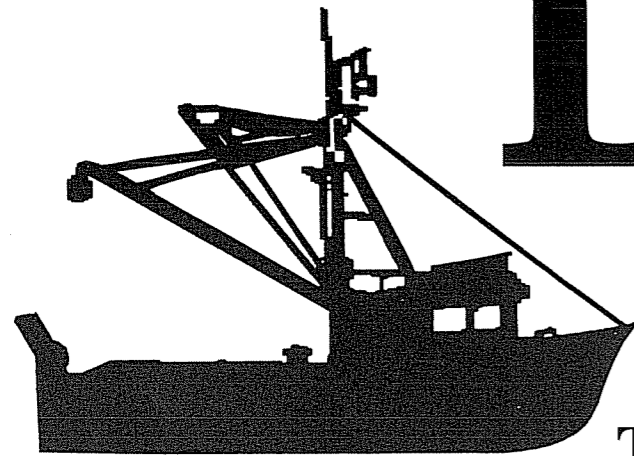


# Marine Life.



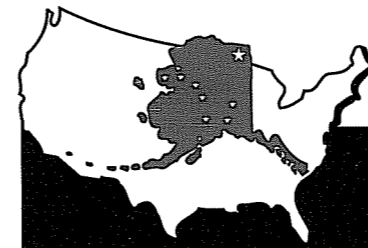
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## Resource Review

December 1992 A monthly publication of the Resource Development Council, Inc.

### Alaska wetlands ruling emerges



#### *1% Alaska Rule puts flexibility into Alaska wetlands equation, but environmentalists mount massive campaign to derail policy*

A new policy proposed by the U.S. Environmental Protection Agency would allow Alaskan landowners to pursue wetland use permits without expensive compensatory mitigation requirements, providing that 99% of the state's historic wetlands remain intact.

The Alaska Wetlands Coalition has actively worked with the White House to secure the policy, known as the 1% Alaska rule. The Coalition considers the policy essential if Alaska is to expand its resource industries and allow for community development.

However, environmental groups are

mounting a massive campaign to derail the proposed ruling. In addition, the groups have already urged President-elect Bill Clinton to rescind the rule if it is promulgated. Opponents claim that the proposed policy will "spark unbridled oil and urban development" and lead to the "wholesale destruction of Alaskan wetlands."

Becky Gay, RDC's Executive Director, insists that such claims are patently false. She pointed out that applicable federal permits will be required on all projects that involve wetlands. The only change will be the elimination of the compensatory mitigation and avoid-

ance requirements. The requirement that permit applicants minimize the impact of any wetlands use will remain in place, scaling down the potential footprint of any development.

Gay stressed that the national "no net loss" of wetlands policy is not flexible enough for Alaska, a state where over 70% of all non-mountainous lands are wetlands. If the policy is implemented without the proposed rule change, economic development across Alaska will be seriously impacted, Gay warned.

*(Continued to page 6)*



**Message from  
the Executive  
Director**  
by  
Becky L. Gay

## 1992: A full plate

It's hard to believe that another year is coming to a close. Having returned to RDC in August from my year as ANWR Coordinator for the Governor's Office, I jumped right back into RDC's mean pace, thanks to our great board of directors, executive committee and outstanding staff. Here are some highlights and accomplishments of 1992 for which the membership can be proud.

• **Arctic Power!** - RDC helped spearhead this new organization to focus on the single mission of opening the coastal plain of ANWR. As with any start-up, there have been hurdles and changes to overcome, but the new year looks promising. Part of Arctic Power's success will be a direct result of hiring RDC's own Deputy Director, *Debbie Reinwand*, to head its staff effort after the first of the year. Although RDC hates to lose such an outstanding staffer, Debbie will continue to have a strong working relationship with RDC.

• **Alaska Wetlands Coalition (AWC)** - The 1% Alaska rule was finally published after much delay, and EPA is still taking comments on the subject until December 21. RDC has worked long and hard to support the Wetlands Coalition and Urge your individual comments be sent without delay. Other AWC activities include: *Bill Horn* of Birch, Horton, Bittner's Washington, D.C. office continues to serve as technical counsel for the AWC. Horn spoke at RDC's November conference, drafted comments for review, and held meetings in Anchorage for the working group. AWC hosted its largest congressional staff tour in mid-July, taking nearly 20 D.C. staff members to Ketchikan, Juneau, Anchorage and Nome. AWC held a November press conference with Chairman *John Rense* and Congressman *Dan Young* on the final rulemaking. AWC was invited to testify at the December 4 Alaska Wetlands Forum convened by the Department of Environmental Conservation (DEC) to discuss the 1% rule and state efforts to regulate freshwater wetlands.

• **Water Quality Standards** - RDC was instrumental in supporting DEC's efforts to tailor water quality regulations to meet Alaska's situation. RDC mobilized comment from the public and participated in several public hearings on the subject, both at the administrative and legislative level. President *Paul Glavinovich* took time away from RDC's conference to testify with other attendees at

a House Resource committee hearing.

• **RDC's 13th Annual Conference - Needs of the '90s: Prosperity and the Environment** was the theme and title of the November conference. The event was well-attended and sponsored by Alaska's finest resource producers and the companies who make Alaska great. The array of speakers from Outside was excellent and a winter tour of Prudhoe Bay, thanks to *ARCO Alaska, Inc.*, was a big highlight for the group. It gave them a glimpse of how the North Slope looks for the other eight months of the year! A successful raffle was held and extra "bonus" workshops filled in the activities for those who had particular concerns or technical needs.

• **Annual Meeting, Education Outreach and AMEREF** - RDC celebrated its 18th annual meeting in June by awarding the first Outstanding Resource Education Awards to *John Blackwell*, recipient of the individual award, and *Koncor Forest Products*, recipient of the corporate education award. For the first time, the event featured two programs - one for adults and one for children. *Robert Gordon, Jr.*, President of the National Wilderness Institute presented the keynote speech. Adults and children viewed educational exhibits and learned about forestry, minerals, Alaska's pipeline and other resource issues. In addition, RDC began its formal management of **AMEREF, the Alaska Mineral and Energy Resource Education Fund**, which provides mineral and resource kits and curriculum training to schools in Alaska. Savings bonds were given to the Science Fair student achievers at RDC's conference and each was recognized from the podium by *Emma Walton*, Anchorage School District's Science Coordinator, a big help to AMEREF.

• **Legislative Agenda** - RDC again had a full agenda in the state Capitol, working on issues that affect all resource industries. Among the top priorities in 1992 was an amendment that would attempt to resolve the Mental Health Trust Lands issue. Governor *Walter Hickel* spearheaded Chapter 66 in 1991, but unfortunately, that law is tied up in court due to various legal challenges. The proposed amendment would clear up minor problems in Chapter 66 and allow important resource projects to move forward. RDC also worked on HB 29, which would have provided citizen lawsuits to enforce environmental laws; HB 540, limited liability for oil spill contractors; and state ANWR campaign funding, which resulted in reappropriation of \$1.3 billion, as well as a new appropriation of \$500,000 for FY '93.

As you can see from this summary, RDC's efforts are focused on education and advocacy and are multi-sector. There is always more to do and as long as RDC has its membership supporting these efforts, RDC will do the work necessary to help strengthen Alaska's economy by sound, resource production.

To our great members, as we begin RDC's 19th year together, I thank you for your years of support. Please stay a member because you provide RDC's strength, its political and operating capital and give it a history of shaping the future.

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

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**Writer & Editor**  
Carl Portman



# Healy Clean Coal Project enters vulnerable stage

## \$215 million project faces opposition

Although a \$215 million high-tech, coal-fired power plant at Healy has won the approval of the Alaska Public Utilities Commission, the project is entering a critical and vulnerable stage, according to a top Alaska coal executive.

John Sims, Vice President of Marketing at Usibelli Coal Mine, warned that opposition to the project "is being fermented by elements within the National Park Service." The proposed clean coal power plant would be built near the Usibelli Coal Mine, about a dozen miles northeast of Denali National Park.

The U.S. Department of Energy (DOE) has released a draft environmental impact statement on the project and is soliciting public comments. Sims warned that with ANWR no longer commanding the full attention and resources of the powerful environmental lobby, opposing groups will likely launch a massive negative letter-writing campaign through the DEIS public comment process.

Environmentalists object to the plant's proximity to Denali National Park, although there is already a coal-fired plant in Healy, a few miles from the Park. Sims insisted that the new 53-megawatt plant will not have a negative impact on the environment.

With new and highly advanced coal-burning technology, the plant should yield no visible emissions from its 300-foot smokestack. If any visible emissions occur, they are predicted to be minor and would happen primarily in winter when few people visit the park.

The Healy project grew out of the U.S. Clean Coal Technology Program, a nationwide competition sponsored by the DOE to test new technology that would solve the international problem of acid rain. The power plant will be financed through a \$94 million federal grant, a \$25 million appropriation from

the Railbelt Energy Fund and revenue bonds issued by the Alaska Industrial Development and Export Authority (AIDEA), a state agency.

AIDEA would build and own the plant, and Golden Valley Electric Association in Fairbanks would operate it. The plant is expected to burn over 300,000 tons of low-grade coal each year. Proponents say it could be the cleanest coal-fired facility of its size in the world. It would also be one of the largest construction projects in Alaska this decade.

*Speaking at the December 3 RDC Thursday Breakfast, Sims challenged Alaskans to dispense of the old Anchorage versus Fairbanks rivalry:*

**"For heaven sake, this is a project which should transcend that schism and be supported with the same statewide enthusiasm as Alaskans project in support of the opening of ANWR."**

The project not only faces opposition from state and national environmental groups, Chugach Electric Association, which sells about \$2 million in excess electricity each year to Golden Valley, also opposes the project. Chugach has warned that rates for its members may increase if it loses its Fairbanks area market.

Chugach has gas-fired generation over and above its customer needs and sells that power at economy rates to Golden Valley. Since that excess power earns revenue for Chugach, it serves to hold down rates for its customer base.

Chugach maintains that the state will end up with far more power-generating capacity than it needs if the Healy plant is built. The Anchorage utility is

convinced there is enough generating capacity in its system to supply the Interior.

In defending the need for the project, Sims noted that Golden Valley sales have grown steadily over the past ten years and that the Fairbanks utility's base load demand is likely to skyrocket as major new mining projects come on line. The AMAX Gold Fort Knox development near Fairbanks will itself increase Golden Valley's normal load by almost 50%. Sims said that there is a very real likelihood that other major hardrock gold properties will be developed in the Fairbanks area, each requiring further increments of electric power. In addition, proposed native corporation chip board plants utilizing Interior timber resources will add an additional load.

"It's easy to portray Fairbanks and surrounding areas as a dynamic growth market for electrical energy," Sims said.

Given the growing demand for power in the Interior, Sims said Golden Valley will likely require additional power beyond that of the new Healy plant, necessitating new power sales from Chugach.

Facing opposition from environmentalists and the Anchorage utility, Sims appealed to members of the Resource Development Council to support the project. Speaking at the December 3 RDC Power Breakfast, Sims challenged Alaskans to dispense of the old Anchorage versus Fairbanks mentality.

"For heaven sake, this is a project which should transcend that schism and be supported with the same statewide enthusiasm as Alaskans project in support of the opening of ANWR," Sims said.

The plant, if approved, would be operating by 1997. It first must win federal and state environmental permits.

Golden Valley has asked Alaskans to write the Department of Energy, encouraging it to move forward with funding and construction of the Healy Clean Coal Project.

*Comments on the project and its DEIS should be submitted to Dr. Earl W. Evans, Department of Energy, Pittsburg Energy Technology Center, Box 10940, Pittsburg, PA, 15236. The deadline is Jan. 5, 1993.*



# Alaska wetlands ruling critical to development of natural resources

(Continued from page 1)

The "no net loss" policy was designed to protect remaining wetlands in the Lower 48 from significant losses. Over half of the wetlands outside Alaska have been developed.

Under the compensatory mitigation feature of the "no net loss" policy, a developer would be required to pay to make new wetlands elsewhere for every acre of wetlands developed. But the 1% rule would do away with such a requirement as long as 99% of the state's wetlands remain intact.

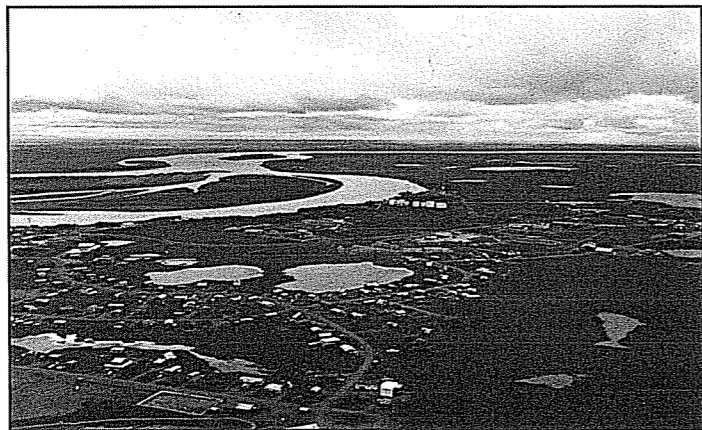
Gay maintains that compensatory mitigation makes no sense in Alaska where dry lands are much more scarce than wetland. She warned that compensatory mitigation would stifle development in Alaska, especially in rural areas where communities stand as "islands in a sea of wetlands."

"Wetlands are often the only choice for schools, hospitals, airports, utilities, transportation systems and homes in a state where only 10% of the towns are accessible by roads," Gay said.

Moreover, most of Alaska's wetlands are isolated and remote from rivers, streams, major lakes and estuaries and do not perform the same functions as wetlands elsewhere. And because of the huge expanses of undeveloped wetlands in Alaska, many of the concerns present in urban areas of the Lower 48, such as preservation of wildlife habitat, do not apply. Wildlife is not habitat-limited in Alaska.

Proponents of the new rule note that Alaska is also a special case because some 40% of the state's wetlands (68 million acres) are already protected in federal conservation units. Most of the state's high value wetlands are in these federal set-asides. Others are protected by strict federal, state and local laws.

The U.S. Fish and Wildlife Service estimates that the state has lost only about one-tenth of one percent of its wetlands since 1867, when Alaska was



With over 70 percent of the state's non-mountainous lands considered wetlands, most Alaska communities are surrounded by wetlands. A flexible policy is imperative if these communities are to provide basic services - which Lower 48 residents take for granted.

## Your comments in support of 1% Alaska Rule are critical

Your comments in support of the 1% Alaska Rule are essential if Alaska is to receive a measure of flexibility in the national "no net loss" of wetlands policy. Please complete the enclosed comment questionnaire and mail it immediately to the EPA in Washington, D.C. A brief one-page letter would also suffice. Extract any information from this newsletter for use in your correspondence. Letters should call for "immediate enactment of the 1% Alaska Rule without delay." Your response is urgent if Alaska is to receive special recognition of its unique wetlands situation in national policy.

### Deadline for comments

Monday, December 21, 1992

Send to:

Mr. Gregory Peck  
Chief, Wetlands & Aquatic Research  
Wetlands Alaska Docket A-104F  
Environmental Protection Agency  
401 M Street, SW  
Washington, D.C. 20460  
or fax to 202-260-2356

purchased from Russia. The state has over 170 million acres of wetlands, more than double the total wetland acreage of all the Lower 48 states combined.

At the current rate of development, it would take over 250 years to reach the 1% threshold.

Gay calls the Alaska Rule the "99% protection policy."

"The 1% rule means that 99% of Alaska's wetlands will not be affected. This rule recognizes that Alaska has obtained the highest performance standard in preserving its wetlands."

# RDC conference examines federal environmental laws, impact on Alaskans



Thoughts from the President by Paul S. Glavinovich

On November 20, the Resource Development Council concluded a very successful two-day conference focusing on "Needs of the '90s: Prosperity and the Environment." Participants were treated to a cross-section of distinguished speakers addressing such topics as the questionable scientific rationale for specific environmental laws, the risk assessments that supposedly justify those laws and the costs to America's industry, local government units (spelled taxpayers) and the individual consumer for what are now federal environmental mandates.

Mike Pompili, Assistant Health Commissioner for the City of Columbus, Ohio, shared the results of his community's study of the costs to comply to the proliferation of unfunded federal environmental mandates, a study that closely parallels the conclusions of a similar study recently completed by the Municipality of Anchorage. Dr. Sally Baliunas presented scientific data that calls into question the "politically correct" conclusions that global warming and ozone depletion are

truly at the emergency response point. This is the acid rain "call to arms" all over again that produced the Clean Air Act amendments that will cost the American consumer at least \$7 billion per year in higher electric utility rates. Those amendments were promulgated irrespective of the conclusions of a \$600 million federally-funded scientific study, the conclusions of which did not support that legislative action.

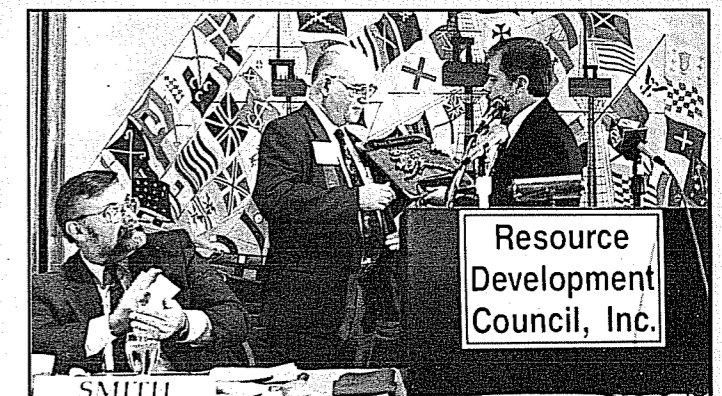
Alaska's Mental Health Trust Lands, state water quality standards and federal wetlands policy were also subjects of the conference. The presenters of these topics left little doubt that unresolved, these issues will severely curtail Alaska's opportunities to generate new wealth from the land or from the sea and thus will seriously erode the State's ability to meet its responsibilities.

RDC's 1992 conference provided the participants with hard numbers to what will truly be the cost in dollars and jobs of poorly researched and ill-conceived "knee-jerk" or "politically correct" solutions to what in hind sight may prove to be non-problems within our global environment.

A portion of the program was video-taped for airing on Prime Cable and C-Span to reach a larger audience. Anchorage television news also covered the event, but it's unfortunate that Alaska's largest newspaper choose not to provide coverage to its readers so that they too would have the benefit of a more balanced exposure to these issues and the costs thereof.

I believe that our 13th Annual Conference was a great success and I would like to personally thank our cosponsors, general sponsors, underwriters and exhibitors. I especially want to thank RDC's staff for an exemplary performance.

## RDC honors Tom Cook and Easy Gilbreth



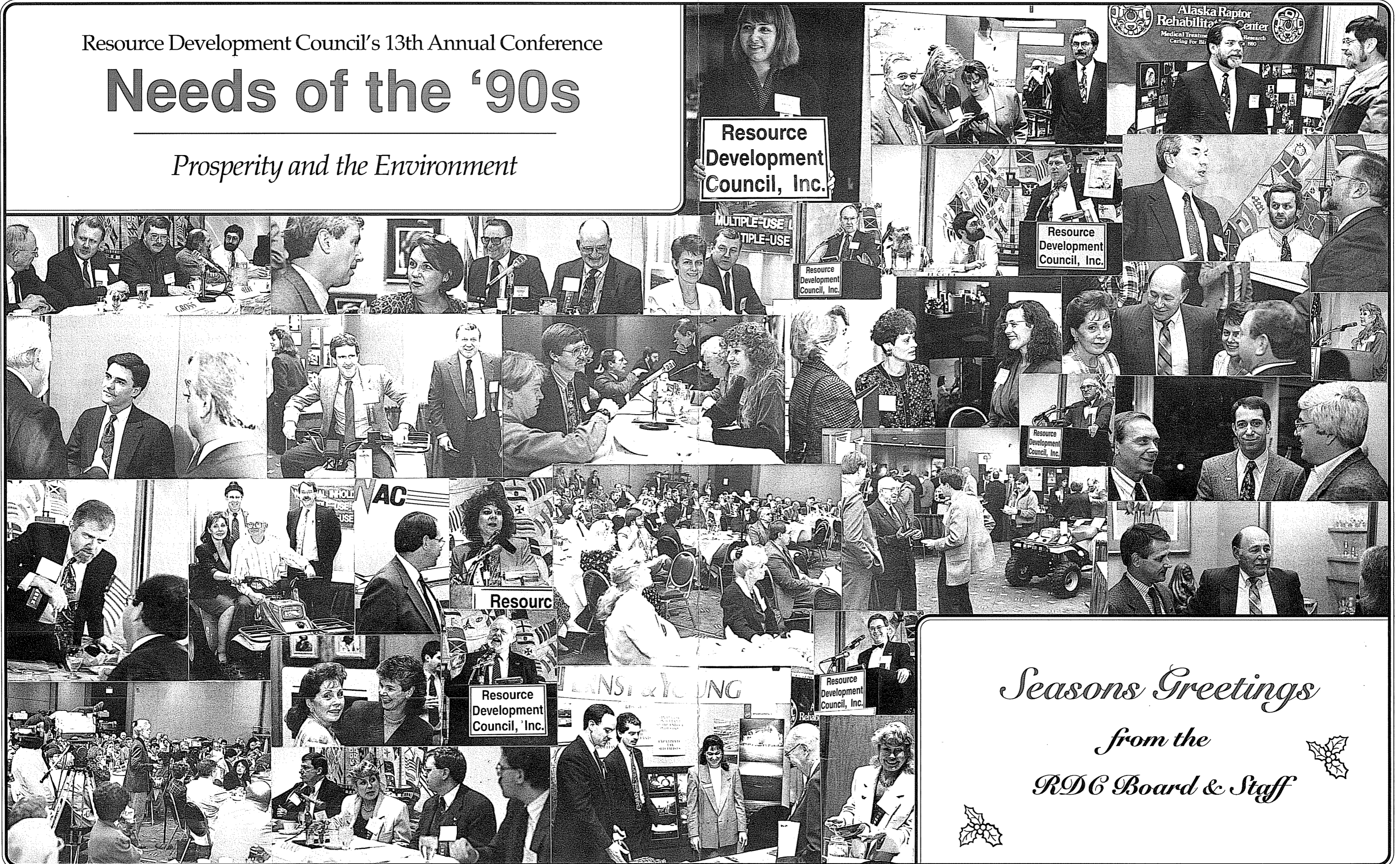
Long-time RDC board members Tom Cook and Easy Gilbreth were honored at the recent RDC conference for their outstanding achievements in support of resource development in Alaska. Gilbreth, pictured at left with former RDC President Bill Schneider, served 11 years with the Alaska Oil and Gas Association before retiring in 1989. Shortly after, Gilbreth was appointed Executive Director of the Alaska Coalition for American Energy Security. At right, Cook receives a RDC "First Barrel of Oil" plaque from Schneider, while Allen Smith of the Wilderness Society applauds. Cook served as Chevron's Alaska Exploration Representative for 12 years. He participated in countless media interviews on ANWR and escorted dozens of people, ranging from reporters to U.S. Senators, to the Coastal Plain.



Resource Development Council's 13th Annual Conference

# Needs of the '90s

*Prosperity and the Environment*



*Seasons Greetings*

*from the*

*RDC Board & Staff*

