

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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Ex-Officio Members Senator Mark Begich Senator Lisa Murkowski Congressman Don Young Governor Sean Paraell

BREAKFAST MEETING

Thursday, May 19, 2011

- 1. Call to order -Tom Maloney, President
- 2. Self Introductions
- 3. Headtable Introductions
- 4. Staff Report Jason Brune, Executive Director
- 5. Program and Keynote Speaker:

2011 Business Update & Major Project StatusChris Aadnesen, President, Alaska Railroad Corporation

Next Meeting:

Tuesday, June 28: RDC's 36th Annual Meeting Luncheon featuring Karen Budd-Falen, Senior Partner, Budd-Falen Law Offices, Cheyenne, WY, with Alaska Industry Update Panel, Dena'ina Convention Center

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Alaska Railroad 2011 Program of Projects



he Alaska Railroad Corporation (ARRC) has budgeted approximately \$55.9 million in new spending for capital improvements in 2011. Fact sheets with detailed project descriptions are also available online at www.AlaskaRailroad.com (click on Capital Projects).

Federally-funded Projects

ARRC receives federal grant funding for capital infrastructure improvements and rehabilitation. Funding has been received from the Department of Defense (DOD), Federal Railroad Administration (FRA), Federal Transit Administration (FTA), Federal Highway Administration (FHWA), Transportation Security Administration (TSA), Federal Emergency Management Agency (FEMA), U.S. Forest Service (USFS) as well as other federal funding, such as "Stimulus" money from the American Recovery & Reinvestment Act of 2009. Most FTA, FHWA and FEMA funded projects require 9% to 25% matching funds from the Alaska Railroad. Although ARRC receives no direct funding from the state for capital or operating expenses, ARRC provides support to the Matanuska-Susitna Borough, City of Seward and Fairbanks North Star Borough to execute State of Alaska funded capital projects.

In 2011, ARRC expects to receive continuing FTA formula funding to support an estimated \$13.8 million program of federally-funded capital activities. The Alaska Railroad is contributing 9% of this amount. Other federal funds for 2011 include \$2.93 million in FEMA-administered grants and a \$1.38 million Stimulus-funded grant.

Internally-funded Projects

In addition to the match for federal funds, ARRC internal funds (funds generated by corporate freight, passenger and real estate revenues) support ARRC's ongoing expense activities as well as an annual capital program. In 2011, internal funds will provide \$23.7 million toward capital improvements and capital rehabilitation activities.

Bond-funded Projects

In 2006, ARRC sold \$76.1 million in revenue bonds with another \$89 million bond sale in 2007. These funds are primarily used to accelerate track rehabilitation efforts. About \$14.1 million will be spent in 2011. Bonds are repaid with FTA formula fund appropriations.

2011 Major Capital Projects

Localized Projects, by ARRC Milepost

- · Seward East & West Dock Investments
- · Seward Coal Loading Facility
- · Seward Depot Improvements
- · Chugach Forest Whistle Stop Service
- · Whittier Infrastructure and Master Planning
- · Whittier Branch CTC (Signalization) Installation
- · Historic Freight Shed LEED Renovation
- · Ship Creek Intermodal Transportation Center
- · Commuter Partnerships and Opportunities
- · Commuter Rail Study Update
- · Diesel Multiple Unit (DMU) Railcar
- South Wasilla Rail Line Relocation
- · Port MacKenzie Rail Extension
- · Rail/ROW Rehabilitation to Moose Creek
- Talkeetna Depot Restroom Facility
- . Curry Quarry Ballast & Riprap Production
- · Healy Canyon Safety & Reliability
- · Nenana Rail Line Relocation
- · Fairbanks Freight Intermodal Improvements
- Fairbanks Depot Second Track
- Fairbanks Area Rail Line Relocation
- North Pole Road/Rail Crossing Reduction
- · Northern Rail Extension

System-wide Projects

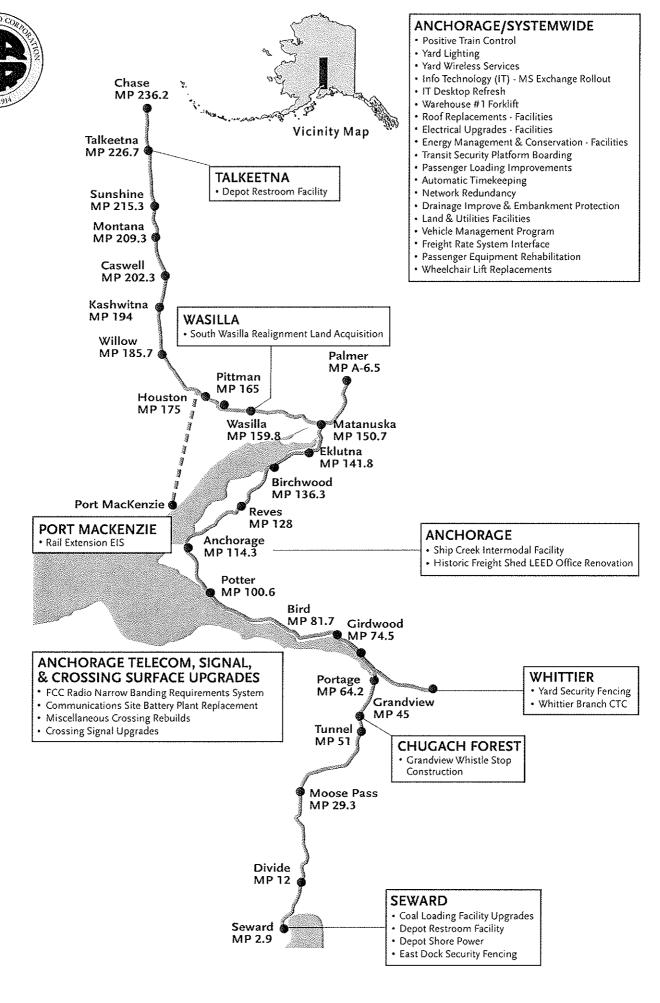
- · Bridge Improvements and Replacements
- . Drainage Improvements and Embankment Protection
- Historic Preservation
- Passenger Car & Locomotive Fleets
- · Locomotive Overhauls & Emission Reduction
- Positive Train Control
- Track Rehabilitation
- Train Whistle Noise Reduction Systems
- · Vegetation Management: Integrated Program
- · Vegetation Management: Alternative Methods
- · Vegetation Management: Herbicide Research

Public Input:

To comment on any or all of these projects:

- E-mail to public_comment@akrr.com
- Mail to: Alaska Railroad Capital Projects
 P.O. Box 107500, Anchorage, AK 99510
- Fax to (907) 265-2365
- (907) 265-2671, TTY/TDD 265-2620 or voice 265-2494, Alaska Relay Service TTY 800-770-8973/voice 800-770-8255

ALASKA RAILROA



FAIRBANKS S L U L U · Freight Intermodal Improvements · Fairbanks Area Rail Line Relocation (FARLR) · Depot Second Track · North Pole Road/Rail Crossing Reduction (Phase 1 of FARLR) Fort Wainwright Saulich MP G3 MP 450.8 Нарру MP 463 **Eielson AFB** MP G24 Dunbar Dome MP 431.6 MP 456.2 PRO PRO **NENANA** Nenana · Nenena Rail Line Relocation MP 411.7 Hydrology Study for Final Design NORTHERN RAIL EXTENSION · Phase 1 - Tanana River Crossing Delta 🏶 lunction Clear MP 392.9 TRACK PROGRAMS MP 386 • Rail Program: North Ferry - New/Used CWR MP 374 Usibelli Tipple Hardwood Tie Program: MP 362.3 -- 50,000 Ties Surfacing Program Healy - 70,000 Tons of Ballast MP 358 · Embankment Protection **HEALY CANYON STABILIZATION** Stabilization Options for MP 352.9 Cascade MP 350 Denali Park MP 347.7 **MECHANICAL** ROGRAM SD70MAC Locomotive Maintenance Oliver · Equip Tankers with Pumps for Remote Fueling MP 342.7 · Locomotive Overhaul Program (Anchorage) Carlo · Locomotive Truck Overhaul MP 334.4 Windy MP 326.7 Cantwell MP 319.5 **BRIDGE PROGRAM** • MP 29.5 Rehab & Replace Timber Components • MP 46.8 Raise Bridge **Broad Pass** MP 304.3 • MP 47.55 Replace I-Beam • MP 52 Area Tunnel Rock Shed (deflect rock / ice) Colorado • MP 59.4 Skookum Creek Drainage New Bridge Honolulu MP 297.1 MP 288,7 MP 88.1 Design Replacement for 3 Culverts • MP 115.1 Bridge Replacement / Upgrade • MP 148.3 Replace Timber Piers with Steel Hurricane 6 • MP 352.7 Rehab Bridge Components MP 281.4 • MP 432.1 New Bridge on New Alignment . Drainage Improvement: Nine Culvert Repair or Replacement projects on the north end Gold Creek MP 263.2 d Curry MP 248.5 **CURRY QUARRY** Ballast and Riprap Production Chase MP 236.2



FOR IMMEDIATE RELEASE

No. 11-089

State of Alaska Responds to Denali Pipeline Announcement

May 17, 2011, Juneau, Alaska – Governor Sean Parnell and Department of Natural Resources Commissioner Dan Sullivan released the following statements on the announcement by BP and ConocoPhillips that the companies are terminating participation in the Denali Pipeline Project.

"While we dislike seeing the demise of any gas pipeline project before a gasline is underway, the silver lining here is that Denali's announcement frees ConocoPhillips and BP to independently become partners in another Alaska gasline project," Governor Parnell said. "While the competition that drove progress on this important project has been welcome, it has always been universally understood that only one project would be built."

The State of Alaska recognizes that alignment among all stakeholders – producer/shippers, a pipeline entity, and the state and federal governments – will be necessary to advance a project of this magnitude.

The Alaska Gasline Inducement Act requires the state's licensee to continue to resolve regulatory and technical issues while continually narrowing the scope of economic uncertainty and risk. It is in that manner that a sound and durable fiscal framework can be reached regarding shippers' future tax obligations. Alignment behind the Alaska Pipeline Project - because of the license held by its partner, TC Alaska - provides the perfect opportunity to begin that discussion.

"Alaska has tremendous gas resources on the North Slope that need to get to market," Department of Natural Resources Commissioner Dan Sullivan said. "Completion of natural gas transportation infrastructure from the North Slope to commercial markets is a key to unlocking vast, untapped portions of our world-class basin to exploration and development—a basin that contains billions of barrels of oil and trillions of cubic feet of natural gas."





DATE: May 17, 2011

NEWS MEDIA CONTACT Jennifer Thompson (202) 406-0815

Federal Coordinator issues statement on Denali

Federal Coordinator Larry Persily today issued the following statement:

"The Denali project announced today it is closing down its effort to develop a pipeline for moving Alaska North Slope natural gas to Lower 48 markets. The Denali partners should be commended for spending \$165 million of their own money on the project over the past three years.

"The competing project, a partnership between TransCanada and ExxonMobil, is continuing its effort to design and permit a natural gas pipeline from Alaska. I hope that the partners in Denali — BP and ConocoPhillips — will someday find themselves at the table with ExxonMobil, TransCanada and the state to see if everyone can get together on this project that is so important to the state's economy and the nation's long-term energy supply.

"Though U.S. natural gas markets are well supplied in the near-term, that could change as the nation's utilities increasingly turn to cleaner-burning natural gas as the fuel of choice. There could be a place in the market for North Slope gas in the 2020s and beyond, and the gas line is too important to Alaska's economy not to keep trying.

"The TransCanada/ExxonMobil team is working toward submitting its project application to the Federal Energy Regulatory Commission in October 2012. The venture two weeks ago submitted the first of its draft resource reports to the commission, with all 11 reports expected in December. The project team will soon begin another field season in Alaska and Canada."



FOR IMMEDIATE RELEASE

No. 11-088

Governor Parnell Highlights Legislative Accomplishments

May 14, 2011, Juneau, Alaska – At the close of the legislative session Governor Sean Parnell said, "While I share Alaskans' frustration that the Legislature went into overtime over unconstitutional budget language pushed by the Senate Majority, I am pleased about some accomplishments that will foster economic growth and create opportunities for Alaska families."

Performance Scholarships Funded

The high school graduating class of 2011 is now the first eligible to earn and receive performance scholarships ranging from \$2,379 to \$4,755 for Alaska post-secondary education and job training. Funding for the Alaska Performance Scholarship is included in the FY 2012 budget. The Legislature also set aside \$400 million for a sustainable funding mechanism for the Alaska Performance Scholarship. The governor's bill establishing the scholarship fund passed the House unanimously and is pending action in the Senate in 2012.

Safe Homes/Strong Families

Governor Parnell's legislation strengthening laws related to the sexual exploitation of children and stalking received unanimous support in both houses.

The governor continues to work toward the goal of providing State Trooper or Village Public Safety Officer (VPSO) presence in every community that requests it. All 15 VPSO positions requested in the governor's budget were funded. With the added positions, Alaska will have more than 100 VPSOs stationed in rural Alaska communities.

The Legislature also approved year two of the governor's initiative to eliminate domestic violence and sexual assault in Alaska. The budget includes over \$8 million for prevention, investigation, enforcement, and services to victims and survivors.

Comprehensive Energy Package Enacted

Governor Parnell's comprehensive energy package proposed, which includes \$65.7 million and statutory authorization for the Susitna Hydro Electric Project, was approved by the Legislature and added to.

The energy package includes funding for weatherization and home energy rebate programs to help Alaskans make their homes more energy efficient; Renewable Energy Fund grants targeted to projects in areas with the highest energy costs in the state; hydroelectric projects and generation and transmission line projects; funding for the Power Cost Equalization Program; and funds for rural power system upgrades and bulk fuel storage to bring down the cost of diesel power generation.

Transportation/Infrastructure

The Legislature approved the governor's request for funding of major transportation infrastructure in the state, such as roads to resources, including the road to Umiat, and access to the Ambler mining district. And, the Legislature also funded the governor's request for major port projects including Anchorage, Point Mackenzie, and Skagway.

Economic Development

Governor Parnell's major economic development legislation that would help bring a jackup rig to Cook Inlet and improve the Skagway Ore Terminal received unanimous support. The legislation allows the Alaska Industrial Development and Export Authority to invest in a corporation or LLC, which allows greater flexibility in its investment opportunities.

The governor also won approval of legislation adding acreage to more than double the size of the Southeast State Forest, creating more jobs in the timber industry.

Additionally, Alaska's tourism marketing efforts will continue drawing visitors and bringing revenue to Alaska's small and mid-sized businesses.

Saving for the Future

The governor commended the Legislature for joining him in his call to save at least \$2.5 billion in surplus revenue including \$400 million for the Alaska Performance Scholarship fund; \$200 million for the Alaska Gasline Development Project; and Representative Stoltze's idea to apply \$200 million to buy down debt costs.

Work Remains to Increase Oil Production

Governor Parnell's bill to increase oil production and reform oil taxes passed the House of Representatives with in-depth, comprehensive debate and an open public process. Lower oil taxes will make Alaska more competitive and attract billions of dollars in new investment, creating thousands of new jobs and ensuring the continued economic and operational viability of the pipeline. This session, the governor announced a new goal for Alaska of one million barrels of oil production per day through the Trans Alaska Pipeline System within 10 years.

"We still have work to do to increase oil production and I remain committed to this goal while lessening our nation's dependence on foreign oil," Governor Parnell said.

print

After special session's end, Alaska Legislature's winners and losers are unclear

by Beeky Bohrer / The Associated Press 05.15.11 - 11:05 pm

JUNEAU — Saturday's abrupt end to the special legislative session has almost certainly doomed Alaska's coastal management program.

It resulted in a capital budget more costly than Gov. Sean Parnell indicated he'd be willing to accept, and raised questions about whether all sides would be able to work together to tackle the major issues that will be facing the state next year.

"I don't think it's all that unusual to have a messy end" to a session, said Steve Haycox, a University of Alaska Anchorage history professor who's observed Alaska politics for decades. "But there's less to celebrate this time than normally."

After 117 days of meeting —including the regular and special sessions — the GOP-led House decided enough was enough and adjourned out from under the Senate. Parnell refused Senate requests to try to stop them.

The House move was strategic and bold. No chamber can adjourn for more than three days without the other side's consent. But since Tuesday marked the official end of the 30-day session, the House could adjourn Saturday without the risk of being called back.

The move also avoided a conference committee on the capital budget, which Speaker Mike Chenault feared would have resulted in the entire budget being reopened for debate and would have hung up again on the same arguments that led to the initial impasse between the House and Senate and to the special session.

Chenault, R-Nikiski, said after adjourning that he didn't "feel real good right now," but that he believed the House had done the work it was called to do and did not "cut and run."

"In my opinion, if we would've stayed three more days or 30 more days, we would still be in the same position that we were (in) yesterday," he said.

Senate President Gary Stevens referred to the House's actions as a "dump and run." He said his chamber took the "high road" in seeking to find a compromise on a budget bill that in total size was comparable to the House's version but was structured differently and had some add-on projects.

He said the Senate accepted the budget — which it had railed against hours before — because it felt it was the right thing to do for Alaska.

The House adjourned after falling one vote shy of passing a compromise on coastal management.

For years, rural lawmakers have called for changes to the program to allow those communities greater say in resource development decisions that could affect their way of life, particularly with the future potential for offshore drilling.

The current program is set to expire July 1.

Parnell asked the Senate — in a late-night email Thursday — to pass a House version of the bill. It was cast as compromise that would give communities a voice but not let them impede development projects the state deemed to be in Alaska's best interests.

Critics said the bill was vaguely written and allowed the state to retain considerable sway.

The Senate refused, passing its own version that, among other things, removed definitions for local knowledge and scientific evidence.

The conference committee, working off the Senate bill, tinkered with the language and reached what Sen. Bill Wielechowski and other negotiators thought was a compromise that would carry both chambers.

Wielechowski, D-Anchorage, was unable to conceal his anger that the House adjourned rather than to try to seek another compromise. Chenault said the Senate rejected an offer to add the changed language to the House bill.

Wielechowski said without a program, "the state has lost the ability to get local input, to have local input on these important decisions. We've lost state control."

Rep. Bob Herron, D-Bethel and a member of the House's GOP-led majority, said Sunday that lawmakers routinely rail against the federal government for overreaching and stepping on state's rights.

"But on this one," he said, "we're basically sending a memo to the federal government, OK, federal government. Take over."

The opt-in program allows states to put conditions on certain activities on federal lands and waters. Without the program, Alaska loses its ability to "shape activities and development" in those areas, said Joe Balash, a deputy commissioner for the Department of Natural Resources.

But he said it's not the only tool the state has to "ensure development occurs responsibly in Alaska."

Funding for more than 30 jobs was tied to the bill that failed. Balash said the administration was looking at ways that some of those individuals could be used elsewhere.

Parnell has given no indication he'd call a special session on the issue.

Parnell also hasn't said exactly what he'll do with the budget. On Sunday, his spokeswoman, Sharon Leighow, said he needs time to review it but "anticipates being able to reduce the spending as he did in the prior year while still meeting the infrastructure needs of the state."

Parnell had told lawmakers he'd let them spend \$2.8 billion if they also passed a bill addressing oil taxes. They didn't.

That bill stalled in the Senate, where leaders added language binding energy projects into an as-is, all-or-nothing package to protect them from vetoes. Some senators worried their projects would be targeted for their failure to support the tax cut. Parnell repeatedly said he wouldn't abuse his veto authority.

That language, which led to the special session, was stripped from the budget by the House after it finally got the bill on Tuesday.

While all sides have sought to claim accomplishments, "I can't see anybody coming out of this winning anything," said Clive Thomas, a longtime observer of Alaska politics who's writing a book on politics.

Haycox said the governor "gets egg on his face" for not showing the kind of leadership necessary to help the House and Senate out of the budget mess.

While Parnell seemed to enjoy a solid relationship with the House during both sessions, he took repeated swipes at the Senate's bipartisan majority bloc, including on Saturday night when House and Senate leaders sought to end the ordeal on a conciliatory note.

Haycox also faulted the Senate for not trying to end the budget standoff sooner.

The Senate unveiled its version of the budget April 11. After refusing to advance it without agreement with the House on its size and structure, it finally did so Tuesday — with no such agreement.

"The general public is not going to see much positive here," he said.

Given the billions of dollars the state has in budget reserves, people take the capital budget for granted, he said. He believes the public will feel let down that lawmakers didn't show more "statesmanship."

"The only people I see coming out of this is the leadership in the House,"

Haycox said.

He believes they deserve credit for saying, "enough is enough. We're getting out of this now."

House and Senate leaders both acknowledged mistakes but said they intended to look for ways to move ahead.

The Legislature could face some serious policy questions — including whether to abandon a major natural gas pipeline in favor of a smaller instate line. The oil tax debate is expected to be revived as well.

Thomas had some advice for the governor and leadership: "In politics, you don't make enemies unless you want to make them permanent, because you may need them next week."

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550 West 7th Avenue #1700 Auchorage, Alaska 99501 907/269/7401 38/907/269/7463 west Gov. Mada, Gov Governo & Mada, Gov

May 12, 2011

The Honorable Lyman Hoffman Alaska State Senate State Capitol, Room 518 Juneau, AK 99801

Dear Senator Hoffmun,

I am writing to suggest a path forward to a viable and well-balanced Alaska Coastal Management Program (ACMP). Before doing so, let's retrace some steps.

The original bill introduced in the House, at my request, would have extended the existing ACMP beyond its current June 30, 2011 sunset date. In the spirit of providing greater local input I agreed to discuss a substitute bill. Going into those negotiations, the Administration made clear the program must meet certain principals that could not be compromised. These principles are too important to the viability of the program and to the Stare's interests in not creating unnecessary barriers or expense to responsible resource development. These four principles are:

- ACMP must maintain a predictable process;
- ACMP must be maintained as a strong State program, where community input is valued;
- ACMP standards and enforceable policies must be objective, and must not duplicate or redefine existing authornies; and
- Coastal resource districts should be afforded a meaningful role for input on projects, but should not possess a "vero" decision over projects.

We went into these negoriations while the bill was in the House with the understanding that, if a compromise bill could be reached, it would be endorsed by the Senate. A team of my cabinet members worked diligently with representatives from local communities, Legislators, and stakeholders from the resource development community and reached a compromise. This bill, CS HB-106(FIN), was described by Attorney General John Burns as a finely crafted balance of interests, but a balance that retains the four principles we started with, and allows the coastal resource districts, local governments, State agencies, and stakeholders to move forward.

North Slope Borough Mayor Itta also described the House Finance CS as a workable compromise be supported:

I do have concerns with this bill. But this bill echoes these two pursuits [strong economic foundation and preserving the qualities of Alaska life]. It helps bring local communities to the table, whereas for the past few years they have felt like they were pushed to the back of the room as big projects were planned for their

The Honorable Lyman Hoffman May 12, 2011 Page 2

communities...Again, I want to thank Governor Parnell for committing his administration to the task of finding a solution to this, and I support moving the measure that is embodied in the Finance CS of this bill from the committee.

Similarly, the Resource Development Council provided written testimony to the House Finance Committee stating:

We would like to applaud the Departments of Natural Resources, Environmental Conservation, and Law, Legislators, and local governments for their efforts to try to enhance local input while trying to maintain a predictable process that does not allow district policy involvement in areas already regulated by State or federal law...Further, we urge all members of the Alaska House of Representatives and Alaska Senate to support this legislation on the floor.

Mike Satre, Executive Director of the Council of Alaska Producers, also speaking on behalf of the Alaska Miners Association, provided this testimony:

The committee substitute that you have before you has struck a fine balance between the protection of our important coastal areas and still allowing us to responsibly develop our resources. This CS allows local districts to address subsistence areas, it allows them to formulate approvable plans with clear, performance-based enforceable policies, and most importantly, it allows them meaningful input...It looks like we will now have a program that will work for the State of Alaska, industry, and the local coastal districts. We wholeheartedly support this CS before you tonight. Thank you.

Reflecting the significance of the compromise required as compared to the current ACMP, Marilyn Crockett, Executive Director of the Alaska Oil and Gas Association (AOGA), noted AOGA's neutral position on the House Finance Committee Substitute.

This range of statements reflects the give and take associated with the compromises reached and the balance of Alaskan interests achieved. Everybody's ox was equally gored, but each believed the House version enhanced local community input while providing predictability and certainty for the job creators in our state.

As you know, the Alaska House of Representatives agreed and passed the coastal zone management improvements by a vote of 40-0. Certainly, some members were more enthusiastic than others in supporting the bill, but all recognized the need to strike a balance. I stated my support then for the bill and I continue to support the House version, CS HB-106(FIN), as a workable compromise.

The Administration's goal going into negotiations was to have an ACMP that serves the interests of all Alaskans. We also recognized that balancing these interests would not satisfy every concern, on either side. But we believed a program that met these four principals would serve Alaska well. We thought we were done negotiating at that point. We were ready to welcome a new ACMP program, reinvigorated with the new Alaska Coastal Policy Board. We were surprised to learn that Senate Finance wanted to open up a new round of negotiations on many issues. Our negotiating team met with you and your staff and tried to reach an understanding on those issues. The

The Honorable Lyman Hoffman May 12, 2011 Page 3

compromises discussed last week took us to the limit of what we would be willing to consider. This was made clear by our negotiating team. And, I made these limits clear to you in multiple personal conversations.

Now, Senate Finance is trying to move the goal post again, putting Version II of HB 106 on the table, a version containing new terms that had never been negoriated and which are clearly incompatible with the principles cited above. Removing the definitions of "local knowledge" and "scientific evidence" creates uncertainty and unpredictability, and risks arbitrary policy standards. Setting multiple review dates in addition to comments during rulemaking and the regular sunset audit all set up an adversarial life for a board that should be able to work more cooperatively. Finally, tying the Governor's hands on removal of board members leaves State regulatory powers for statewide assets in a board with no statewide accountability. These are but a few of the issues we have identified with the version now adopted by the Senate Finance Committee.

We are at the end of the 30 day special session and no consensus has emerged around an alternative to the unanimously House passed CS FB-106(FIN). Yet, I do not believe we have to be at an impasse and see ACMP expire. There is still a path forward that will achieve a continuing and viable ACMP that serves Alaskans well. The Senate can still pass CS FB-106(FIN) Version T, the bill that was passed unanimously by the House several weeks ago.

Sincerely,

Sean Parnell Governor

cc: Alaska House of Representatives

Alaska State Senate

The Honorable John Burns, Attorney General, State of Alaska

The Honorable Larry Hartig, Commissioner, Department of Environmental Conservation

The Honorable Dan Sullivan, Commissioner, Department of Natural Resources

Peg and Jules Tileston Award:

Conservation and Business Working Together

The 4th Annual Tileston Award

sponsored by:

The Alaska Conservation Alliance and The Resource Development Council

Nomination Form

Nominations are due by May 31st, 2011 For more information, visit www.tilestonaward.com

Vision: To recognize that economic development and environmental stewardship are mutually obtainable goals.

Purpose: To encourage partnerships and solutions that fuse economics and environmentalism and make Alaska a place we wish to live.

Tileston Award Categories and Criteria for 2011 Award

Category 1: Project in Operation

- Project shows voluntary outreach to resolve environmental and local concerns.
- Project has been planned, constructed and while in operation maintained the support of local communities while fully meeting or exceeding all permit requirements.
- Provides a net economic benefit to the state.

Category 2: Long-term Corporate Culture of Environmental Responsibility

- Corporation has been in operation in Alaska for at least five years.
- Demonstrates exemplary environmental business practices in Alaska.

Category 3: Individual

 A person who as demonstrates activities in Alaska that directly affect positive protection of the environment while enhancing Alaska's economic viability.

Peg and Jules Tileston Award:

Conservation and Business Working Together

Project/Solution Name
Nominator's Name
Category
Description of Project/Solution (500 words max).
Explain how this project/solution benefits economic development in Alaska (250 words max).
Explain how this project/solution benefits conservation in Alaska (250 words max).
Has the project, company or person received any recognitions and/or violations for their Alaska operations within the last five years? Please explain.
Please describe people, communities, corporations, and others directly and indirectly affected by this project/solution.
Please provide letters of recommendation from persons who can attest to economic and environmental benefits of this project/solution.



FOR IMMEDIATE RELEASE

No. 11-085

Governor Announces Best Year for Alaska Exports - \$4.2 Billion

May 12, 2011, Juneau, Alaska – Governor Sean Parnell today announced that Alaska's annual exports hit their highest mark ever, \$4.2 billion in 2010, an increase of 26.95 percent over 2009.

"Alaskans can be proud that our hard work and rich resources have brought us to this record breaking year for exports," Governor Parnell said. "We must continue our promotion efforts around the world to successfully market our state's wonderful seafood, minerals, forest products and energy."

Overall U.S. exports grew by 20.97 percent. The state's 26.95 percent rate of increase in 2010 over the previous year placed it 13th among states and Washington, D.C. On a per capita level, Alaska ranks in the top 10 exporting states.

In nine of the months in 2010, Alaska exports grew by double digits. These monthly increases were seen at various times throughout the year in all of the top exports.

The value of Alaska's seafood exports was \$1.8 billion in 2010, up 12.2 percent, buoyed in part by the best salmon harvest in 18 years.

Two countries accounted for more than a billion dollars of the seafood export: Japan and China. Japan has long been the state's largest seafood export market and was the largest market again in 2010 at \$523.4 million, followed closely by China at \$516.9 million. China has been steadily growing in importance in Alaska's seafood exports and in 2010 was up 23.1 percent.

Korea accounted for \$255.3 million of Alaska's seafood exports; Germany, \$128.9 million; the Netherlands, \$110.4 million; and Canada, \$90.4 million. In total, markets in Asia accounted for 73.1 percent of Alaska's seafood exports in 2010 while exports to the European Union market accounted for 19.9 percent. The Alaska Seafood Marketing Institute has representatives in Japan, China and the European Union – all markets that have generated significant increases in the state's seafood exports over the past decade.

The value of Alaska's total mineral ore exports was \$1.3 billion, up 56.9 percent. Zinc prices have fluctuated greatly in recent years, and 2010 prices rebounded considerably over 2009. Alaska's zinc and lead ore exports accounted for the majority of mineral export value. Copper ores mined in Canada and exported via the Port of Skagway accounted for \$39.2 million of the \$1.3 billion.

Red Dog Mine, in northwest Alaska, is the world's largest zinc mine and accounts for 79 percent of U.S. zinc production. Alaska's ore exports have traditionally gone to multiple international markets. In 2010, countries importing more than \$100 million of Alaska's ore exports were China, Japan, Canada, Korea and Spain.

The value of Alaska's precious metal exports, primarily gold, grew 39.9 percent on rising global prices, to \$213.4 million, with \$209.3 million of gold going to Switzerland and \$3.7 million to Canada. Another \$400,000 in precious stones was also exported.

Pacific Rim countries and Canada have traditionally been key markets for Alaska's energy exports. The 2010 combined value of the range of Alaska's energy exports — liquefied natural gas (LNG), refined petroleum products and coal — totaled \$418.3 million, an increase of 27.4 percent over 2009.

The value of Alaska's LNG exports to Japan in 2010 was \$366.2 million, an increase of 42.7 percent, reflecting much higher global prices.

Coal exports were reported by the U.S. Census Bureau as \$25.4 million, with major shipments to Chile and Japan.

The 2010 exports of refined petroleum products were \$26.7 million, down 30.6 percent in a cascading effect remaining from the international economic crisis. Although international cargo airlines operating in Anchorage increased Asia-North America flight frequencies in 2010, jet fuel demand has not yet recovered to 2007-2008 levels. Consequently, less jet fuel was produced in Alaska in response to this decreased demand. The reduction in jet fuel production from Alaska oil led to a corresponding reduction in refined petroleum products for export.

Alaska's 2010 export of forest products grew 33.4 percent to \$117.1 million. The China market moved into the No. 1 spot followed by Korea, Japan, Taiwan and Canada.

The source of the Alaska export numbers is the U.S. Census Bureau. The numbers do not reflect Alaska resources first transported to and warehoused in other U.S. states before export.

Additional information of Alaska Exports is available at:

http://gov.alaska.gov/parnell_media/resources_files/charts.pdf or www.trade.alaska.gov For more information, contact trade specialist Patricia Eckert at (907) 269-7450.



FOR IMMEDIATE RELEASE

No. 11-084

Governor Seeks National Policy to Fill Trans Alaska Pipeline System

May 11, 2011, Juneau, Alaska – Governor Sean Parnell today asked Alaska's congressional delegation to urge Congress to pass the Alaska North Slope Production Act. The Act calls for the creation of a national plan to achieve the state's goal of increasing Trans Alaska Pipeline System (TAPS) oil throughput from Alaska's North Slope to one million barrels a day in the next 10 years.

"I remain focused on more oil production from Alaska, and TAPS is a critical component of our nation's energy security infrastructure," Governor Parnell said. "The federal government can play a critical role in ensuring the viability of TAPS for decades. I am asking for congressional support for this aggressive policy to trigger the creation of tens of thousands of jobs and billions of dollars in revenue, while lessening America's dependence on foreign oil."

Highlights of Governor Parnell's proposed federal legislation include:

- Requires the Secretary of Energy and the Secretary of the Interior to outline a
 plan to achieve the objective of one million barrels of oil per day carried by
 TAPS from the Alaska North Slope;
- Recommends streamlining the federal authorization and permitting process;
- Time limits for agencies to process authorizations and permits where no time limits currently exist;
- Recommends shortening some existing time limits for authorizations and permit processing;
- Recommends streamlining existing review process;
- Recommends financial and other incentives for the development of Alaska North Slope reserves; and
- Recommends opening current off-limits areas to exploration and development.

Governor Parnell has also requested support from President Barack Obama, whose goal is to reduce the nation's oil imports by one-third by 2025. In a letter written to the president last month, Governor Parnell urged that the president support Alaska's goal of increasing the flow of oil through the Trans Alaska Pipeline System.

During recent testimony before the U.S. Congress, Natural Resources Commissioner Dan Sullivan requested that Congress adopt as a national priority Governor Parnell's goal of one million barrels of oil per day through TAPS.

"The state of Alaska is moving forward with several policy initiatives to increase Alaska oil production," Sullivan said. "Although ambitious, one million barrels per day is achievable because the North Slope of Alaska remains a world-class hydrocarbon basin that is still relatively unexplored. The federal government needs to partner with the state in achieving the governor's goal."

A copy of Governor Parnell's letter to Alaska's congressional delegation and the draft legislation are available at:

http://gov.alaska.gov/parnell_media/resources_files/051111_govltrtoakdelegationta_psii.pdf

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FOR IMMEDIATE RELEASE

May 14, 2011 2011-090 Contact: Julie Hasquet, press secretary (907) 258-9304 office (907) 350-4846 cell

Begich Pleased President Supporting Arctic OCS Coordinator Support for lease sales in National Petroleum Reserve - Alaska

U.S. Sen. Mark Begich today released the following statement praising plans announced by President Obama in his weekly address to increase domestic oil production.

Specifically, the president announced:

- Establishing a team to coordinate work on Alaska drilling permits This is
 essentially Begich's Arctic OCS Coordinator legislation setting up a federal office
 to work across agencies to streamline permitting and encourage production in
 Alaska's Arctic waters;
- Directing the Department of the Interior to conduct annual lease sales in the National Petroleum Reserve –Alaska (NPR-A); and
- Extending the term drilling leases in areas of the Gulf of Mexico that were subject to last summer's temporary moratorium, as well as those in the Beaufort Sea.

"For two-plus years I have been advocating for increased domestic oil and gas production taking advantage of Alaska's enormous energy potential to help improve our country's economic and national security.

"I consider the President's address today a positive step forward and a commitment that he is ready to put words into action. His decision to establish a team to coordinate work on Alaska drilling permits is excellent news for our state and is the essence of my Arctic OCS Coordinator legislation that would do just that.

"And the President's continued support for an annual lease program in the NPR-A is good news. However, to be meaningful, his administration will have to demonstrate a commitment to removing roadblocks preventing development at ConocoPhillips' stalled CD-5 project, just inside the reserve boundary.

"These steps will hopefully lead to expanded development in Alaska and long-term reduction in our dependence on foreign oil from unfriendly countries. However, Congress still must pass comprehensive energy and tax reform bills to bring some relief to families facing high gas prices today and in the future."



United States Senator Lisa Murkowski

Home > Press Office > In the News

Saturday May 14 2011

The Hill: Murkowski, Begich back Obama's Arctic drilling push

By Ben Geman. Originally Published on May 14, 2011

President Obama's new plan for accelerating Alaskan oil drilling won quick praise Saturday from the state's Senate delegation, which has been at odds with the White House over what the lawmakers call federal roadblocks to development in their state.

"I've been strongly critical of this Administration's policies on domestic production, but today I want to give credit to the President," said Sen. Lisa Murkowski (R-Alaska), the top Republican on the Senate Energy and Natural Resources Committee.

President Obama used his weekly address to announce annual lease sales in Alaska's onshore National Petroleum Reserve; an interagency task force to streamline permitting for Alaskan offshore drilling projects; and extension of certain offshore leases where development has been delayed.

"Permitting is the single greatest obstacle to domestic production and the President's establishment of a new team to coordinate work on Alaska drilling permits is a positive development, as is the extension of leases in the Gulf of Mexico and Chukchi Sea," Murkowski said

Sen. Mark Begich (D-Alaska) also praised the announcements. "I consider the President's address today a positive step forward and a commitment that he is ready to put words into action. His decision to establish a team to coordinate work on Alaska drilling permits is excellent news for our state and is the essence of my Arctic [Outer Continental Shelf] Coordinator legislation that would do just that," Begich said in a statement.

Begich has been pushing a bill that would create a new federal office to knock down what he alleges have been undue hurdles placed before oil companies - notably Royal Dutch Shell - that want to drill off Alaska's coast.

Begich also praised the plan for annual lease sales in the onshore National Petroleum Reserve-Alaska (NPR-A), a 23-million acre area on Alaska's North Slope set aside in the 1920s as a source of domestic oil. But it's also an ecologically fragile region teeming with wildlife that environmentalists fear will be harmed if drilling proceeds.

"The President's continued support for an annual lease program in the NPR-A is good news. However, to be meaningful, his administration will have to demonstrate a commitment to removing roadblocks preventing development at ConocoPhillips' stalled CD-5 project, just over the reserve boundary," Begich said.

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Alaska Dispatch: Murkowski: Obama administration 'committed' to Alaska oil development

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Alaska Air Cargo Delivers Season's First Copper River Salmon To Seattle

Top Restaurant Chefs Compete In 'Copper Chef Cook-off' 5/17/2011 7:05 a.m.

SEATTLE — Alaska Air Cargo delivered the season's first shipment of Copper River salmon today to Seattle-Tacoma International Airport. The arrival of Copper River salmon marks the start of the summer salmon season and is anticipated by seafood lovers throughout the Pacific Northwest and beyond.

The Alaska Airlines plane arrived early this morning with Copper River king and sockeye salmon from three seafood processors: Ocean Beauty Seafoods, Trident Seafoods and Copper River Seafoods. At least five more Alaska Airlines flights today will transport salmon from Cordova, Alaska, to Anchorage, Alaska, Seattle and across the United States.

Alaska Airlines plays a significant role in supporting the Alaska seafood industry, which is recognized worldwide for its sustainable fishing practices. The carrier flew more than 22 million pounds of fresh Alaska seafood to the Lower 48 states and beyond last year, including nearly 700,000 pounds of Copper River salmon.

"We're proud to bring this prized, wild Copper River salmon to the Lower 48 and points beyond," said Joe Sprague, Alaska Airlines' vice president of marketing. "With enhanced food quality procedures and additional flights to support the Alaska seafood industry, we are going the extra mile to deliver fresh seafood throughout the country."

Copper Chef Cook-off

Following the arrival of the first fish, top Seattle chefs will compete for the best salmon recipe in Alaska Air Cargo's "Copper Chef Cook-off." Executive chef and last year's Copper Chef winner Pat Donahue, of Anthony's Restaurants, will compete against executive chefs from Elliott's Oyster House and SkyCity at the Space Needle. The chefs will have 30 minutes to prepare and serve the first catch of the season to a panel of judges, including Jay Buhner, Seattle Mariners Hall of Famer; Mike Fourtner, deckhand on the F/V Time Bandit, as featured on Discovery Channel's "Deadliest Catch;" and Joe Sprague, Alaska Airlines' vice president of marketing.

The airline will use its Twitter account, @AlaskaAir, to announce the winning Copper River salmon recipe. The three recipes prepared for the Copper Chef Cook-off are available to download at http://bit.ly/CRsalmon2011. Fish lovers are encouraged to share their own favorite salmon recipes on Twitter, using the hashtag #CRsalmon.

Enhanced seafood quality training program

Copper River salmon shipped on Alaska Air Cargo this season will arrive as fresh as possible to grocery stores and restaurants across the nation, thanks in part to a training program required of all airline employees who handle perishables. Alaska Air Cargo employees are required to adhere to strict seafood quality standards and pass an annual food quality course.

Seafood processors and shippers follow these cool-chain standards to provide a temperature-controlled environment for proper food handling. The goal is to keep seafood moving rapidly throughout its journey on Alaska Airlines and maintain a consistent temperature range from the time it leaves the water to when it arrives at stores and restaurants.

Note to media: High-resolution photographs of the season's first Copper River salmon and Alaska Air Cargo's "Copper Chef Cook-off" will be posted in the airline's online newsroom image gallery at www.alaskaair.com/newsroom by noon Pacific time, May 17, 2011.

Together with sister carrier Horizon Air, Alaska Airlines transports more than 120 million pounds of cargo annually, including seafood, mail and freight, and operates the most extensive air cargo operation on the U.S. West Coast of any passenger airline.

Alaska Airlines and Horizon Air, subsidiaries of Alaska Air Group (NYSE: ALK), together serve 90 cities throughout Alaska, the Lower 48, Hawaii, Canada and Mexico. For reservations, visit www.alaskaair.com or www.alaskacargo.com. For more news and information, visit the Alaska Airlines/Horizon Air Newsroom at www.alaskaair.com/newsroom.



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U.S. Forest Service Planning DEIS c/o Bear West Company 132 E 500 S Bountiful, UT 84010

Re: 2011 Draft Proposed Planning Rule

To Whom It May Concern:

May 16, 2011

The Resource Development Council (RDC) is writing to express its view on the 2011 Draft Proposed Planning Rule, which will guide land and resource management planning for all units of the National Forest System under the National Forest Management Act of 1976 (NFMA).

RDC is an Alaskan, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

The proposed rule sets forth process and content requirements to guide the development, amendment, and revision of land management plans to provide for sustainable multiple uses, including timber harvesting and other economic activities to benefit local communities and the nation, while maintaining, protecting, and restoring national forest lands. However, in our view, the proposed rule fails to build on the Multiple Use Sustained Yield Act (MUSYA) and follow the requirements of the NFMA. Moreover, the rule fails to comply with current direction for regulations to be shorter, more flexible, and less costly and burdensome. The rule is excessively long, detailed, and encumbered with inflexible mandatory requirements that will prevent it from being a practical, workable, and affordable rule. We believe it will provide fertile ground for litigation that will create additional disputes and obstruct planning and management activities.

Proposed Rule Significantly Minimizes Multiple Use Management

The proposed rule sharply downplays true multiple uses such as timber harvesting, energy development, and mineral extraction while clearly giving an extremely dominant and overriding role to ecological services, defined within the planning rule as wilderness preservation, diverse plant and animal communities, resilient ecosystems and watersheds, and other environmental values. In addition, the proposed rule launches into areas like carbon sequestration and spiritual sustenance. These are all issues and values that should be considered, but multiple use management requires a balancing of uses, not an elevation of one or more uses above another.

Though occasionally referenced, the proposed rule essentially ignores the multiple use mandate, which has been imposed by Congress, codified in agency regulations, and affirmed by the courts. The problem is apparent in three ways. First, the proposed rule fails to acknowledge the multiple use mandate as a guiding principle of forest planning. Second, proposed provisions specifically conflict with the multiple use mandate. Third, the definition of ecological services is so inclusive and vague that it dilutes the entire concept of multiple use to a point where it is basically meaningless.

The multiple-use sustained-yield mandate is a viable and credible planning tool that has been wisely used for managing forest lands. The Forest Service is required to ensure that multiple use remains on par with other sustainability concepts, but the proposed rule clearly emphasizes forest restoration and conservation, wildlife conservation, climate change, and watershed protection over the need for the rule to meet the statutory requirements of NFMA, MUSYA, and other legal requirements. Additionally, the sustainability section states "sustainability is the fundamental principle that will guide land management planning." Such statements clearly reflect a lack of acknowledgment on the part of the Forest Service of the important function of multiple use in the land planning process and demonstrates the agency's bias toward ecological services over true multiple-use management.

The U.S. Court of Appeals for the Seventh Circuit appropriately concluded that the Forest Service does not have the discretion to ignore the multiple-use mandate to focus almost exclusively on environmental and recreational resources. The court specifically held that "the national forests unlike national parks, are not wholly dedicated to recreational and environmental values." Cronin v. United States Department of Agriculture, 919 F.2d 439, 444 (7th Cir. 1990). Through the planning rule, the Forest Service must actively promote multiple-use management, a mandate delegated to it by Congress in legislation spanning more than a century and consistently upheld by the courts. As it stands now, the planning rule fails to adequately do so.

With the proposed planning rule and the agency's nearly-exclusive emphasis on ecological services, the Forest Service appears to be morphing into a hybrid of the National Park Service and the Fish and Wildlife Service, elevating such issues as species viability, watershed protection, roadless areas, and preservation above the needs of rural economies that depend on true multiple-use management of forests. The original mission of the Forest Service has been lost. The proposed rule does not promote an increase in timber production at a time when rural economies are reeling from high unemployment and low tax revenues. Why should states be importing timber rather than harvesting timber that is rotting in our national forests? Why have harvest levels in Alaska fallen to all-time record lows of under 30 million board feet annually when the Tongass National Forest can support an annual harvest of over 500 million board feet in perpetuity?

The Tongass is a case-in-point on how the Forest Service has strayed from it mission of multiple use management to one that almost exclusively emphasizes ecological services. As a result, annual harvest levels have plummeted as the timber supply from the forest has been dramatically curtailed. Only six percent of commercial grade old-growth acreage is now open to logging. The economic consequences to local communities have been severe. Logging and wood products employment is a mere shadow of its recent past, falling from 4,600 jobs in 1990 to approximately 400 logging and wood products manufacturing jobs in 2010. Annual payroll lost since 1990 is well over \$100 million. Clearly, the Tongass is being managed as a national park and not a true multiple use national forest. On a nationwide scale, timber harvests from our national forests can provide hundreds of thousands of jobs and billions of dollars in economic activity, in addition to thinning overgrown forests and allowing optimal absorption of greenhouse gases. With regard to climate change, there is perhaps nothing more effective than harvesting trees on a sustainable basis. Unfortunately, that is not being done in the nation's two largest national forests in Alaska, nor elsewhere, as special interests who embrace the ideology that preventing human access to forest lands is the best way to keep forests healthy. We couldn't disagree more with such an assumption.

In a prolonged period of national economic weakness, soaring deficits, record trade imbalances, and chronically high unemployment, the natural resources available within national forests could help spur a nationwide economic revival and restore local economies. Active land management uses such as timber, mining, energy, grazing, and recreation

would create thousands of jobs, expand local and state economies, and provide needed revenues to the federal government. Active forest management itself would significantly improve forest health and reduce wildfires. However, all of this is not possible unless the rule requires that social and economic sustainability be equal requirements to ecological sustainability. The rule's sustainability, diversity, and other requirements must incorporate multiple use and high-level sustained yield of goods and services, per NFMA and MUSYA provisions.

RDC disagrees with the agency's assertion that it has more influence over factors influencing ecological sustainability. We believe the agency is in a better position than it realizes to influence economic and social sustainability through its land management directives. Highly-restrictive land management policies have led to a precipitous decline in the forest industry not only in Alaska but throughout the West, displacing families and severely impacting local communities. From an ecological standpoint, a lack of active forest management on federal lands have led to increased fires and spread of native and invasive pest species at historic levels and are, if not the primary factors, currently influencing forest health and sustainability of western forests. While the agency can influence ecological sustainability, it can through its management practices, regulations and policies even more so positively impact social and economic sustainability.

Because the Forest Service can have a substantial impact on all factors influencing ecological, social and economic sustainability, RDC requests that the proposed rule recognize this fact and include language for plan components that maintain or restore all three elements.

With regard to wilderness, the rule inappropriately puts those areas recommended for wilderness designation on an equal basis to those areas under current wilderness designation. Essentially, the planning rule gives equal "protection" to both areas, meaning an area proposed for wilderness status would be managed as if it were already Congressionally-designated wilderness. By requiring that any area recommended for wilderness be "protected," the Forest Service is creating de facto wilderness. This is wrong because only Congress has the authority to designate wilderness. The agency's highly-restrictive protection measures for recommended wilderness areas essentially transforms these areas into designated wilderness.

Moreover, the 2001 Roadless Rule already "protects" millions of acres of roadless areas. In the Tongass National Forest, the vast majority of the forest is roadless and these areas are essentially being managed as wilderness, even though the current land management plan authorizes timber harvesting on 663,000 acres over the next 100 years – about 12 percent of the forest's commercial timber. The Planning Rule does nothing to provide for new management considerations over the millions of acres of roadless areas nationwide when new plans are revised. As a result, the planning rule violates NFMA because it requires that its planning provisions apply to all lands, not just those that were exempt from the roadless rule.

Section 219.7 states, "The responsible official would also assess potential wilderness areas, eligible wild and scenic rivers, suitability of areas for resource management, and the quantity of timber that can be removed in accordance with NFMA requirements." This section of the planning rule is in conflict with the "No-More" clause of the Alaska National Interest Lands Conservation Act (ANILCA) 101(d) 16 U.S.C. 3101(d), which states, "No further studies of Federal lands in the State of Alaska for the single purpose of considering the establishment of a conservation system unit, national recreation area, national conservation area, or for related or similar purpose shall be conducted unless authorized by this Act or further Act of Congress." We urge the Forest Service to modify this section of the planning rule to ensure compliance with ANLICA. In addition, section 219.1 should also be revised to comply with ANLICA, as should any other sections that are inconsistent with ANILCA.

The Rule is Cumbersome and Inflexible

The proposed rule is excessively long, complex and hindered with inflexible requirements that prevent it from being a workable and enduring Planning Rule. The proposed rule is inconsistent with the Executive Order issued on January 18, 2011 by President Obama, "Improving Regulation and Regulatory Review," as well as other requirements for cost-effective, less burdensome, and flexible regulations. The January 2011 Executive Order requires that regulations be

tailored to "impose the least burden on society, consistent with regulatory objectives" and that agencies are to review, change or eliminate rules that are outmoded, ineffective, insufficient, or excessively burdensome. One of the objectives of the new rule is that it be workable, affordable, and will withstand court challenges. The proposed rule fails on each account. Under the January 2011 Executive Order, rules are supposed to be cost effective, less burdensome, and more flexible. The proposed rule does just the opposite.

There are available alternatives that are much less costly and burdensome, while still meeting NFMA requirements and the agency's purpose and need for a new Planning Rule. For example, Alternative C in the draft environmental impact statement would cost nearly \$24 million less annually than the proposed rule to implement. Additionally, the 2008 Planning Rule contains most of the same basic elements but is only half the length of the proposed rule. The 2008 Rule is not perfect and it has its problems, but it was enjoined by a federal district court only for procedural shortcomings in the EIS and Endangered Species Act (ESA) Section 7 consultation completed for the rulemaking, and not any inadequacy in meeting NFMA requirements.

The burdensome and overly detailed rhetoric and mandates in the proposed rule can be eliminated without any loss of useful, nationwide programmatic guidance for management of national forests. Much of what is in the proposed rule would be better placed in the Forest Service Manual or Handbook (FSM/FSH) where it can be more easily adjusted if it is not workable. Most, if not all of the content in the "sustainability" and "diversity of plant and animal communities" sections of the proposed rule is already included in similar form in FSM. Section 219.1(d) of the proposed rule already requires the Forest Service to establish procedures for the Planning Rule in the FSM/FSH. Much of the detailed content in the proposed rule, with appropriate modifications to simplify and conform it to NFMA and MUSYA principles, can be moved to the FSM/FSH with ease.

RDC joins the Alaska Forest Association (AFA) in urging the Forest Service to place more emphasis in the planning rule that forest plans be fully implementable. As AFA noted in its recent comments, the current Tongass plan cannot be fully implemented and Region 10 has acknowledged this and ignored it. As a consequence, the Region has been unable to implement 20 percent of its planned timber sale program.

Diversity of Plant and Animal Communities

The proposed rule would require the Forest Service to "maintain viable populations of species of conservation concern within the planning area." The term "maintain viable populations" does not occur in NFMA, nor is it required by the law. There is no scientific consensus on what level of population is "viable" or how it is to be "maintained." Use of these words are likely to increase the number of lawsuits against the Forest Service.

The law requires species diversity, not viability. NFMA does not require "viable populations," rather it directs the Forest Service to "provide for diversity of plant and animal communities based on the suitability and capability of the specific land area in order to meet overall multiple-use objectives and within the multiple-use objectives of the land management plan." However, the proposed rule treats national forests as biological reserves rather than forests managed for the use and necessities of local communities and Americans in general.

Given there is no consensus on a population level that achieves a "viable" population, the planning rule imposes a legal obligation on the Forest Service that is virtually impossible to meet. Measuring and proving that a forest plan will maintain a viable population is nearly impossible, leaving the agency vulnerable to litigation.

The viability regulation must be eliminated. If not, then the Forest Service must retain the concept that overall multiple use objectives should drive decisions in the forest plan, not maintaining the viability of species, especially those that are not even considered species under the ESA.

The regulation will make the problem worse by expanding the viability requirement beyond vertebrate species to include "native plants and native invertebrates (fungi, aquatic invertebrates, insects, plants, and others)." Such expansion of the viability requirement will sharply increase the cost of compliance and establish a regulatory standard

that cannot be achieved. Moreover, in Northwest national forests, there are over 400 invertebrate species for which there is minimum biological knowledge. Many of these species are not even a concern of the ESA. The new regulation will expand litigation over "viability" since the viability requirement can now be expanded to include native plants and invertebrates. In addition, agency costs will skyrocket. For example, a survey and management program costing over \$33 million per year was launched to learn more about invertebrate species in the Northwest.

Another troubling aspect of the new regulation is that it creates a new obligation to "conserve" fish and wildlife species that are only candidates for listing under the ESA. This will likely result in an outcry from conservationists that the Forest Service develop recovery-like plans for conservation of candidate species even though under the ESA recovery plans are not required for unlisted species.

Finally, the diversity section must be modified to reduce its cost, to make compliance possible. The Forest Service should draft a regulation that focuses on maintaining the diversity of habitats rather than imposing legal requirements upon itself to identify, survey, and maintain "a viable population" that is not required by NFMA.

Carbon Storage and Climate Change

Both carbon storage and climate change are overemphasized in the planning rule and will likely invite legal challenges. Moreover, the regulations clearly favor retention of existing carbon stocks rather than to promote increase carbon sequestration through active forest management. The argument of leaving mature forests untouched to maximize long-term storage of carbon and disagreement over the validity of carbon accounting assumptions will invite litigation from those interests arguing that the forest plan violates the regulations because it does not maintain all mature forests for long term carbon storage and climate regulation. In contrast, to offset climate change, we can think of nothing more effective than harvesting a sustainable amount of trees on an annual basis.

In our view, the rule establishes monitoring requirements that are too broad and costly, and frankly, unattainable. Requiring monitoring of "measurable changes on the unit related to climate change..." defies common sense requirements for this planning rule. It makes no sense for the Forest Service to evaluate "measurable" changes on a two-year cycle for every national forest when climate is measured over decades and centuries. We do, however, recommend adding requirements to monitor accomplishment of forest plan objectives, as well as progress achieving forest plan "desired conditions."

The inclusion of climate change language and new requirements for the Forest Service to catalog invertebrates such as insects will overburden an already cash-strapped agency. The carbon and climate change references should be minimized or eliminated as they are not required by NFMA.

Role of Science in Planning

The proposed rule establishes costly, time-consuming procedural requirements to document that the Forest Service considered the best available science. These requirements will slow the planning process to a crawl and create a new legal burden on the agency to prove that it has considered the best available science. This requirement ditches the Forest Service's hard fought legal victories that established there is no such thing as the "best" or "most accurate" science and will relieve plaintiffs of the burden to prove why the agency decision is flawed. The new requirements will now impose the burden on the agency to prove why its decision is informed by the best science. Moreover, the new requirements undermine the Forest Service multiple-use mandate, which the courts have only recently more explicitly acknowledged. A science-dominated regulation will undermine the agency's ability to make management decisions based on its discretion in weighing various multiple-use objectives. It will elevate science to the point where it preempts multiple use.

RDC is certainly not opposed to considering science in the planning process. In fact, sound science plays an important role in the process, but proving what science is "best" will no doubt be time consuming and will ultimately lead to lawsuits. Determining which science is "best" is at the very least very subjective and can be highly politicized, as illustrated in ESA litigation, as well as NFMA and other disputes. By requiring the use of the "best available scientific

information" rather than relying on agency expertise and available, relevant science, the planning rule will create a target for additional litigation and controversy. This requirement would likely create additional disputes and lawsuits that will obstruct and delay planning and management activities.

Neither NFMA or NEPA use or require use of the term "best available science" or "best available scientific information." The Ninth Circuit Court of Appeals has affirmed that these laws do not require a determination that national forest plans or project-level NEPA documents be based on "best" available science or methodology, that disagreements among scientists are routine, and that requiring the Forest Service to resolve or present every such disagreement could impose an unworkable burden.

The planning rule should not require the Forest Service to do more than take into consideration available, relevant scientific information along with other factors in the development, amendment or revision of forest plans, without reference to which information is "best." RDC urges the Forest Service to delete Section 219.3 or eliminate reference to "best available scientific information" in the proposed rule. The Ninth Circuit finally has recognized, there is no holy grail of the "best" or "most accurate" science. The Forest Service should also do so.

Assessments

The proposed rule establishes a separate layer of planning called "Assessments," which will be prepared apart from the Forest Plan and without NEPA analysis. In our opinion, any Forest Plan that relies on "Assessments" is dead on arrival, given the courts have repeatedly rejected the reliance of a plan or project on an earlier prepared assessment or analysis that was not subject to NEPA.

The assessment process also creates a legally enforceable obligation to notify and encourage appropriate scientists to participate in the assessment process. The agency will have violated the regulation if a plaintiff can show that the agency failed to do enough to encourage the participation of "appropriate scientists."

The Assessments will likely include non-federal scientists to help "inform" the planning team, which will require compliance with the Federal Advisory Committee Act (FACA). Thus, the Forest Service will place the subsequently developed forest plans at risk by requiring a process to develop Assessments with public participation and non-federal scientists that "inform" decisions in the plan without going through the NEPA process or complying with the FACA. We recommend the Assessment section be eliminated from the planning rule entirely. This would eliminate a NEPA and FACA claim that plaintiffs will raise challenging a forest plan's reliance on Assessments.

Another concern is that plaintiffs will search the planning record to find detailed papers prepared by agency staff and argue that these reports are really "Assessments." The plaintiffs will then charge the agency with violating the regulation because they were not subject to public comment and scientific participation.

Timber Requirements Based on NFMA

The planning rule should recognize and allow for a timber sale program that meets the needs of the timber industry in each region, including the recognition of the economy of scale needed to sustain the industry. Forest plans should not limit harvest levels by assuming the maximum supply from alternative sources and then adopting a minimum timber sale level needed to make up the difference.

Given each region is unique, the identification of suitable timber stands in the Tongass and other forests should include an economic analysis that ensures selected lands will support an economically-viable timber sale program. Otherwise, some management plans may not be fully implemented, as is the case in Alaska today. Similarly, the planning rule should acknowledge and provide for the needs of other industries, including mining, that create wealth for our nation from national forest lands.

The rule fails to explicitly acknowledge the importance of the "salvage or sanitation harvesting of timber which is substantially damaged by fire, windthrow or other catastrophe, or which are in imminent danger from insect or disease

attack" which is emphasized in NFMA statute numerous times. As drafted, the rule illegally abandons or dilutes the consistently clear statutory direction that any standards for suitable lands, size of openings or annual limits on timber removal "shall not preclude the Secretary from salvage or sanitation harvesting of timber which are substantially damaged by fire, windthrow or other catastrophe, or which are in imminent danger from insect or disease attack" 16 U.S.C. 1604(m).

219.11(c) – RDC recommends rewording this paragraph to "Harvest for salvage, sanitation, or public health or safety. Plans shall include direction for timber harvest for salvage, sanitation, or public health or safety objectives." 219.11(d)(4) – The proposed rule imposes restrictions on timber harvest that exceed the requirements of NFMA.

Standards and Guidelines

The planning rule effectively makes forest plan "guidelines" legally enforceable standards. The rule eliminates the distinction between forest plan guidelines and standards, making guidelines legally enforceable standards that all projects must "comply with." This revision ignores the Forest Service's legal victories establishing that guidelines are discretionary, not mandatory, and provide flexibility in management.

Courts on a number of occasions have reviewed the distinction between forest plan standards and guidelines as they are defined under current regulations. The courts have ruled in favor of the agency and have repeatedly dismissed plaintiffs' arguments that the agency was legally compelled to follow a forest plan guideline. The Forest Service must not throw away these hard-fought legal victories.

Given the fact that each region is unique, there should be no national standard or guideline (one size fits all) imposed on each region. Moreover, standards and guidelines should be adopted only after recognizing the impact they will have on all multiple uses in the forest, including maintaining a viable, economic timber sale program.

Pre-decisional objections process

The use of the pre-decisional objections process is good and is welcomed by RDC. Those who don't like a draft plan should be required to express their objections before the final plan is released. This would allow the agency to take issues into account and have an opportunity to make appropriate revisions. Under the current appeals process, those who wish to stop a project are not required to participate in finding a solution before the decision is made. The predecisional objection process is a superior approach for challenge to a forest plan than the administrative appeals process.

In conclusion, RDC supports the opportunity to grow the forest products industry through the sustainable harvest of forests, rather than simply allowing the industry to die a slow death. The experience from the past two decades has clearly put the industry and thousands of Americans who make their living from the forests in jeopardy. True multipleuse management, one that encourages the responsible development of natural resources, is essential. Otherwise, America will increasingly import forest products and strategic minerals from abroad, where weaker environmental standards may apply. The planning rule should facilitate true multiple-use management encouraging development of these resources, as opposed to hindering such activity.

RDC appreciates the opportunity to comment on the planning rule.

Sincerely,

Carl Portman Deputy Director

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PRESS RELEASE

FOR IMMEDIATE RELEASE

May 12, 2011

Community Leaders withdraw from Tongass Futures Roundtable due to a lack of commitment to work toward consensus on any significant timber issues.

Six community leaders have resigned today from the Tongass Futures Roundtable. Elaine Price, City Administrator for Coffman Cove, Carol Rushmore, Economic Development Director for the City and Borough of Wrangell, Tim Rooney, Borough Manager for the City and Borough of Wrangell, Scott Hahn, City Manager for the City of Petersburg, Leo Luczak, Community Development Director for the City of Petersburg and Dennis Watson, community member and former Mayor of Craig have resigned due to the lack of commitment by the Roundtable to work toward finding a way to stabilize the timber industry and communities. The Tongass Futures Roundtable was established 5 years ago to bring stakeholders together to try to find common ground for land management in the Tongass National Forest. The idea was to bring communities, industry leaders and environmental groups to the table to reach consensus on non-controversial areas that could be used to support timber based jobs and stabilize a struggling timber industry, provide long-term economic sustainability for Southeast communities and villages, and identify key critical habitat areas for long-term environmental sustainability.

After 5 years, it is apparent the Tongass Futures Roundtable has failed at finding any resolution or agreement or even the agenda. The timber industry has continued to decline significantly, recently losing another mill and associated jobs, experiencing major reductions in the available timber supply, contributing to area population decline, and facing continued lawsuit delays. Any proposal submitted by the timber industry for consideration by the Roundtable has consistently been rejected for creating too much impact to yet another newly identified "critical" habitat area. Lobbying efforts by some environmental organizations in Washington D.C. have inaccurately portrayed activities of the Roundtable as consensus agreements and continue to urge the federal administration to abandon a timber sale program. While the Roundtable continues to address its own future, Ms. Price, Ms. Rushmore, Mr. Rooney, Mr, Hahn, Mr. Luczak and Mr. Watson will look to the Governor's newly established Timber Task Force for support for responsible resource development in SE Alaska.

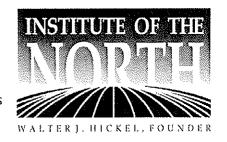
Consensus at the Tongass Futures Roundtable does not work with so many members living outside of southeast Alaska, when organizations and individuals have an agenda of stopping any effort or proposal having to do with resource development, and when consensus requires a 100% agreement. These 6 community members would like to thank the efforts of some of the

staff of the Nature Conservancy Alaska office who worked diligently to try and work through the varying opinions of the members. However, in a letter published in the Juneau Empire on February 17, 2011, the Sierra Club's Roundtable representative Mark Rorick stated he would never agree on any consensus other than his own agenda and made it clear their agenda is to stop any resource development in Southeast. This position by a representative of the environmental community makes the Roundtable unworkable. Recent Roundtable agendas makes it evident the Roundtable has strayed from the one issue that brought all the original members together --- Timber. It was initially a difficult decision to resign for these members since the Tongass Futures Roundtable has been a beneficial forum to discuss issues with various stakeholders, and the hope that maybe this time the outcome would be different. However, the decision ultimately became quite easy when one considers the cost of talk has resulted in the further decline of the timber industry, the loss of more jobs SE Alaska cannot afford, and only supports the delay tactics of the environmental organizations that are not willing to allow multiple use of the Tongass National Forest on any level.

Contact: Elaine Price City of Coffman Cove 907-329-2233

2011 Emerging Leaders Dialogue June 2-5 in Kotzebue

The Institute of the North is pleased to announce the 2011 Emerging Leaders Dialogue, June 2-5 in Kotzebue, Alaska. This dynamic event has been held annually for four years across the state, each time engaging participants in discussions of critical policy issues facing Alaska. As a



non-partisan, non-attributive venue, the Dialogue has a long history of bringing Alaska's business, policy and social leaders together to deliberate upon new ideas for moving Alaska forward.

The theme of this year's Emerging Leaders Dialogue — "Livable Communities and the Human Condition" — will focus on the economic and community development that Alaska's citizens depend on to thrive. Partners for Livable Communities defines livability as the sum of the factors that add up to a community's quality of life—including the built and natural environments, economic prosperity, social stability and equity, educational opportunity, and cultural, entertainment and recreation possibilities. What do these things mean to you?

Held in Kotzebue for the first time, this is an opportunity to highlight the many internal assets Alaska's communities have, as well as the challenges that face all Alaskans and connect people and communities to each other.

Throughout the Dialogue, we will reflect on these issues in ways that focus on both their independence and interconnectedness in the community, region and state. In Kotzebue, 100 young leaders will focus their presentations, small group work and dialogue on two tracks:

- Structural energy, resource development and transportation; and,
- **Human** education, building social capital and cultural awareness.

You will also have an opportunity to spend a day on the ground. An extra day in Kotzebue will be spent in service to — and learning about — the community. We are working toward expanding this opportunity to visiting nearby communities as well.

One of the core benefits of this event, demonstrated consistently since the Institute launched the first Alaska Dialogue in 2000, is the chance for networking and peer mentoring and leadership. Past attendees have said that the relationships formed at the Dialogue are extremely valuable. Above all, in recognizing the responsibility each Alaskan has to community and state, the Dialogue provides the opportunity to engage with one another while respecting and valuing differing perspectives. This is a chance to share who you are and what you believe in with others who care about this state.

This Dialogue is designed especially for young Alaskans ages 21 to 40 who are good at what they do and have demonstrated a capacity for leadership and commitment to the state and community. The Institute recognizes the strong role that you play in your community. Please feel free to contact us if you have any questions and/or if you have other emerging leaders in mind for this event.

We are very excited about your participation and look forward to seeing you in Kotzebue.

The Institute of the North's 2011 Emerging Leaders Dialogue

REGISTRATION FORM

Name (prefix, first, last)
Preferred First Name Title
Company or Organization
Address
Phone Fax
Email
Conference Fees: The full cost of the Emerging Leaders Dialogue is \$600 and includes lodging, meals, and materials. We ask that you pay what you can, using the following template as a guide. We hope to make this opportunity as accessible as we can for young Alaskans who might not otherwise be able to attend. Please feel free to contact us to talk about what we can do to help in this effort.
\$600 I will be attending the Dialogue and would like a room of my own.
\$500 I will attend the Dialogue but would like to share a room.
\$350 I will attend the Dialogue but do not need a room.
\$200 I would like to apply for a scholarship to attend the Dialogue.
I am a member of Leadership:North and qualify for a 10% membership discount (membership is \$55/yr).
I am unable to attend but would like to help sponsor a young leader by contributing \$
Method of payment: Fax this registration form to us and either mail a check payable to the Institute of the Nortlor use your □ VISA □ MC □ AMEX
Credit Card Number Exp date
Signature accepting this agreement Date
Lodging: We have secured rooms in Kotzebue and will be providing lodging.
Travel : Kotzebue is accessible by plane on either Alaska Airlines or Frontier. We recommend that you make your reservations as soon as possible. Please contact us for further information about travel discounts or to arrange group travel.
Please mail or fax to:

The Institute of the North, 509 West Third Ave., Suite 107, Anchorage, AK 99501 (Fax: 907 771-2466)

You can also register online at www.institutenorth.org. Capacity is limited and early application is encouraged.

Call (771-2448 or 351-4982) or email (akdialogue@institutenorth.org) Nils Andreassen with any questions.

Membership Form

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

To view a list of current members, please visit http://www.akrdc.org/links/

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The Alaska Coal Association Proudly Presents the 19th Annual Coal Classic Golf Tournament Wednesday, June 15, 2011

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