

# We grew up with Alaska.

More than fifty years ago, Emil Usibelli began mining coal in Healy, Alaska with a small bulldozer and one truck.

Over the last three generations, a lot has changed — both in Alaska and at Usibelli Coal Mine. But one thing hasn't changed—*our commitment to innovation.*

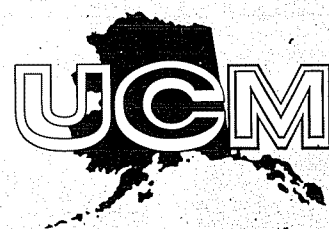
That's what made Emil Usibelli believe he could mine coal from the surface, rather than from underground, like everyone else did in those days.

It's what inspired Emil's son Joe to start a land reclamation program in 1971, years before the government required it.

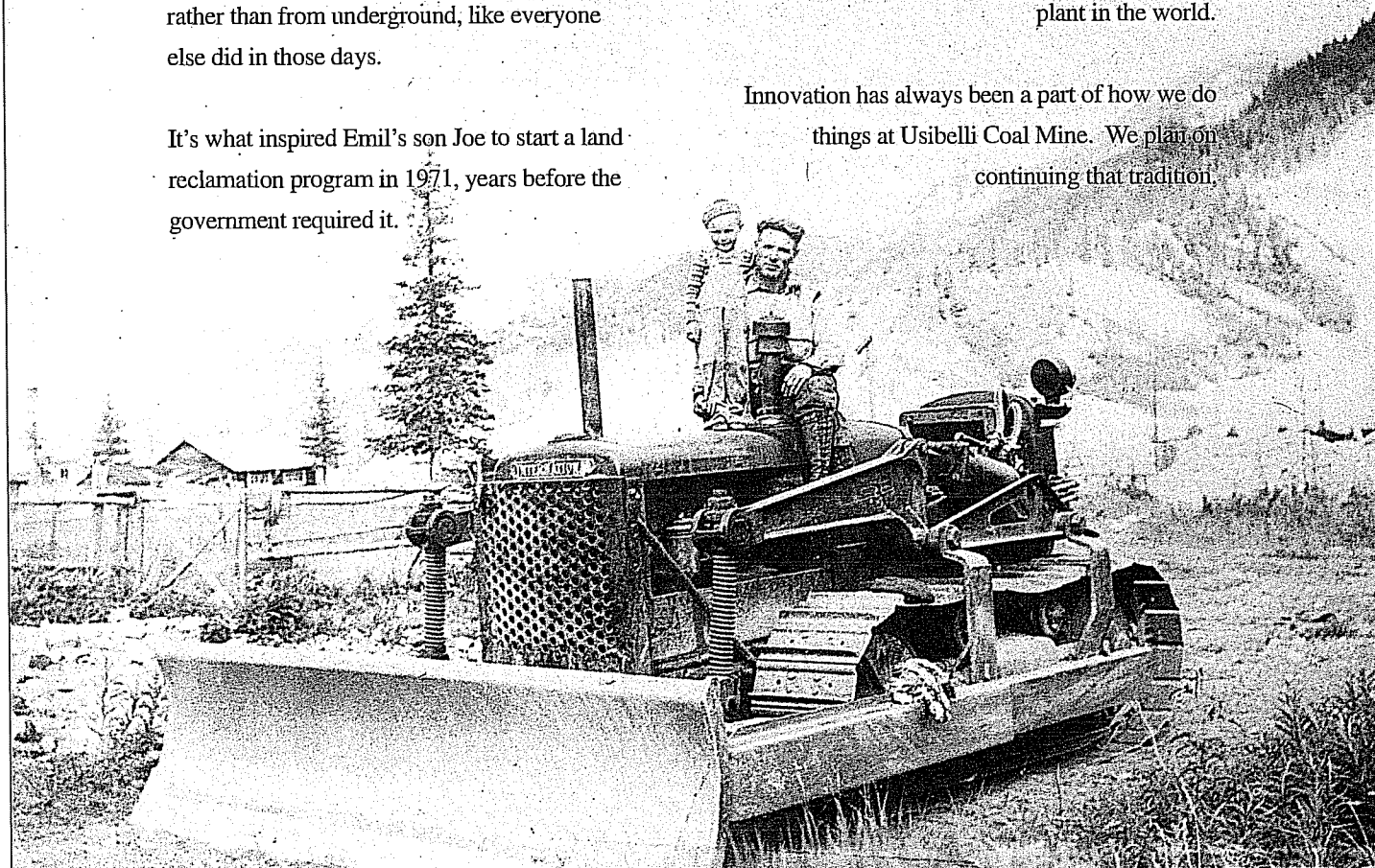
It's why Joe decided to purchase a 2,000 ton dragline in 1977 to increase production, even though a proposed hydroelectric project and the new oil pipeline were supposed to make coal obsolete.

And in 1989, it was what motivated Emil's grandson, Joe Usibelli Jr., to initiate the partnership for the Healy Clean Coal Project, which recently began building what may well be the cleanest coal-burning electrical plant in the world.

Innovation has always been a part of how we do things at Usibelli Coal Mine. We plan on continuing that tradition.

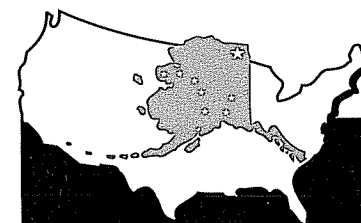


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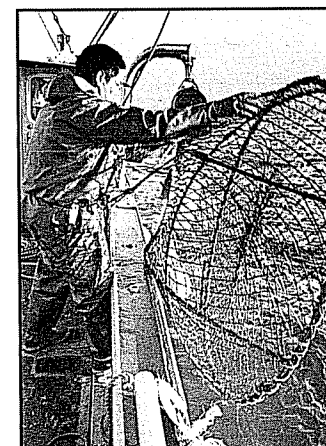
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## Resource Review

September 1995

A monthly publication of the Resource Development Council, Inc.



*RDC believes Alaska's home-fleet industry must have meaningful opportunities to utilize nearby resources to benefit local economies.*

### RDC supports measures to ensure strong fisheries

In a letter to Senator Ted Stevens, RDC stated its strong support for a pro-Alaska position for the development of North Pacific fisheries resources.

RDC specifically endorsed several measures proposed by the North Pacific Fishery Management Council (NPFMC) to ensure strong Alaska fisheries.

Among the measures supported includes extension of the inshore-offshore pollock allocation. RDC said an extension is essential for economic stability of  
*(Continued to page 3)*

## Tongass bill attempts to restore balance set by Congress in 1990

### *Murkowski to change bill to address concerns*

Given the initial reaction to a controversial bill that would sustain timber industry jobs in the Tongass National Forest, Senator Frank Murkowski says he will change the legislation to address valid concerns expressed by Alaskans.

Earlier this summer, Murkowski introduced the Southeast Alaska Jobs and Communities Protection Act in an effort to restore timber jobs in the nation's largest national forest. The bill met strong resistance from environmentalists, fishermen and others who fear it will result in increased logging and remove protection for fish and wildlife habitat and wilderness.

Although the bill will be changed, its goal of guaranteeing a land base so that enough timber is available to provide year-round jobs, will remain the same, according to Murkowski.



*If timber harvesting is truly incompatible with other uses in the Tongass, then why does tourism continue to grow and why are fish and wildlife populations so healthy? Logging has been occurring in the Tongass for over 40 years and at much higher levels than today.*

"When we passed the Tongass Timber Reform Act, Congress agreed that, as long as the demand for timber existed, the industry should be provided sufficient volume from the timber base proposed for logging to maintain the amount of direct timber employment that was underway in 1990," Murkowski said.

"I believe that all parties involved in the 1990 reforms, which placed an additional 1.1 million acres off limits to logging and set up buffer strips along streams to protect fisheries, among other changes, agreed that a key part of the compromise was maintaining the then-exist-

*(Continued to page 4)*



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

# Water quality standards: A good faith effort

After six years trying to complete a so-called triennial review for Alaska's water quality regulations, Governor Knowles and Commissioner Gene Burden tried something a little different last month. After an exhaustive administrative review of the regulations and in order to move away from the rhetoric of opposition, a threatened lawsuit, and other obstacles to resolution, a friendly "hostage-taking" took place at the Governor's office in Juneau.

Taking two representatives of each "side," specifically RDC and the Alaska Oil and Gas Association along with Clean Water Alliance and Sierra Club Legal Defense Fund, and a full complement of DEC staff, Governor Knowles stuck us in his conference room for six hours to get beyond the impasse which has been frustrating all sides. The Commissioner briefed us on what the Knowles administration actions would be, the reasons for those actions and asked for honest debate and hopefully, agreement on moving forward.

None of us were totally pleased, but I believe all were pretty surprised that the Governor could get us moving in the same direction. It was a good faith effort and with a little perseverance, the water quality standards will work. They need to give certainty to the regulated community, be technologically achievable and economically feasible and not be challenged in court.

The adoption draft for revisions to the water quality standards for anti-degradation, treatment works and pe-

troleum hydrocarbons was recently signed by Commissioner Burden and is now at the Department of Law for review. *The actions taken are:*

**Anti-degradation:** The administration determined the absence of such a regulation was a deficiency, as the original standards did not include this aspect. Since it was added in final administrative review, this regulation was not subject to the same extensive public scrutiny, but is identical to federal law. *Action: State adopted additional anti-degradation provisions which specifically protect "out-standing national resource waters."*

**Treatment works:** Under review, DEC determined that treatment works in natural waterbodies (sewage lagoons, tailings impoundments, etc.) are permitted under solid waste and domestic water programs and were therefore redundant if included in the water quality regulations. *Action: Repealed.*

**Petroleum hydrocarbons:** Much of the debate surrounding oil or diesel limits in wastewater discharges is focused on measurement methodology and analysis found in "Note 8" of the current regulation. DEC is amending the regulation to clarify required measurements. *Action: DEC repealed the current Note 8, instead adopting August 1993 version of Note 8. DEC will further research need for a numerical particulate standard by July 1996.*

**Human health risk:** The array of variables used to determine a risk level were debated, reflecting concerns about the importance of "Alaskanizing" specific values. The present Alaska standard of  $10^{-5}$  was retained using federal values, in direct response to federal law. *Action: DEC retained current level and will initiate rulemaking to determine Alaska-specific values.*

**Sediment:** Most of the discussion

on sediment was whether settleable solids or total suspended solids (TSS) should be the standard. Since there is no criteria for TSS in EPA, a significant factor supporting DEC's regulation is that testing for settleable solids uses simple field equipment and procedures. *Action: DEC retained the existing regulation, clarifying settleable solids as the regulated parameter, agreeing to study and report on the need for a TSS standard by July 1996.*

**Mixing zones:** Mixing zones are designated areas of a waterbody in which wastewater enters and mixes with a receiving water, diluting the discharge within the zone, but meeting water quality standards at and beyond the zone boundaries. DEC noted the current regulations provide better controls by setting stricter standards and addressing fresh water rivers and streams. *Action: DEC will prepare interim guidance and initiate rule-making and complete guidance by April. DEC retained authority to grant or deny mixing zones based on factual data presented.*

Of all the issues debated, mixing zones were held out for the most additional scrutiny. It is RDC's understanding that the next round of discussions will include all users of mixing zones and be open to the most technical data possible. Additional aspects under consideration are size limits, toxics and lethality. Marine mixing zones will also be included in the discussion, although the regulations under review dealt with fresh water. Existing mixing zones will remain, and all efforts will be made to ensure no unintended side-effects occur.

A summary of the actions taken are available at RDC and DEC. Please call me directly and I will make sure your concerns are advance to the appropriate level.

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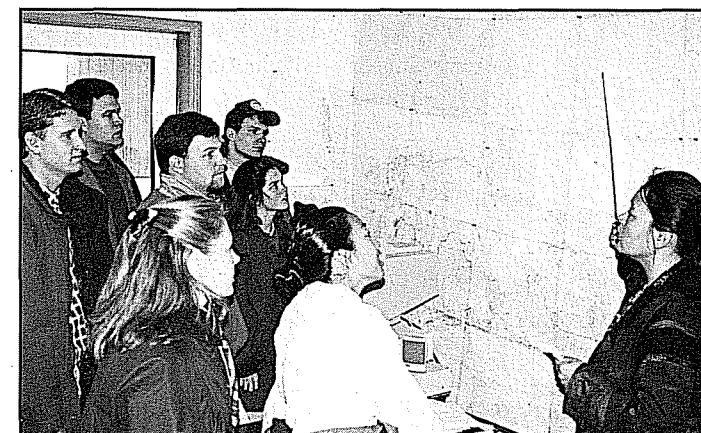
Writer & Editor  
Carl Portman

# Alaska Wetlands Coalition Congressional Staff Tour of Alaska

In August, the Alaska Wetlands Coalition, spearheaded by RDC, shuttled eight key congressional staff members across Alaska to visit local communities affected by federal wetlands regulations. The group met with representatives from village and regional Native corporations, urban and rural municipalities, industry, as well as the Governor and members of his staff. The congressional staff visited Juneau, Anchorage, Nome, Barrow and Prudhoe Bay to see first hand how Alaskans utilize wetlands for a wide range of basic services. The tour was also beneficial in showing the federal officials the stark differences between rural Alaska and rural Kansas, the problems Alaskans face in permitting development on wetlands and the abundance of wetlands preserved.



Congressional staff look over a gravel pad built on North Slope wetlands and now being utilized for revegetation experiments. Dr. Jay McKendrick of the University of Alaska Fairbanks describes rehabilitation efforts.

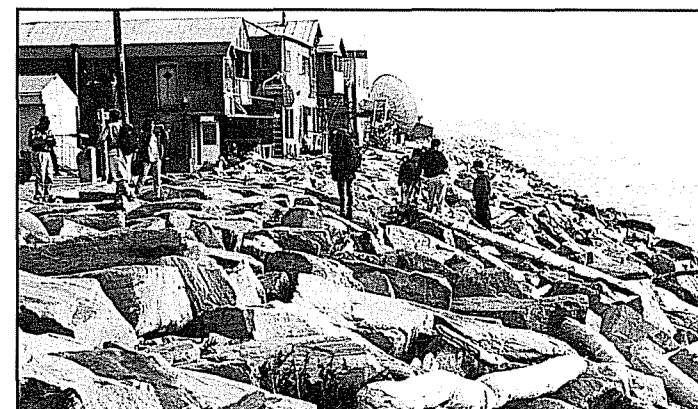


Vera Williams of the North Slope Borough Planning Department in Barrow points out that local communities have no other choice but to develop on wetlands.

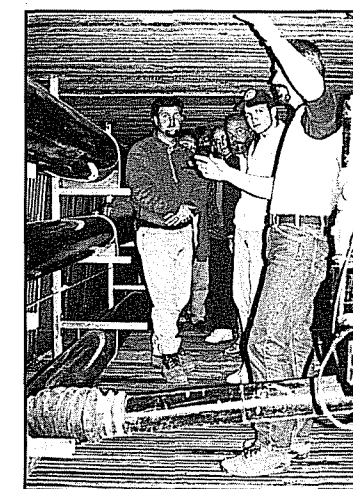


(Photos by Carl Portman)

The Alaska Wetlands Coalition delegation meets with Governor Knowles in Juneau.  
(Photo by Ken Freeman)



After meeting with local residents and community officials in Nome, congressional staff look over the seawall protecting the Bering Sea community.



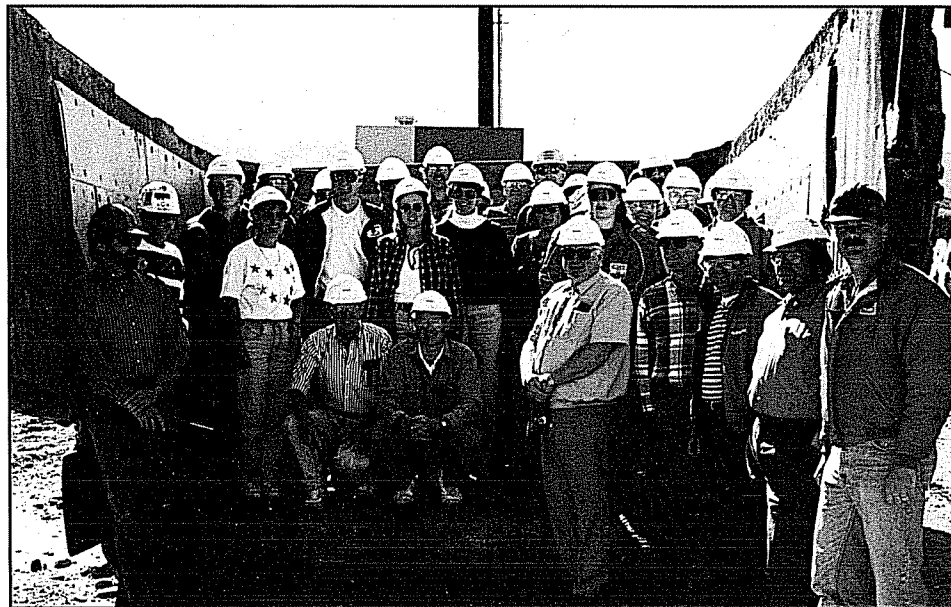
The tour included a visit to the Barrow utilidor, which provides water, sewer and other utility services to America's northern most community. The multi-million dollar, state-of-the-art utilidor is the only one of its kind in the Arctic, lying about ten feet underground. Leading the tour is Joe Nicely of the Barrow Utilities Electric Cooperative, Inc.



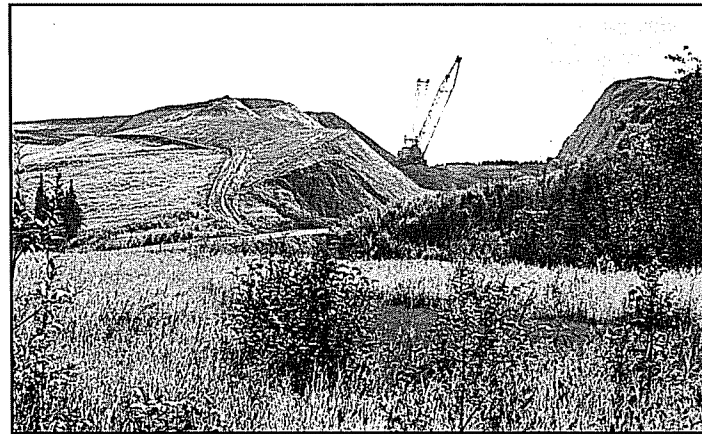
## RDC Board visits Usibelli Coal Mine, tours HCCP

Usibelli Coal Mine, founded in 1943 by Emil Usibelli, has a work force of 120 employees and operates year-round. Over the years, mine production has grown to about 1.5 million tons of coal per year.

RDC board members gather in a 33-cubic yard bucket of the Ace-in-the-Hole Dragline at the Usibelli Coal Mine near Healy.



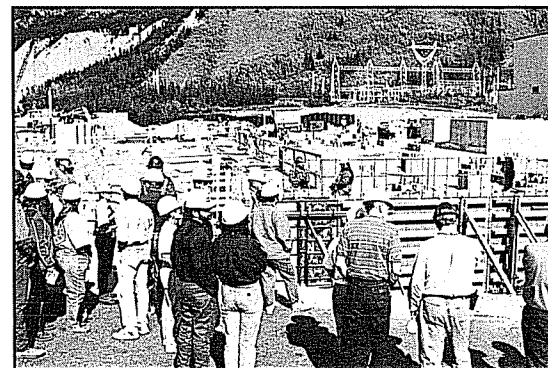
(Photo by Carl Portman)



UCM began its reclamation program in 1971, six years before federal law required coal mines to institute reclamation programs. Reclamation involves re-contouring and re-vegetating land after an area has been mined. Since 1971, the mine has reclaimed over 4,000 acres. The ultimate goal is to reestablish a natural landscape and a natural succession of vegetative cover. (Photo by C. Portman)

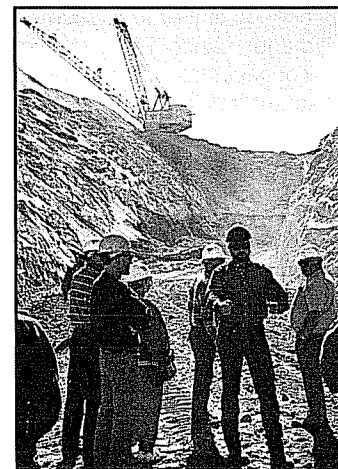
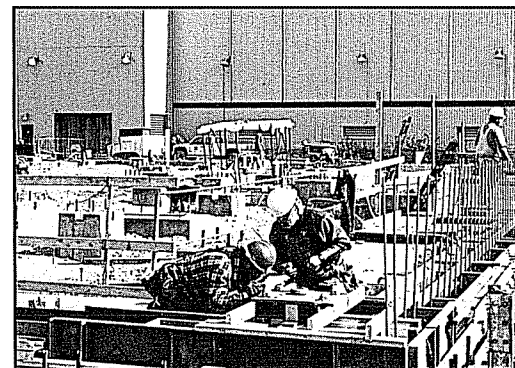


Rep. Jeanette James of North Pole, Rep. Tom Brice of Fairbanks and Senator Mike Miller joined the RDC tour. UCM supplies six Interior Alaska power plants with about 775,000 tons of coal while an additional 716,000 tons were shipped through the Port of Seward to the Republic of Korea. (Photo by Wes Nason)



Work is underway on the 50 mega-watt Healy Clean Coal Project power plant, which will use an innovative design integrating advanced coal combustion, heat recovery and emission control technologies. The combination of new technology and ultra-low sulfur UCM coal may result in emission levels of sulfur dioxide and nitrogen oxides that are lower than any other coal-based power plant in the world. H.C. Price is the general contractor. The plant will be owned by AIDEA and operated by GVEA.

(Photos by Carl Portman)



Mitch Usibelli describes the mining process in the UCM pit. (Photo by Wes Nason)



## Thoughts from the President by Elizabeth Rensch

With Congress back in session, the seventh inning stretch has brought the battle for a responsible pro-development victory back into full swing. The score is close, but within two short innings, and a keen defense strategy, victory can be ours. Alaskans have a special interest in the promised spectacle about to take place on the field -- a provision being crafted in the federal budget that will open the "1002 Area" of ANWR to oil development.

As the opposition mounts its effort to defeat exploration in the Arctic Oil Reserve (AOR), unsavory political tactics rise from the bench and, one by one, approach the plate. In earlier innings, U.S. Geological Survey (USGS) delivered a "bunt" to the public to revise downward the federal estimates with regard to oil reserves beneath the Coastal Plain/AOR. For those in the know, the squeeze play was viewed as a shameless, last minute ploy to drive home a run just prior to the start of Congressional hearings on ANWR. USGS was escorted from the field and sent to the showers.

Also earlier in the game, the U.S. Department of the Interior hit a unsubstantiated grounder that skewed far to the left and smacked of political op-

## Get off the bench and get in the game

portunism. Fortunately, Arctic Power scooped it up and dismissed the play at first, sending the player to the dugout to search for back up data and a more "scientific" bat.

In the final innings of play, the environmental movement has resorted (again) to countless campaign tactics that do little to save the environment, but much to line their own pockets. The bases are loaded with lead-off hitters from the Sierra Club, the Wilderness Society and the National Audubon Society who subscribe only to "sand lot" rules in what has now become a National League playoff.

Facts, however, speak clearly and the pro-development fans in the bleachers aren't fooled. We recognize this all-too-common tactic as nothing more than a well orchestrated, last ditch play at home. You've seen this pitch before and know the play by heart ... use hype and hysteria and pack it with emotionally charged, outlandish statements. Beat the drum, send your money, save the planet -- provide the cash cow that pays a good salary.

If that isn't enough, out of the dug-

out, but not new to this game comes a resurgence of political posturing (aimed at gathering future votes). Boys and girls, do we have a ball game!

Members of RDC, the final inning is yet to be played. The score is tied and it's the bottom of the ninth. Ask yourself, "What will be our power play to load the bases and bring home the winning run?"

Recognizing that the opposition's strategy is to pitch as much adverse public opinion about drilling to the public in as short a time as possible clearly defines our counter assault. I say, "beat 'em at their own game." Stand up and fight.

This is a call to action for Alaskans in support of this most critical legislation. Get off the bench, get in the game and act now! Remember, a walk is as good as a run and we need every chance possible to score in this final inning. Write at least one (handwritten) letter to key senators who will tip the scale in Congress.

If you've ever wondered if your sacrifice fly ball would decide the game, now is the time to swing away. With your help, the White House will be forced to look at the facts, add up the score and make the call in favor of responsible development, jobs and a stable domestic oil industry.

## RDC supports fisheries measures ...

(Continued from page 1)

Alaska's shore-based seafood processing industry and coastal communities in which they operate. Failure to re-authorize this inshore allocation would disrupt the fishery and local people who depend on the fishery.

RDC also supported a license limitation program instead of Individual Transferable Quotas (ITQs) for crab and groundfish. Such a measure is considered an interim step while the NPFMC works on a Comprehensive Rationalization Plan for these fisheries. The measure will help prevent over-

capitalization and allow Alaskans to build up a history of participation in these fisheries.

RDC also supported extension and expansion of the Community Development Quota (CDQ) program. The CDQ program allows the communities of western Alaska to participate in adjacent fisheries, derive economic benefit from the resource and to build a private economy where now none exists.

"RDC strongly believes Alaska's home fleet and shore-based industry must have meaningful opportunities to utilize nearby resources to benefit local economies and

families," said Becky Gay, in correspondence to Stevens. "It is good for the nation to encourage Alaska to share its wealth while allowing residents to build an economy which can feed its people in more ways than one."

In light of the re-authorization of the Magnuson Act, RDC encouraged Stevens to make sure commercial fisheries resources are utilized to benefit Alaskans, as well as other Americans. In particular, Western Alaska communities should have access to participate in the Bering Sea fisheries before a permanent allocation system is implemented.

# Timber bill's goal is jobs and balance

(Continued from page 1)

ing level of employment."

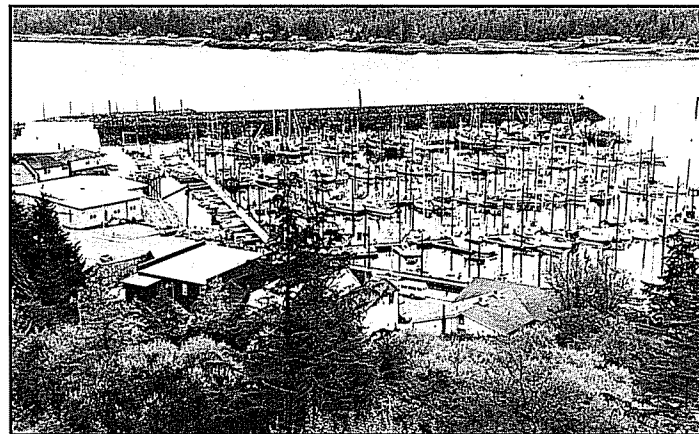
However, since TTRA passed in 1990, direct employment on the Tongass has fallen by more than 42 percent and the Forest Service has consistently failed to release enough timber to supply local mills and meet market demand. With the exception of Juneau, the region's overall employment has declined and real payroll is down \$40 million.

Moreover, despite the balance set by Congress through TTRA — which left approximately two-thirds of the commercial forested lands in the Tongass reserved for uses other than logging — new land withdrawals have reduced the timber base even further. In addition, timber sales scheduled on the land base designated for harvest have been routinely administratively appealed or litigated by environmentalists.

"What is happening in Southeast Alaska is not unique," Murkowski said. "Through a combination of Clinton administration initiatives and environmental group litigation, we are seeing all forms of economic activity driven off public lands."

While opponents are quick to point out to the press that Murkowski's bill would open more of the Tongass to logging, they ignore the fact that no other lands in the Tongass have been opened to logging to offset new land withdrawals and preserve the balance set by Congress through TTRA.

In a letter to Governor Knowles earlier this month, RDC pointed out that it may



Pictured above is Ketchikan's small boat harbor. Southeast Alaska depends heavily on timber, fishing and tourism for economic stability. Mining is making a comeback, but overall the region's payroll has fallen \$40 million.

be appropriate to consider a "no net loss" mechanism to retain what is left of the small land base dedicated for timber harvesting.

Since the passage of TTRA five years ago, an additional 1.6 million acres have been withdrawn to accommodate other objectives, leaving a dedicated timber base of 1.7 million acres for timber harvesting on a 100-year rotation cycle. This represents less than 10 percent of the Tongass or one-third of the commercial forested lands.

Moreover, recent actions by the Forest Service to establish 650,000 acres of new habitat conservation areas in the forest have resulted in further reductions to the timber base.

In an effort to restore timber jobs, Murkowski designed the new Tongass legislation to give the Forest Service the tools it says it needs to maintain employment. The bill encourages "value-added" timber manufacturing to get more jobs from less wood logged. It also requires the Forest Service to plan sales on a three-

year advance supply cycle to prevent an occurrence of current timber shortages that are plaguing the industry.

Meanwhile, Alaska Senate President Drue Pearce and House Speaker Gail Phillips have announced their support for the Murkowski bill.

Pearce and Phillips said the bill would "force the Forest Service and others to adhere to the promises and compromises of TTRA."

"Our message to the working men and women in our Southeastern timber communities is that we are ready, willing and able to help," said Pearce.

"Most of the economic hardship can be directly attributed to disruptions in the available timber supply which these communities depend upon," Phillips added.

Pearce and Phillips noted that TTRA was a result of compromises and good faith bargaining by all interested groups and that actions by the Forest Service restricting the amount of available timber represent a serious breach of that agreement.

Environmentalists, however, argue that the new bill will harm fish, tourism and wildlife. RDC disagrees, pointing out that the bill does not remove stream buffers or extensive forest practices regulations on the small portion of the forest reserved for harvesting. Healthy wildlife populations, record fishing harvests and steadily increasing visitor counts seem to rebut claims that the region's forest products industry is not compatible with other values.

Despite nearly 100 years of logging in Southeast, fewer than 450,000 acres of trees have been cut since the Tongass was created in 1908. That is less than five percent of the 10 million acres of trees in the forest.

In a meeting with RDC officials last month, Forest Service Chief Jack Ward Thomas said the Forest Service would meet its long-term contractual obligations to Ketchikan Pulp Company, but he made no commitment to supply enough timber to re-charge mills that have closed due to a lack of timber supply. Currently, the Forest Service has scheduled only enough timber to keep existing timber processing plants open at about 50 percent capacity, leaving no hope for the pulp mill in Sitka and the closed sawmills in Wrangell, Saxman and Ketchikan.

RDC has pledged to work with the Knowles administration, the legislature, the congressional delegation, local communities and the Forest Service to balance multiple uses in the Tongass National Forest of Southeast Alaska.



## Tongass National Forest Perception versus Reality



### The Shrinking Timber Base

- Tongass National Forest: 17 million acres, America's largest.
- Forested lands in Tongass: 10 million acres, 5.7 million acres considered productive, commercial timberland.
- Through the passage of the Alaska National Interest Lands Conservation Act (ANILCA) in 1980, all but 4.1 million acres of the Tongass was closed to logging.
- Tongass Timber Reform Act (TTRA) in 1990 closed an additional 689,000 acres of the commercial forested lands in the Tongass to harvesting, leaving a timber supply reserve of 3.4 million acres.
- Since 1990, 1.67 million acres have been withdrawn from the timber base for other multiple use objectives and a variety of other reasons, leaving a dedicated timber base of 1.7 million acres for timber harvesting on a 100-year rotation cycle. This represents less than 10 percent of the Tongass or one-third of the commercial forested lands.
- In 1995, the U.S. Forest Service withdrew an additional 650,000 acres for new Habitat Conservation Areas, further reducing the timber base. No other lands in the Tongass have been opened to logging to offset new land withdrawals and preserve the balance set by Congress through TTRA.

### Changes under TTRA

- In addition to reducing the timber reserve for industry, TTRA revised formulas for how timber was to be paid and set a new allowable mix of higher and lower-value logs. The end result of the reform package was a smaller timber base for loggers and rising costs to cut lower-quality trees in more remote areas.
- In the five years since TTRA was enacted, the federal government has failed to fulfill the intent of the law to release enough timber to sustain employment and meet market demand. Since 1990, the volume of timber harvested in the Tongass has declined by over 40 percent, from 470 million board feet to 275.8 million board feet in 1994.

### Southeast Alaska Employment

- Since 1990, direct timber employment has fallen by 40 percent or 1,700 jobs, according to the July 1995 study of the McDowell Group, "The Timber Industry's Role in the Economy of Rural Southeast Alaska."
- The current log shortage in the Tongass continues to cause job reductions and now threatens new job cuts. A variety of environmental groups have administratively appealed or litigated most proposed timber sales. Today 13 of 23 proposed sales are held up because of legal action.

Some observers suggest that the region is weathering the dramatic decline in the forest products industry. A closer look reveals that rural Southeast is shouldering most of the economic shock associated with declines in the timber industry.

While Juneau employment levels have increased by 7%, rural Southeast employment has decreased by 4.5% and other urban areas in the region have fallen by 4.1%. While employment in the region as a whole has remained nearly steady, total payroll for the region has fallen by 3.8% or \$40 million.

### Tongass Land Management Plan (TLMP)

- The TLMP process is designed solely to modify the 1991 draft plan alternatives. The 1991 alternatives were the first revisions designed to implement the 1990 TTRA. The Forest Service is now modifying this draft to consider such matters as population viability, cave issues and eco-system management. These priorities will likely reduce timber volumes even more.
- The Tongass Land Management Plan revision process will not and cannot resolve the timber supply crisis in the Tongass since it contains no statutory tools to consider the needs of people or timber-dependent communities. Its emphasis is on the needs of fish and wildlife.

### Historic level of logging, fish and wildlife

- Since the birth of the modern forest industry in Southeast Alaska in the 1950s, less than 17% of the one-third of the commercial forested lands in the Tongass reserved for logging has been harvested.
- A growing tourism industry and thriving fish and wildlife populations are testimony to the fact that timber harvesting is compatible with multiple use objectives of the forest. Logging on the small portion of the forest reserved for harvesting poses no serious threat to wildlife, fishing or tourism, especially given the extensive forest practices regulations now in place.
- Despite claims to the contrary, facts show logging is occurring at levels well below what the forest can sustain. Logging could be increased substantially and still remain under sustained yields necessary to maintain the forest's health.

- Average Annual Harvest (1987-93):	402 mbf
- Scheduled for Harvest (1995):	320 mbf*
- Capacity Major Timber Plants/Small Users:	470 mbf
- Sustainable Yield (outside areas closed to logging):	874 mbf**

\*Of the 320 mbf of timber scheduled for harvesting in 1995, 129 mbf is tied up in legal action. \*\*Represents biological sustainable level, but the Forest Service notes that some of this volume is not practical to log due to geographical constraints and perceived conflicts with other uses.