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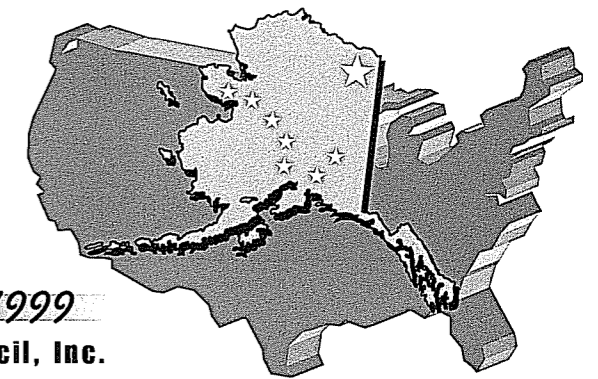
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Resource Review

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NMFS to classify Cook Inlet beluga whales as "depleted" under MMPA

Determination on "endangered" listing to come next spring

The National Marine Fisheries Service (NMFS) is proposing to classify the Cook Inlet Beluga whale as a "depleted" species under the Marine Mammal Protection Act (MMPA). The federal agency will not be making a final determination on whether Cook Inlet beluga whales should be considered threatened or endangered under the Endangered Species Act (ESA) until the results of the 1999 population surveys are completed. That decision is expected next spring.

In a letter to Lee Stephan, Chairman of the Cook Inlet Marine Mammal Council, NMFS Alaska Administrator Steven Pennoyer said that the measures necessary to protect the Cook Inlet beluga from further decline are provided through the combined depleted designation and a recently passed Stevens amendment to the MMPA. The Stevens amendment prohibits the subsistence harvest of beluga whales in Cook Inlet until October 1, 2000, unless that harvest occurs as part of a co-management agreement between NMFS and authorized Alaska Native organizations.

"We haven't closed the door on an Endangered Species Act listing. A listing will at least, in part, be determined by the results of the 1999 surveys." - Mike Payne, NMFS

Court turns down injunction, pollock fishing continues

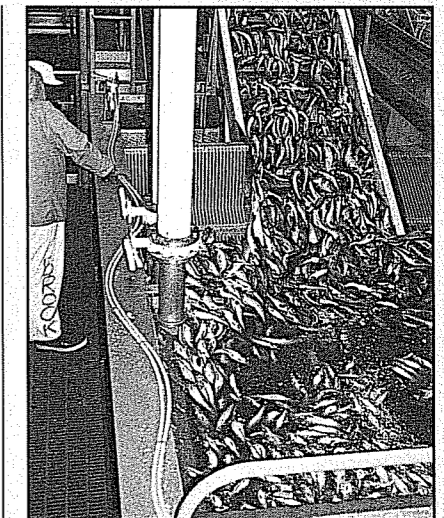
A federal judge has turned down a request by environmental groups to further curtail pollock fishing in the Bering Sea and Gulf of Alaska.

U.S. District Judge Thomas Zilly's ruling means the final pollock fishing season of the year can carry on without additional cut backs.

"There was simply no scientific basis, or other justification, for imposing new seasonal restrictions that would have increased the burden on fishermen," said Stephanie Madsen, Vice President of the Pacific Seafood Processors Association and RDC Executive Committee member.

The National Marine Fisheries Service issued a biological opinion last year concluding that pollock fishing in the Gulf of Alaska and the

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Alaska's pollock fishery is worth more than \$700 million annually. Pollock is processed into many uses, including surimi, fish sticks, and fast-food patties. (Photo by Frank Brown)

"The amendment removes the immediate threat to this stock from over-harvest," Pennoyer said. "Therefore, no determination on listing this stock as a threatened or endangered species under the ESA is being made at this

time."

Federal officials say the beluga whales warrant special protection because their population has fallen below 50 percent of their maximum known numbers in Cook Inlet. The listing gives NMFS more ability to control Native hunting which federal biologists believe is the main cause behind the beluga's declining population.

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Thoughts from the President by Jim Branch

An unforgettable experience in Unalaska

It was my pleasure last month to join a contingent of RDC board members and staff on a trip to one of the most dynamic communities in Alaska and the number one commercial fishing port in the nation – Dutch Harbor/Unalaska.

RDC chose Unalaska and the Port of Dutch Harbor as the site for its 1999 community outreach trip to learn more about the region's fishing industry and the meet with local business and community leaders.

The seafood industry is the driving force of the local economy. In 1998, annual landings from commercial fisheries in Alaska exceeded 5 billion pounds, accounting for 53 percent of



Don Graves of UniSea describes the processing of pollock into Surimi to Jim Branch and Jim Cloud. Surimi appears in seafood products ranging from traditional Japanese holiday foods to artificial crab.

the total U.S. harvest. In Unalaska alone, 597 million pounds of fish were landed with a value of more than \$110 million. No other port in America was as high in volume and dollar value.

The main species that contributed to this remarkable tonnage and value is pollock, processed in local plants into surimi, fillets and by-products such as fish meal, bone meal and fish oil. Other

species processed in Unalaska plants include king and snow crab, pacific cod, halibut, herring, black cod, and yellow fin sole.

I couldn't help but notice the striking similarities a Dutch Harbor seafood processing plant has with production facilities in Alaska's other resource industries. A seafood processor must carefully time the intake of fish with the output of product while maintaining equipment uptime, overall productivity and quality control.

Unalaska is also a major support base for the offshore factory trawlers and factory long-liners.

Unalaska Mayor Frank Kelty is proud of his bustling community and its fishing industry. He was quick to point out that the seafood industry is the largest employer in Alaska with three top ten companies located in his community. He noted Unalaska contributes nearly \$12 million annually to the state in fish and marine fuel taxes. Unalaska also sells more marine fuel than any other community in the state.

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The RDC delegation stands before a monument honoring the return of Aleuts to Unalaska and other villages following their internment in Southeast Alaska during World War II.

Resource Review is the official periodic publication of the Resource Development Council (RDC), 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

Beluga whales: Listing will mean more regulation

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will allow a harvest at some level in the year 2000." Payne said.

A depleted listing could be a "stepping stone" for environmentalists to reach a larger agenda of more regulation and restriction.

A depleted listing not only gives NMFS the ability to stop Native hunting outside a co-management agreement, it could result in stricter regulation of oil and gas operations, shipping, commercial fishing, sport fishing and treated wastewater discharges from local communities. Additional regulation would result in higher costs for resource industries, local businesses and residents and could have a significant impact on general commerce in the region.

Environmentalists favor a listing under the ESA because that law has tougher restrictions for development activities in critical habitat areas and the burden is on the developer, not the government, to prove an activity will not pose any harm.

RDC is concerned that a depleted listing could give environmental groups another tool to obstruct development, including oil and gas leasing in Cook Inlet. RDC is also concerned that NMFS may attach additional restrictions beyond what would typically come with a depleted listing.

RDC has urged NMFS to move forward with a co-management agreement with Native hunters and to conduct more research before a final determination is made.

"Our ultimate goal is to see the beluga population recover and for Natives to resume their traditional subsistence hunts at some level," said Ken Freeman, RDC's Executive Director. "How we get there is the issue. It shouldn't be to the detriment of our local industries and communities which have not been a factor in the beluga's decline."

The public will have 60 days to comment on the proposed listing once it is published in the Federal Register later this fall. Publication was expected by the middle of October.

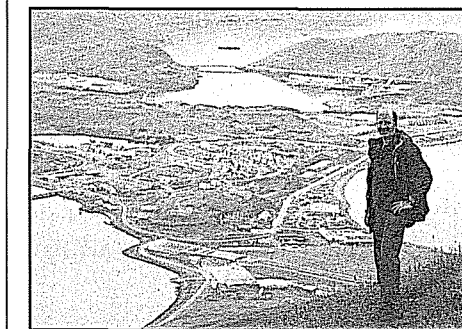
Unalaska: RDC board gets first hand look at industry, city

(Continued from page 3)

troops were stationed at Unalaska and Dutch Harbor. During our visit, we saw many remnants of their stay. The Ounalashka Native Corporation intends to build an interpretive center to tell the story of the Thousand Mile War in the Aleutians, including the sad chapter on the relocation of the Ungan people of this area and the hardships they endured during the war years.

Unalaska has had a rich and varied past and the community has made many quality of life improvements. It has a strong and committed fishing industry and is only beginning to tap its promising potential in tourism and sport fishing. It is truly a beautiful area of Alaska that is well worth a visit.

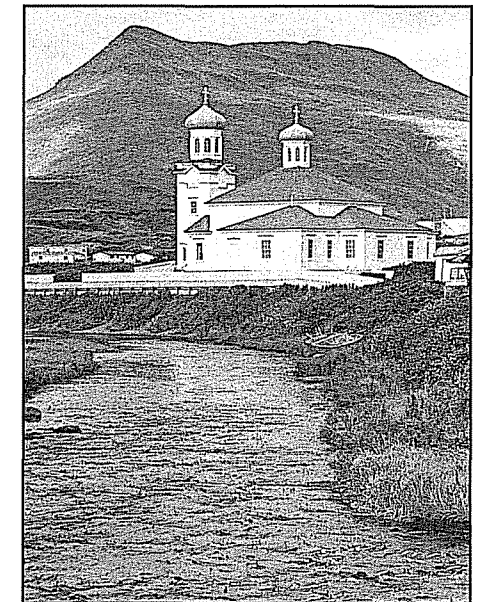
On behalf of RDC, I would like to thank Mayor Kelty and RDC Executive Committee member Stephanie Madsen for an unforgettable trip. Stephanie, a former 17-year resident of Dutch Harbor, was largely responsible for putting together our itinerary and keeping us on track. Mayor Kelty, serving his fourth-consecutive term as mayor, gave up his weekend to make sure our trip was a grand success.



Upper left: RDC board members, led by Stephanie Madsen, prepare to enter UniSea plant. Upper right: The Russian Orthodox Cathedral is one of the most treasured landmarks in Unalaska. Bottom left: RDC Executive Committee member Mark Hanley hiked to the top of Ballyhoo Mountain for a commanding view of Unalaska. Bottom right: Group gathers on Bunker Hill.

The September visit would not have been possible without the support of our generous sponsors. A big thank you to Alaska Airlines, the City of Unalaska, UniSea, Alyeska Seafoods, Westward Seafoods, American Seafoods, North Pacific Fuel, Sealand Services, North Star Maritime Agencies, NC Machinery, and Crowley Marine Services. I would also like to extend RDC's appreciation to Rick Knecht at the Museum of the Aleutians, Dick Davis at Ounalashka Corporation, Don Graves at UniSea, Tom Enlow at the Grand Aleutian Hotel and Unalaska Public Works Director Bill Bradshaw. Many others deserve recognition, including Public Utilities Director Mike Golat, City Manager Scott Seabury, Unalaska School Superintendent Steve Cathers and City Council members Shirley Marquardt, Tammy Pound, Bev Reid, Gregg Hanson and Rusty Sinnott. We would also like to thank Father Peter Bourdukofsky of the Holy Ascension Orthodox Cathedral.

I'd also like to thank Don Graves in a secondary capacity, as owner and Captain of Shuregood Adventures, one of the charter operations on the island. Don graciously gave Bob Stiles, Frank Brown and I a lift in one of his boats to one of the area's outstanding salmon streams where we experienced some "killer cohos." Our only disappointment was that we couldn't stay longer.



Environmentalists sue to block timber deal

A coalition of six environmental groups have filed a lawsuit to prevent the Forest Service from moving forward on an agreement reached this summer that would feed 80 million board feet of timber to a proposed veneer plant in Ketchikan.

Louisiana Pacific Corporation has rights to the timber under an earlier agreement with the Clinton administration that settled claims resulting from the March 1997 closure of the Ketchikan pulp mill. The pulp mill's timber was provided through a 50-year long-term contract with the Forest Service. When the Clinton

"The timber industry in Southeast is doing everything it can to adjust to changing markets and the reduced supply. The proposed veneer plant is a value-added facility. It will take logs that are currently getting chipped, make a higher value product from them and create new jobs in the process. This is good news for everyone except a few radicals who want everyone who isn't a whistle-carver to go on welfare or leave town — or both." — Jack Phelps, AFA

administration cancelled the contract in 1997, it gave L-P until December 31, 1999 to log the remaining timber.

The company has harvested about two-thirds of the timber and has asked the Forest Service for a one-year ex-

ension to log the remainder. This summer's agreement provided for the extension.

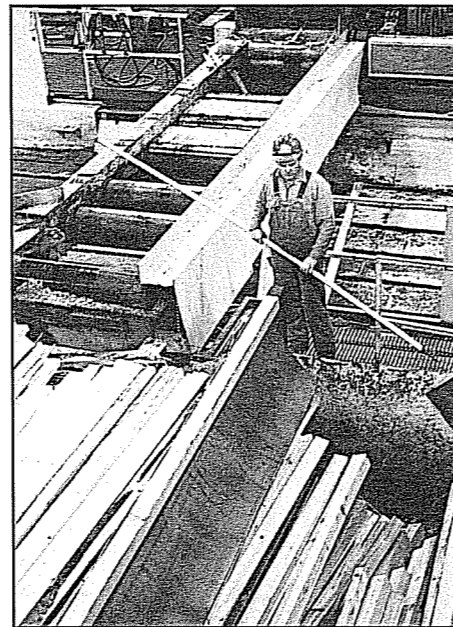
The agreement requires the timber to be used at the new veneer plant which a new company, Gateway Forest Products, plans to build and have operational by the end of next summer.

Environmentalists bitterly oppose the agreement, despite pledges to support value-added processing and a viable, but smaller industry in the Tongass.

Non-development interests waged an all-out assault over the past ten years to convince the Clinton administration to terminate the region's two long-term timber supply contracts and severely reduce logging in the Tongass National Forest. While they routinely launched numerous lawsuits and administrative appeals over timber sales in the region, environmentalists claimed they were not out to destroy the timber industry, but to help craft a sustainable forest products industry with a smaller environmental footprint.

They were largely successful in their efforts to convince the Forest Service to sharply reduce logging. Only a mere one-half of one percent of the forested lands in the Tongass are now available for logging. Thousands of jobs have been lost and local communities have taken big hits to their tax base.

Cliff Skillings, a spokesman for the proposed veneer operation, said the 1997 settlement was meant to keep people employed at the site of the Ketchikan pulp mill where the new plant is to be built. The agreement was also intended to ease the transition from pulp production to a new, more environmentally-friendly facility. Skillings said the one-year extension granted by the more recent agreement is merely an "adjustment" that is not uncommon and the terms are consistent with the Forest Service's goal of helping to usher in a new timber industry in Southeast Alaska.



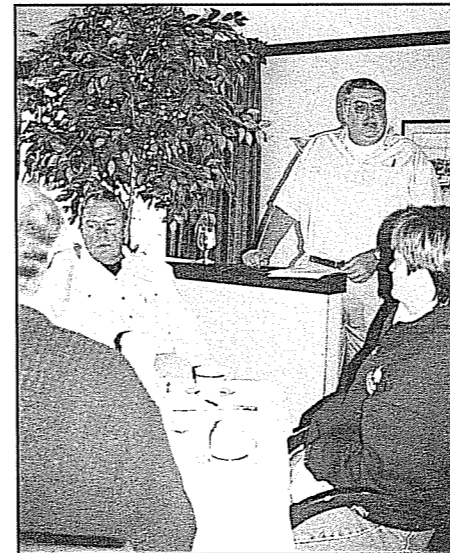
The proposed veneer plant will create up to 70 new jobs and preserve some 200 others by allowing the existing sawmill, pictured above, to remain in operation.

"This is a small scale, community-based business," Skillings said of the veneer plant, which is expected to employ about 70 people.

Later this month Gateway is expected to purchase the assets of the old pulp mill from L-P, including the property at Ward Cove and the remaining timber.

Many Southeast Alaskans have expressed disappointment with the lawsuit, claiming it verifies the real intentions of non-development interests — to wipe out what remains of any forest products industry in the Tongass.

According to Jack Phelps, Executive Director of the Alaska Forest Association, "the timber industry in Southeast is doing everything it can to adjust to changing markets and the reduced supply. The proposed veneer plant is a value-added facility. It will take logs that are currently getting chipped, make a higher value product from them and create 60 or 70 new jobs in the process. It will also preserve some 200 jobs by allowing the existing sawmill to remain in operation. This is good news for everyone except a few radicals who want everyone who isn't a whistle-carver to go on welfare or leave town — or both."



Mayor Frank Kelty addresses the RDC contingent. Kelty is serving his fourth term as mayor of Unalaska.

Since the Unalaska economy is almost totally dependent on the seafood industry, the community has many concerns about the Steller sea lion protection measures under the Endangered Species Act. The community is also concerned about reduced quotas from declining stocks and habitat issues. Crab stocks in the Bering Sea are in a major decline. Mayor Kelty says research and recovery is a priority.

The City of Unalaska and the seafood industry share many common concerns with RDC's other members in the oil, gas, timber, mining and tourism industries. We all face similar challenges, including access to the



Raoul Benoit tends to the crab pot lot in Dutch Harbor. The lot holds several thousand crab pots. Crab from the Bering Sea ends up on the table of consumers all around the world.

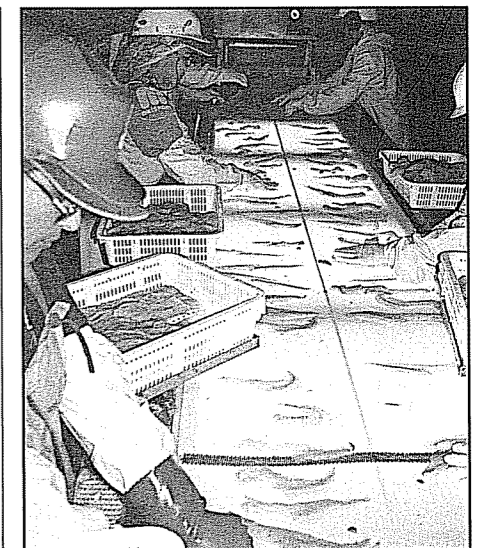


Pollock, a white-fleshed groundfish which fueled the Unalaska fishing boom that began in the late 1980s, is mostly processed into surimi. The UniSea plant in Dutch Harbor is the largest onshore processor of surimi in the U.S.

resource and a myriad of parallel regulatory issues.

These issues impact the cost of doing business and they are a major concern in Unalaska, just as they are for the oil industry at Prudhoe Bay or the timber industry in Ketchikan.

Unalaska is a community that has experienced a tremendous amount of growth. On our tour, we saw three major shoreside processing plants worth more than \$300 million. We also saw the vessels that fish for them, as well as the offshore fleet. We toured a new community recreational center, city hall, medical clinic, public works facility,



UniSea employees process pollock during the final fishing period of the year.

library, and museum.

One of the highlights of our visit was a stop at the Holy Ascension Orthodox Cathedral, which has just undergone a \$1 million restoration project. It is one of the most impressive churches in Alaska and is now a National Historical Landmark.

Unalaska has a rich past. The island was home to the Ungan people for thousands of years. A world-class archeological dig near the museum is uncovering the past of the ancient people of the Aleutians.

During World War II, 30,000 U.S.

(Continued to page 7)

Beluga whales to be listed for special protection

(Continued from page 1)

RDC, the Municipality of Anchorage and numerous business organizations have argued against a listing of the species as endangered or threatened under the ESA because of the additional regulatory burden a listing would create on a wide variety of activities in and around Cook Inlet. Local communities and business interests instead urged federal officials to hammer out a co-management agreement with Native hunters.

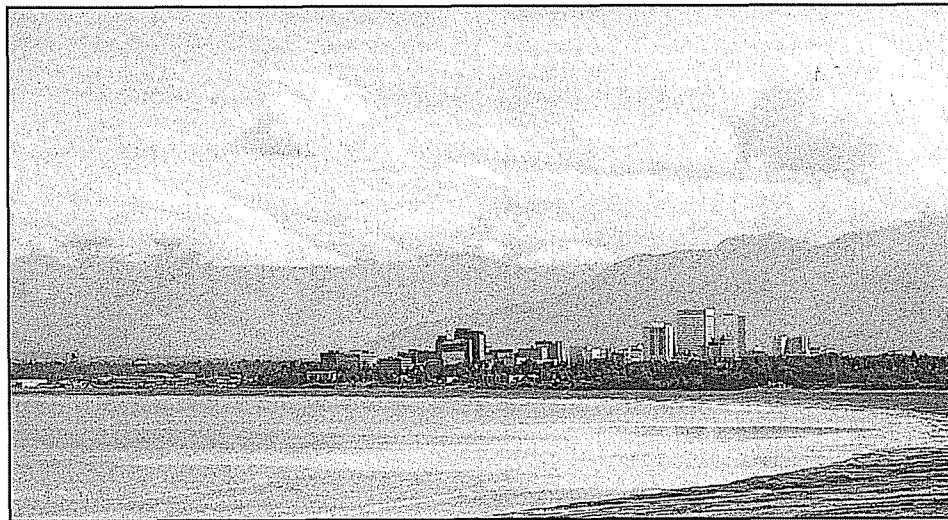
While a depleted listing under the MMPA is not as onerous as an ESA determination in terms of regulation on existing activities, it still requires federal officials to draft a plan that spells out what actions will be necessary to assure the declining population will rebound. Under the listing, NMFS may develop or implement conservation or management measures to alleviate any impacts on areas of ecological significance to belugas. The MMPA requires that such measures shall be developed and implemented after consultation with the Marine Mammal Commission and the appropriate federal agencies after notice and opportunity for public comment.

"We haven't closed the door on an Endangered Species Act listing," said Mike Payne, Assistant Regional Administrator for Protected Resources, for NMFS. "A listing will at least, in part, be determined by the results of the 1999 surveys," Payne noted. "What we believe to be the immediate threat, which is overharvest, has been temporarily resolved."

According to NMFS, hunters killed an average of 78 belugas each year between 1994 and 1997.

Some Native leaders believe that number is in error, claiming that the process may have counted some harvested whales at least twice. Dan Alex, Project Coordinator for the Cook Inlet Marine Mammal Council, says that while annual harvests have been higher than what environmentalists and federal biologists prefer, "it was no where near what NMFS is reporting."

Native hunters also challenged the



The Municipality of Anchorage opposes listing the Cook Inlet beluga whale under the Endangered Species Act. For now the beluga whales will be listed as "depleted" under the Marine Mammal Protection Act. A determination is expected next spring on an ESA listing.

accuracy of beluga population estimates, calling them too low. They note that the purported magnitude of the population decrease is suspect because the current lower numbers, derived from using a revised counting methodology, are compared to old higher numbers which have not been adjusted to the revised methodology.

"We need to tag more whales so we can see where they go in the winter. Biologists believe the belugas live only in Cook Inlet, but we believe that is not the case. They are trying to declare this stock unique and it isn't."

- Dan Alex, Cook Inlet Marine Mammal Council

Alex and other Alaska Natives believe the whales migrate into Cook Inlet to feed on fish and go elsewhere when stocks in the upper Inlet are down.

"We need to tag more whales so we can see where they go in the winter," Alex said. "Biologists believe the belugas live only in Cook Inlet, but we believe that is not the case. They are trying to declare this stock unique and it isn't."

Alex expressed concern with the proposed depleted listing, fearing it will remove incentives for federal officials to negotiate in good faith a co-management agreement with Native hunters.

"They have no major incentive to negotiate right now because they essentially have their moratorium on hunting through a depleted listing," Alex said. "The real issue is that they have now cut off hunting and that is a big concern," Alex added. "A minimal hunt is important to us - whether it is just two or fourteen whales."

Alex was also critical of the influence environmental groups have had on the issue. "We almost reached a co-management agreement at the end of April until conservationists bummed up the works," Alex said. "They have now achieved their goal of stopping hunting. It's done."

Payne, however, said NMFS fully intends to hammer out a co-management agreement with Alaska Natives and has set a goal of reaching a positive outcome in the year 2000.

"We will be working on a co-management agreement this winter that

(Continued to page 7)

Fish: Alaska's first permanent fund

By Stephanie Madsen
Vice President, PSPA

Over a decade ago, Congress first proclaimed October as National Seafood Month. It was established to recognize one of the nation's oldest and most important industries. In Alaska, many of us consider fish as Alaska's first permanent fund.

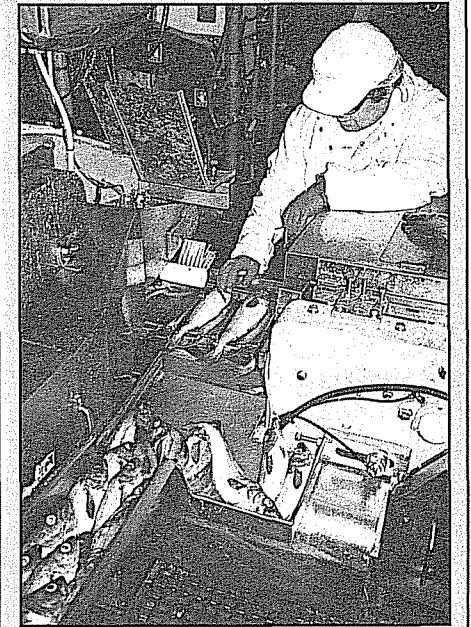
This fund has a well-diversified portfolio, including salmon, herring, halibut, crab, shrimp, clams, groundfish and a variety of other fish species yet to be fully developed. Alaskans have been living off the annual production or "interest" of this fund for years. Unlike our very substantial and valuable mineral and oil resources that when extracted are gone, fish are renewable resources that allow moderate utilization year after year.

Seafood consumed per capita increased .3 pounds in 1998, although

the 14.9 lbs. per person annually in the U.S. still has a way to go to match Japan's 125 lbs. per person. Here in Alaska, we purchase and process five of the top ten seafood species consumed in the U.S. Alaska continues to be the leading region in the nation, producing four times more seafood products than the next largest U.S. producing region.

The RDC Board visited the number one fisheries port in the U.S. last month, the City of Unalaska's International Port of Dutch Harbor. In 1998, more than 597.1 million pounds of seafood were landed at the port, with a value of \$110 million. This is the tenth year in a row that Unalaska/Dutch Harbor held the number one spot. Kodiak was number three in 1998.

As we receive our Permanent Fund dividend this month, let's reflect on Alaska's first permanent fund.



Unalaska/Dutch Harbor seafood processing plants employ more than 2,000 workers during the peak season.

Court grants forest association standing on Tongass plan

In an order released by the U.S. District Court last month, the Alaska Forest Association was granted standing to bring suit against the federal government over its revision of the Tongass Land Management Plan last spring. Overruling strenuous objections by the Department of Justice, the Court said it has reviewed the record and concludes that the AFA has standing to challenge the modifications to the Record of Decision (ROD).

"I am extremely pleased that the Court has clearly stated that AFA has standing to bring suit in this matter," said AFA executive director Jack Phelps. "In our view, that is the most significant element of the judge's decision. Across the country, the courts are realizing that real people are harmed by extreme applications of various federal environmental laws and they have a right to protection by the courts."

"We believe this plan was adopted illegally and we will continue to pursue the matter in court."

- Jack Phelps, AFA

The court found that AFA had "raised substantial questions regarding the Assistant Secretary's authority and his manner of dealing with the ROD." The order also says that "the Court is prepared to find some irreparable injury properly alleged by (AFA)."

Phelps said the order is encouraging because it leaves the door open for AFA to proceed on its quest for a re-mand of the forest plan.

"We believe this plan was adopted illegally and we will continue to pursue the matter in court," Phelps said.

Steller sea lions: Judge turns down injunction

(Continued from page 1)

Bering Sea jeopardizes Steller sea lions and their habitat. The fishing industry sharply disagrees with the federal opinion and has called for more research. The Steller has been listed as endangered under the Endangered Species Act after its population nosedived over the past decade.

NMFS worked with the North Pacific Fisheries Management Council to impose emergency measures last year and again this summer to curtail or close fishing in sea lion critical habitat areas and to break the fishing season into four periods throughout the year.

Environmentalists demanded more restrictions and filed for an injunction, but the judge ruled that new closures would be premature right now, considering the range of sea lion protections already in place and the brevity of this year's remaining season. In July, Zilly ruled that the emergency measures might be adequate, but that NMFS had failed to properly explain its actions as required under the ESA.