaints that I've given up my family for the state and for the good of the state, and now in some semblances people are saying similar things, it's another opportunity for him to reconnect to his kids and his grandkids.

WILLIAM SHEFFIELD: Yeah. Yeah. It really is. And they -- and they can afford to do it. I mean, he's -- he's got a retirement, you know, he doesn't have to work, he's got a few hidden bills that he's going to have to -- have to deal with, but you know, I think, you know, once you -- once you're out of power, you're out of power.

When I left the governor's office, it was new. You've got to go to the airport your own way yourself, you've got to get your own seat assignment, you've got to unload the dishwasher yourself. I mean, when you're out, you're out, you know.

CHARLES FEDULLO: It's like dropping of a cliff, right?

WILLIAM SHEFFIELD: That's right. That's right. It's pretty abrupt.

PAUL MCCARTHY: Right. As soon as they call you former Governor, you lost a lot.

WILLIAM SHEFFIELD: I don't know if you -- if you want -- you probably did, I think I was in Washington, D.C., when that -- when Ted gave his speech on the Senate Floor.

PAUL MCCARTHY: Yeah, I saw it.

WILLIAM SHEFFIELD: Yeah. That had to be hard for him. But you saw every other Senator up there saying nice things about him.

PAUL MCCARTHY: Yeah.

WILLIAM SHEFFIELD: Even though there was some bitterness by some people, they -- things like that, they -- they come together.

PAUL MCCARTHY: Yeah.

WILLIAM SHEFFIELD: Bob Byrd could hardly talk. And Bob Byrd and him exchanged being Chairman of the Appropriations Committee I don't know how many times.

PAUL MCCARTHY: Yeah. It was kind of like a handoff, you know, you run your race, and when you --

WILLIAM SHEFFIELD: Yeah.

PAUL MCCARTHY: -- get below 50 percent, we'll run the race.

WILLIAM SHEFFIELD: Sure. And they understand that. And they -- they work good back -- back and forth.

PAUL MCCARTHY: Yeah. Yeah. Maybe that's one of the real virtues of the Senate versus the House, where some of them are more cutthroat.

WILLIAM SHEFFIELD: Yeah. Well, you know, it used to be -- it used to be better. It was -- everybody was more friendly. There was more -- more -- more accomplished in the state here and in Congress. In the last 34 years it's

been getting tougher and tougher to get things done. Last 30 years probably.

You know, when we had Butrovich, John Rader and Cliff Groh and Bill Reeves (phonetic), miserable as he was, and Senator Ziegler, and people like that, you could get a lot done for the people. It's too partisan now. It's too -- I hate -- they don't talk to each other in a meeting. And with these open meetings laws and stuff like that, if you get three people together, why, you're going to have your name in the paper tomorrow and be condemned and all that stuff here, that ain't helping anything.

I mean, if you want to get legislators that don't do that or play by the rules, then elect them. You know. That's what the elections are for. But they used to get to, you know, argue all day long on the merits of the issues, and then -- and then they'd go out and have a beer after work and they'd settle those issues, and then the next day they'd do something about it. They don't do that anymore. So good things sometimes don't get passed.

CHARLES FEDULLO: Well, I thank you for your time.

PAUL MCCARTHY: Thank you so much. Really.

(End of Part 1 of 1, end of recorded interview.)