

Alaska Power Systems

Since 1981, Alaska Power Systems has been the leader in serving community-owned electric utilities throughout Alaska from the Aleutian Chain to the Interior.

We have one goal -- to bring affordable and cost-effective state-of-the-art power to communities in remote locations throughout Alaska.

Alaska Power Systems has proven capability and experience in all aspects of building and operating powerplants -- design, equipment, installation, technical and management support and financing.

State-of-the-Art Powerplants:

Powerplants are designed and built for the specific climate, long life, maximum fuel efficiency, operation simplicity and ease of maintenance. Wherever possible, alternative energy sources, such as hydro, are incorporated into the power system.

An example is the recently completed project on the Aleutian Chain that is owned jointly by the City of Akutan and Alaska Power Systems. It includes a special switching system that mates hydropower with diesel generators and remote monitoring package, saving the utility over 70,000 gallons of fuel annually.

Alaska Power Systems

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Anchorage, AK 99518

344-2631
800-478-2631
Fax: 349-8764

One important reason for this success has been the company's close and ongoing relationship with many communities and the local utility personnel with whom we've been working with all these years.

Their encouragement and support has given us the incentive to develop positive and innovative approaches toward solving their problems. This includes successfully combining new technologies with diesel and alternative power generation. The result: significantly lower power costs and increased reliability.

Remote Site Monitoring Package:

Sensors attached to all critical functions of the powerplant combined with computerized 24-hour remote monitoring and analysis simplifies troubleshooting and eliminates unnecessary expensive travel. Costly system load imbalances are immediately identified, diagnosed and corrected. Using data generated by the monitoring system, Alaska Power Systems sizes powerplants to meet specific community load requirements, optimize efficiency and simplify operation and maintenance.

Operation and Maintenance Support:

Recognizing that equipment and systems performance and longevity is directly tied to the quality of maintenance and support it receives, Alaska Power Systems services also include complete main-tenance services, training programs and electric utility management services performed by our knowledgeable and dedicated staff with many years Alaskan experience. This year we are providing Circuit Rider Preventative Maintenance, Training and Emergency Response services for the Division of Energy in 58 communities.

Resource Development Council
121 W. Fireweed, Suite 250
Anchorage, AK 99503

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Alaska Power Systems

Resource Review

Jan.- Feb. 1994 A monthly publication of the Resource Development Council, Inc.

How much are loggers cutting in Alaska's national forests?

by
James L. Cloud
President

Editor's Note: Jim Cloud's monthly offering in the Resource Review, Thoughts of the President, has been expanded to include an analysis of the continuing debate on timber harvesting on public lands in Southeast and Southcentral Alaska.

Webster's New World Dictionary defines rain forest as "a dense, evergreen forest occupying a tropical region having abundant rainfall throughout the year." According to an article in the Anchorage Daily News Science/Environment section January 2, 1994, rain forests receive at least 100 inches of rain a year and temperatures rarely rise above 93 degrees or below 68 degrees.

Like these two sources, most people's definition means Alaska has no rain forest — we have wet, cold forests. For some, however, the truth takes a back seat to fund raising since "rain forests" are good fund raisers and preservationists know what it takes to raise money from well-meaning, but misinformed Americans.

Eight national and state environmental lobbies have joined together to raise funds to finance the "Alaska Coastal Rainforest Campaign," an ef-

fort to block development, especially logging, from the coastal area stretching from Kodiak to Ketchikan. Members of the cooperative effort are the Southeast Alaska Conservation Council, the Alaska Center for the Environment, Sierra Club Legal Defense Fund, Sierra Club, The Wilderness Society, Trustees for Alaska, American Rivers and the Natural Resources Defense Council.

First to go will be people who prac-

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Despite claims made by environmentalists, facts show logging in Alaska is well under sustainable levels.

tice forestry to make available wood products to consumers, followed by restrictions on visitors who wish to experience Alaska's coastal areas. Efforts will eventually be turned to restricting commercial use of marine resources that interact with habitat found along the coastal forests. Regulations severely limiting subsistence and commercial fishing activities will undoubtedly follow.

We've seen it all before. In the

Tongass, America's largest national forest accounting for most of the coastal lands in Southeast Alaska, the timber industry made major concessions to environmental interests in 1980 through the Alaska National Interest Lands Conservation Act (ANILCA), which set aside over 1.6 million acres of prime forest lands from logging. The timber base in the Tongass available to loggers was further

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ARK

Helping prepare Alaska Students
to make *informed* decisions about
Alaska's mineral and energy resources

ARK, a Junior Achievement company, is working to foster a partnership between resource industries and public education in Alaska. As a JA company, the students who comprise ARK elect officers and create by-laws, in addition to producing and marketing a product. This gives the students an opportunity to experience business. It also gives them the chance to meet with key members of the business community in a professional atmosphere. Overall, JA gives its students the chance to begin preparing for their future.

ARK has joined the Alaska Mineral and Energy Resource Education Fund (AMEREF) in a partnership between resource industries and public education to produce the Alaska Resources Kit. The kit is a multimedia educational program directed at informing students of the role mineral and energy resources play in society and the significance of these resources to Alaska's economy. The kit, considered the heart of resource education in Alaska, is Alaska-specific, consisting of hands-on geology specimens, videos, maps, posters, and dozens of lesson plans and student activities. A major element of the kit is a 432-page teachers manual which guides the instructional activities and use of the kit's various components and reference books.

The Alaska Resources Kit is designed for use in grades K-12 and is an interdisciplinary curriculum, incorporating math, history, geology, chemistry and even English. The kit has been accepted for use in all of Alaska's 54 school districts, but not every school has a kit. The waiting list is long and constantly growing.

The cost of the kit is \$135. ARK is now seeking underwriters for kit production. Once produced, the kits will be turned over to AMEREF for distribution in the schools. Because both ARK and AMEREF are non-profit organizations, underwriting the Alaska Resources Kit is tax deductible.

If you have any questions or would like to set a time for ARK to show you the kit, please call Carl Portman or Ken Freeman at the RDC office, 276-0700 or fax the information below to 276-3887 and we'll get back to you.

NAME _____

COMPANY _____

ADDRESS _____

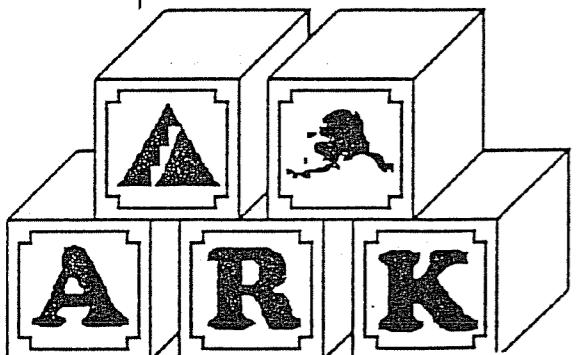
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*Partners in resource education
Building public awareness of minerals & energy resources and their
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Resource Development Council
for Alaska, Inc.

THURSDAY

Petroleum Club of Anchorage
4101 Credit Union Drive (South side of Sea Galley Restaurant)

February 1994

Reservations are required for each meeting. Please call 276-0700 by noon Wednesday.

Doors open at 7 a.m., presentations begin at 7:30 a.m.

• • • • •
Members: Breakfast: \$10.50, Coffee & Pastry: \$5.50

Non-Members: Breakfast: \$12.00, Coffee & Pastry: \$6.00

Feb. 3: Winter Cities Conference 1994

Jim Kubitz, Chair, Winter Cities 1994

**Feb. 10: Alaska Wetlands Policy:
Where Do We Go From Here?**

Robert Oja, Chief, Regulatory Branch, U.S. Corps of Engineers

Feb. 17: Oil Pollution Act of 1990: Impact on Alaska
U.S. Minerals Management Service: speaker to be announced later

Feb. 24: Update on AIDEA Development Projects
John Olson, Deputy Director, Alaska Industrial Development & Export Authority

RDC needs your fax number !!

Please fax this back to (907)276-3887 and you will be on our fax alert list. THANK YOU !

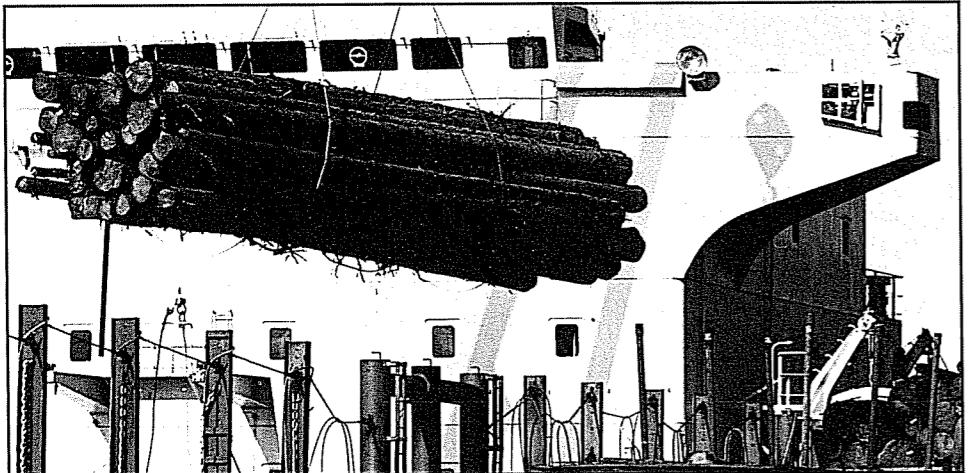
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Logs harvested from Interior Alaska are shipped out of the Port of Anchorage.

Mat-Su gives go ahead to multiple use contract

The Matanuska-Susitna Borough Assembly has awarded a 20-year contract to a private corporation to manage 35,000 acres of borough lands classified for forest management.

At a meeting in Palmer December 14, the Assembly approved what it calls a Multiple Use Management Agreement with Menasha Corporation, an Oregon-based forest products company. The concept would allow the private firm to manage lands in the Chikuk Creek and North Sheep Creek forest management units for timber harvesting and other multiple uses, including salmon stream enhancement and public recreation.

The contract calls for a Multiple Use Management Plan, which is to be submitted in 18 months for public review and approval by the borough's planning commission and assembly. Five-year development schedules are mandated by the contract, as well as annual operating plans and performance bonds for reforestation.

The Menasha proposal is consistent with relevant borough plans for the area, including the Susitna Area Plan and the Chikuk Forest Management Plan.

In comments submitted to the borough assembly, RDC said the concept of a Multiple Use Management Agreement offers one of the more progressive methods of managing the public's

forest lands. RDC noted the lands have undergone extensive layers of planning and the time has now come for implementation of the various plans providing for multiple uses.

Proponents of the agreement point out that it will enhance public recreation opportunities through improved access for the general public into backcountry areas. Better access to salmon streams would attract more visitors to the borough and stimulate tourism. By improving access to key areas, recreationists would be more dispersed, reducing impacts on popular destinations like the Kenai River. As a result, outdoor experiences would actually be enhanced in both the Valley and the Kenai Peninsula.

In addition to boosting tourism and enhancing public recreation, the Multiple Use Management Agreement would provide new employment opportunities, help diversify the economy and add to the tax base.

In supporting the agreement, Arvid Hall, Vice President of Taiga Resource Consultants, said "everyone can benefit if we work together and cooperate rather than taking divisive stands and turning it into a 'wilderness vs. development' issue."

RDC was instrumental in generating positive support for the agreement. Comments received by the borough favored the proposal.

APC says it's not in breach of contract

(Continued from page 5)

"The objective has been to find an alternative to the manufacture of dissolving pulp which under current Forest Service administration of our contract is not financially viable," said Frank Roppel, APC executive vice president.

"Our preliminary studies indicate that it is possible to convert the Sitka facility to make the type of pulp essential in the manufacture of medium density fiberboard (MDF). This appears to be technically and economically feasible," Roppel said.

In a letter to Forest Service Chief Jack Ward Thomas, APC Chairman George Ishiyama said "if studies prove the economic feasibility of the conversion to be favorable, and we think they will, it would be our intention to promptly proceed to take the necessary steps to convert the mill to MDF production, either by ourselves, or in participation with other interested parties."

The conversion could take as long as two years, depending on economic, engineering, technical and regulatory requirements, Roppel said.

The conversion to MDF would have many important benefits, including the elimination of air and water discharge challenges associated with the existing mill. It would also preserve the jobs at the Wrangell sawmill and those associated with logging operations.

Regional forester Mike Barton, however, is showing little willingness to allow the Sitka pulp mill to remain closed while Alaska Pulp studies conversion. In a January 13 letter, Barton said conversion of the mill into a fiberboard operation depends on modification of the contract, which would require congressional action.

Environmental groups have long fought for cancellation of the APC contract and a similar one held by Ketchikan Pulp Company. Environmentalists also oppose conversion of the Sitka plant. The Clinton administration has shown little willingness to find a solution.

OPA '90: Alaskans must respond

MMS schedules public hearing February 16 in Anchorage

The U.S. Minerals Management Service (MMS) has extended the public comment period on its Advanced Notice of Proposed Rulemaking on the Oil Pollution Act of 1990 until February 28.

MMS officials also set Wednesday, February 16, as the date of a public hearing in Anchorage to give Alaskans an opportunity to express their opinions on the OPA rulemaking to agency officials face-to-face.

Comments are being sought on several topics, including the effects of OPA financial responsibility requirements on local communities, the interaction of state and federal governments in enforcing OPA financial responsibility, methods available to prove financial bonding and types and locations of "offshore facilities" subject to OPA financial responsibility requirements.

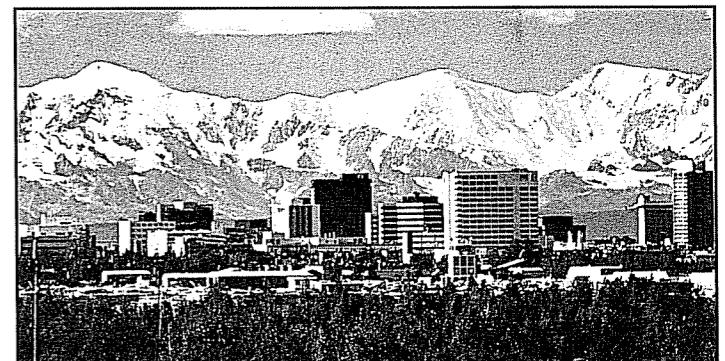
Through the rulemaking process, MMS will write regulations implementing the law. If fully implemented and enforced, the law will require \$150 million in liability insurance for any company or individual involved in the transport or handling of any quantity of oil or oil products over land which is "wet."

State, federal and municipal facilities, as well as schools, remote airstrips, boat harbors, mining and logging camps, scientific research stations, electrical cooperatives, bulk fuel tank owners, wilderness lodges and many businesses and individuals would be required to obtain "certificates of financial responsibility." The \$150 million in bonding is cost prohibitive, if available at all.

In comments to MMS, Mike Conway, Director of the Division of Spill Prevention and Response of the Alaska Department of Environmental Conservation (DEC), said the proposed financial responsibility requirement rules "far exceed the intent of OPA '90 and the traditional jurisdiction and mission of MMS." DEC recommended MMS redirect the scope of its rulemaking effort.

Specifically, DEC recommended MMS choose a more appropriate interpretation of the term "navigable waters." For the purpose of implementing OPA '90, MMS should limit its role to the Outer Continental Shelf and state submerged lands outside of traditional lines of demarcation, Conway said. "The move to include state wetlands in this rulemaking is particularly objectionable."

Conway also said MMS should rely on the State's financial responsibility requirements in State waters. He said the State's requirements are some of the most comprehensive in the world. They take into account varying levels of risk associated with each category of oil operator in Alaska and differentiate between crude and noncrude oil. Conway noted that operators storing less than 5,000 barrels of crude oil or less than 10,000 barrels of noncrude oil, are exempt from



Enforcement of the proposed rulemaking would have a profound negative effect on the economy of Alaska and other states. The proposed rulemaking would force private businesses and local and state government agencies to cease certain essential operations. It could have a chain-reaction which would upset the entire Alaska economy.

financial responsibility requirements. He said financial responsibility amounts of \$150 million or greater are not applied to any operation in Alaska other than crude oil tankerships. Crude oil pipelines and offshore exploration and production facilities are required to show proof of financial responsibility in the amount of \$50 million in State waters.

DEC's final recommendation is to exempt small operators not within MMS's regulatory expertise and traditional jurisdiction.

"The proposed rules radically expand MMS's scope of jurisdiction and the type of facilities regulated, and fail to recognize any differences in risk between small and large operators," Conway said. "Since a \$150 million financial responsibility requirement is set in statute, MMS should decide which operations pose a threat of that magnitude and exempt all smaller operators."

A major problem of the law is centered around the key terms of "offshore facilities," "navigable waters" and "responsible parties."

In the law, "offshore facilities" is defined as any facility located in, on or under any navigable waters of the United States. The definition goes well beyond drilling and production rigs to include inland pipelines, tanker trucks, neighborhood gas stations, marinas and even residential storage tanks.

"Navigable waters" is defined in OPA '90 as "waters of the United States," including rivers, streams, lakes and wetlands. In Alaska, 70 percent of the state could be affected by that definition. Meanwhile, "responsible party" is no longer used in

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Loggers cutting below sustainable levels

(Continued from page 1)

eroded by an additional 700,000 acres when Congress passed the Tongass Timber Reform Act in 1990. The new law, along with ANILCA set asides and various administrative decrees, have left approximately two-thirds of the forested lands in the Tongass off-limits to logging. Of 5.7 million acres of commercially valuable timber, less than two million acres are scheduled for logging on a 100-year cycle.

With each compromise and concession, the slice of the Tongass available to timber harvesting becomes smaller. Environmentalists, not content with past victories, are pressing forward on a number of fronts.

The Biodiversity Legal Foundation of Boulder, Colorado has petitioned the federal government to list a subspecies of the gray wolf in the Tongass as a threatened species under the Endangered Species Act. The move is unusual because there is no evidence the

wolf population is declining. The designation, if granted, could include new restrictions on logging. The filing comes as environmentalists are asking the new chief of the U.S. Forest Service, Jack Ward Thomas, to overturn the agency's approval of a 267-million board foot timber sale on Prince of Wales Island in the Tongass. The sale would help the Forest Service meet terms of a 50-year supply contract (13 years remaining) to Ketchikan Pulp Company, which needs the timber to keep operating.

Other initiatives call for creating new habitat conservation areas, reducing annual timber harvests by one-quarter. And PACFISH, another plan endorsed by environmentalists, would triple the size of no-logging buffer zones along fish streams, lakes and wetlands, reducing annual timber harvests by as much as 60 percent. Of course, environmentalists want PACFISH, a fisheries protection plan developed for the Pacific Northwest fisheries problem, to

apply to the Tongass, even though fish runs here are strong and stringent forest practices measures are already in place. The Tongass is the only national forest with mandated buffer zones.

But never before have the efforts to lock up Alaska's natural resources been so well financed and coordinated. A handful of Outsiders are orchestrating the most recent campaign to use their media and political influence to force their idea of land use on Alaska's hard working men and women. The new campaign is staffed with dedicated, salaried professionals hailing from Washington, D.C., and Atlanta, Georgia, the mecca of cable television programming.

According to a Compass article in the June 18, 1993 Anchorage Daily News, the Alaska Coastal Rainforest Campaign wants to spend the Exxon Valdez Trust fund on lands not already owned by the government that might someday be harvested for wood products or used for purposes other than a national park. These groups that comprise the campaign say they are just trying to return logging to sustainable levels. Let us look at the facts.

Along the Southeast panhandle, where the Tongass stretches from Ketchikan to Yakutat, the Forest Service says 874 million board feet of timber outside closed areas can be harvested annually, but notes that some of this timber is not practical to log. Although by law up to 450 million board feet can be harvested each year, the average annual harvest of sawlog timber from 1980 to 1993 was only 300 million board feet. Total harvests, including logs for pulp, averaged close to 400 million board feet annually since 1987.

In the Chugach National Forest, encompassing much of the Gulf Coast, including Prince William Sound, the Forest Service says up to 41 million board feet of timber can be harvested on a sustained yield basis. While a forest plan allows harvests up to 10.6 million board feet annually, less than 1 million board feet annually has been logged over the past five years.

(Continued to bottom of page 5)

Ketchikan Pulp Company files claims against Forest Service

Ketchikan Pulp Corporation has filed a series of administrative claims against the Forest Service to recover damages and protect and defend the company's 50-year timber contract, which is the foundation of its operation in Southeast Alaska.

The claims, which total over \$80 million dollars, allege the Forest Service breached the contract by failing to provide the required volume of timber during the 1989-94 time period. The company also alleges the timber it did receive wasn't provided in a timely manner. And it claims the agency didn't calculate the right rates for the timber.

KPC has invested hundreds of millions of dollars in timber operations, sawmills, pulp manufacturing and environmental facilities. The company says it has met the original intentions of the federal government contract by building a sustainable forest products man-

ufacturing industry in Southeast Alaska with stable, year-round jobs and a strong local tax base.

"KPC remains committed to continuing its operations and its record of performance under the terms of its mutual contract with the Forest Service and we expect the federal government to honor the contract and perform," said Martin Pihl, President and General Manager.

Meanwhile, the Forest Service has put a major timber sale vital to company operations on hold. The 267-million board foot sale on Prince of Wales Island had been approved by the regional director in Alaska, but environmentalists have convinced the new chief of the Forest Service, Jack Ward Thomas, to pull it back. Thomas is now reviewing the terms of the sale and is expected to make a determination soon. The sale would help the Forest Service meet its contractual obligations to KPC.

Facts on sustainable timber harvests

Southeast Alaska - Tongass National Forest

Total area:	16.9 million acres
Commercial forest (productive timberland):	5.7 million acres
Withdrawn:	2.3 million acres
Available Productive timberland:	3.4 million acres
Scheduled for harvest (100-year cycle)	1.9 million acres

Rough estimate of annual maximum potential sustained yield

Biological sustainable level:	927 million board feet
Withdrawn:	53 million board feet
Available sustainable level:	874 million board feet *
Current average annual cut allowed by law:	450 million board feet
Average annual harvest (1987-1993)	402 million board feet **

* Represents theoretical sustainable level, but the Forest Service claims some of this timber is not practical to log due to geographical constraints and conflicts with other resources. ** Represents sawtimber and utility logs

Gulf Coast - Chugach National Forest

Total area:	5.9 million acres
Commercial forest (productive timberland):	290,900 acres
Withdrawn:	56,600 acres
Scheduled for harvest (120-year cycle):	94,000 acres

Rough estimate of annual maximum potential sustained yield

Biological sustainable level:	49 million board feet*
Withdrawn:	8 million board feet
Available sustainable level:	41 million board feet
Current annual average allowed by law:	10.6 million board feet
Average annual harvest (1987-1993):	980,000 board feet**

Personal & Corporate Income Tax: Forest Products Industry: \$35 million annually

* Private foresters claim the biological annual sustained yield from the Chugach is over 60 million board feet. ** Current harvests from the Chugach has been primarily for personal firewood use. The Forest Service is considering amendments to its 10-year management plan that may eliminate timber harvesting from the forest. Note: The above statistics do not include timber volume along coastal areas of Kenai Fjords National Park, all of which is closed to logging.

Source: U.S. Forest Service and Alaska Department of Commerce and Economic Dev.

(Continued from page 4)

Despite claims to the contrary, the facts show logging is occurring at levels well below what the forest from Ketchikan to Southcentral Alaska can sustain. Logging could be increased substantially and still remain under sustained yields necessary to maintain the forest's health.

The Gulf Coast and Southeast regions have a population of 137,000 and

a salaried employment base of 68,000. Personal and corporate income tax generated by the forest products industry is estimated at \$35 million annually. Limiting land use of our coastal region to wildlife habitat is an undue, unnecessary burden on Alaskans and people relying on our natural resources for raw materials to make products. Time and time again, sound scientific analysis has demonstrated that forest harvests

Forest Service threatens to cancel long-term contract

APC: Not in breach of contract

Unless Alaska Pulp Corporation re-opens its Sitka pulp mill within 30 days, the Forest Service says it will cancel the company's 50-year contract to purchase timber in the Tongass National Forest.

Termination of the contract between the Forest Service and Alaska Pulp Corporation would jeopardize the jobs of 900 loggers and workers supporting the company's sawmill in Wrangell.

Major changes in the Forest Service's administration of the federal contract, which substantially increased the price of wood and decreased the overall quantity and quality of logs available to the company, made a difficult pulp market unworkable, forcing the mill to close in September. Four hundred employees with an annual payroll of \$18.8 million lost their jobs.

The company's contract with the Forest Service allowed for the purchase of 5 billion board feet of timber through the year 2011. But since the contract was signed in 1957, most productive forest lands in the Tongass have been closed to logging, either through Wilderness designations or administrative actions. A major lobbying effort by environmentalists in the 1980s led to major modifications in the timber purchase contract which made it much costlier for the company to do business.

APC, which insists it is not in breach of its contract, is exploring other uses for pulp logs as well as residual wood chips from the Wrangell sawmill.

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can be carried out without damaging other resources and wildlife.

Gradually and incrementally, these groups are taking away the right of self determination Alaskans thought they earned with statehood. We cannot stand by and let our state become a victim of the Alaska Coastal Rainforest Coalition.

Take a stand, get involved. Let the Governor and the Exxon Valdez Trustees Council know your opinion.