

Lisa Herbert
President and CEO
Greater Fairbanks Chamber of Commerce
*Testimony for U.S. Senate Committee on Energy and Natural Resources Field Hearing on March 28, 2016
Fairbanks, Alaska*

Good afternoon Senator Murkowski and members of the committee. My name is Lisa Herbert and I'm the President and CEO for the Greater Fairbanks Chamber of Commerce, a business advocacy organization that works to promote a healthy economic environment and to ensure the greater Fairbanks area is an attractive place for both business and community. Today, the Chamber represents over 750 businesses and organizations throughout Interior Alaska that proudly employ thousands of hard-working Alaskans. We represent business of all sizes and across all industries.

The Fairbanks Chamber takes an active part in advocacy efforts for many issues important to our membership and the Interior. We educate and engage our members, fostering economic growth and jobs, and encourage new opportunities for business. While we tend to focus on local and state policies, it is important to keep in mind the overarching federal impact to the Interior, and we appreciate the opportunity to present a few of these issues here today.

This Chamber has long supported responsible development of Alaska's vast natural resources. We advocate for sustainability and sound stewardship for future generations when pursuing the development and balanced management of our state's renewable resources. In the Interior and across the state, we are both interested and adept at responsibly developing our natural resources that are essential to maintaining and growing a sustainable economy.

Resource development creates jobs and economic benefits to national, state and local economies. However, history has shown when government interferes in decisions or jobs best completed by the private sector, or imposes rules and regulations that are not based on real world scenarios or objective determinations and that are technologically and economically infeasible to implement, those opportunities are squandered – Alaskans suffer.

The list of federal overreaching regulations, rules and decisions in these areas are egregious:

- Federal Stream Protection Rule;
- Waters of the U.S.;
- ANWR; (closed to oil and gas exploration)
- Endangered Species Act;
- Pebble Project; (EPA's pre-emptive veto before permitting process had commenced – on state land);
- Clean Water Act;
- Silica Standards Act;
- ConocoPhillips Greater Mooses Tooth-1 (GMT) and CD-5
- New coal emission standards (cost of Healy 2 SCR technology)

While some of the laws and regulations may have been formed with good intentions, their reach and complexity have extended to the absurd. To the point where small businesses simply do not have the expertise or financial ability to comply and large businesses become non-competitive. The environmental gain cannot be demonstrated by a reasonable cost-benefit analysis. As Alaskan businesses, we place a high standard of care on the environment and safety of our workers. We not only work in this land, we live in this land and raise our children here.

We would like to provide the committee with examples of instances in recent years citing the imposition of increased or new rules, regulations and procedures that stymie the continuation of Alaska's resource

development. Some painful examples of these federal hurdles include:

- Additional wetlands delineation and constraints, particularly where much of Alaska is underlain by permafrost. Rules that may work in the lower 48 do not work here in Alaska. The excessive requirements and evaluation procedures imposed when performing project Environmental Impact Statements, reach beyond the original statutory language and intentions. Similarly, the substantially increased requirements and rule changes of the DOI OSM's recent Stream Protection Rule would magnify the complications of the coal mining we need in Alaska to produce our power, even though the clear intent of those new regulations are aimed at Appalachia.
- Similarly, the new BLM Revegetation & Wildlife Habitat standards (for Mine Reclamation), are anticipated to dramatically increase the effort and complications of work necessary to close out mining claims on federal lands. This new process and bundle of "before and after" requirements were very recently disclosed, but developed to the point of approval by BLM – Alaska management without any involvement or input up to this point by the general public or Alaska's miners, nor were any state agencies like the Department of Natural Resources or the Department of Fish and Game involved in the development of standards. This regulatory burden will effectively put Alaska's many small miners on federal land out of business with no real environmental benefits.
- The adoption of Threatened or Endangered species status for a number of Alaskan critters by federal agencies is resulting in dramatic federal intrusion into state fish and wildlife management authority.
- The EPA's "40 Mile Raid" in 2014 was a parody of good environmental or regulatory management – yet it is our understanding that no one within the federal bureaucracy has been brought to task nor have any promises been made that this will not happen again.
- Another concern of the business community in Fairbanks is the unduly frequent violations of the Federal/State compact that was fashioned in 1981 by the congressional passage of ANILCA (Alaska National Interest Lands Conservation Act). Just as the Sturgeon v. Frost (NPS) decision by the US Supreme Court indicates, the federal government has reached too far.
- Chamber member companies continue to be challenged because there is very little guarantee for a predictable and fair environment in which to operate. OSHA's proposed *silica standards* for the U.S. construction industry will be more costly than originally estimated and will therefore translate into significant job losses for this industry and the broader economy, impacting Chamber members in the supply and equipment businesses, as well as those in non-construction sectors.
- One of our members, Great Northwest, spent over 6 years in administrative and court procedures before they were able to get a final ruling on whether or not the U.S. Army Corps of Engineers had jurisdiction over the development of the land they owned off Van Horn Road. Ultimately, after years of litigation, they were able to proceed with their material site

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development without further government intervention once the courts ruled in their favor, but at great cost.

- We are facing unprecedented low oil throughput in the Trans-Alaska Pipeline System (TAPS) and even worse, experiencing a drastic drop in the price per barrel of oil that has dramatically affected our state's budget. We know there is a significant amount of oil that has yet to be produced in Alaska – and we find it unacceptable that this commodity remains in the ground mostly due in part from delays in government. Take for example, the significant permitting delays experienced by ConocoPhillips' CD-5 and Greater Mooses Tooth-1 (GMT) project. These delays impacted our members' ability to successfully operate their businesses. If GMT had not been delayed, our pipe yards and welding shops would have full parking lots of working Alaskans, our trucking companies would be hauling loads of freight, and our supply stores would be fulfilling orders. Now, they are sitting and waiting. In a time when our economy is starving for work, it is ironic that our government continues to delay.

On another issue, certainly resolving the high cost of energy is high on our priorities in the Interior, and we look for ways and means to reduce costs and bring affordable energy to our community. Responsible development and management of Alaska's natural resources is critical to supporting a growing economy and improved quality of life for Alaskans. Environmental legislation and regulations should not increase the administrative burden resulting in unnecessary rules, regulations or project delays that become cost prohibitive to business and development.

The blanket application of new, complicated and expensive requirements by various recent Administration proposals jeopardizes Alaska's fiscal viability. The EPA's Clean Power Plan will be problematic for Alaska, and the evident thesis of "Dirty Coal" stands contrary to the practical realities of our Interior electrical energy generation. The thriftiest means of meeting the wintertime energy requirements of the Fairbanks/North Pole area has been the use of Usibelli coal for decades, and can continue for decades more with measured technological changes at the power plants and some increases in energy conservation.

In short, the invention and imposition of these new requirements, and federally administered rules, are in fact a steady shift away from state sovereignty and economic resource management. The federal departments initiating these enhanced rule-making activities must be enjoined to stop.

Senator, this is not about not wanting or having the ability to do the work. It's that businesses are being told no. Just as the producers go through on the North Slope with ANWR, NPR-A, EPA, etc., the contractors and developer's in Fairbanks are constantly battling agency rules and regulations such as the case with the Clean Water Act. Moreover, businesses are finding that the federal government seems to be more and more restrictive in their issuance of permits to develop materials sites on Federal land to use in the construction of projects.

Madam Senator, our state is facing some real economic hard times. Fairbanksans will always come together and persevere just as we did recently with your help to keep the F-16's at Eielson, but in also advocating that Eielson is the best location to stand up two squadrons of F-35's. It is anticipated that we will soon welcome over \$500 million worth of national security investment in the form of military construction (MILCON) in the Interior. All of this is vital to our economy. But over the last 8 years this town has missed out on local private investment simply because the agencies are unwilling to apply common sense, real world scenarios or objective determinations. What the agencies always fail to

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understand, and especially in Alaska is that time truly is money. Every delay usually means an entire season of work must be put off because of our limited construction seasons. The ridiculous compensatory mitigation costs usually are enough to kill a project, especially for a local contractor. Senator, you know all too well what we face in the Interior and in Rural Alaska when it comes to the high cost of energy. The margins for many of the Chamber's businesses are thin, but they are willing to stay and invest.

Lastly, the Chamber also recognizes the importance of university research and development endeavors to the economic well-being of our state. For every \$1 of state funds, the university is able to leverage more than \$5 of other support, in particular federal grants and contracts, to address issues important to Alaska and beyond. Recent budget actions in Juneau may impair future research endeavors, and we ask you to keep a watchful eye on research opportunities that may be available to our university.

On this panel right now, you're hearing from both business and labor. We are all asking for the opportunity to stay in business, to get back to work, and be assured that we are allowed to proceed with making investments that make sense. We are a vital business community that is dedicated to Alaska and its future.

Thank you for the opportunity to represent the voice of business today at this field hearing. Thank you, Senator Murkowski, for all you do to promote Alaska at every opportunity!