

JULY 23, 1998, THURSDAY

SECTION: IN THE NEWS

LENGTH: 1085 words

HEADLINE: PREPARED STATEMENT OF
MAUREEN FINNERTY
ASSOCIATE DIRECTOR
OPERATIONS, NATIONAL PARK SERVICE
DEPARTMENT OF THE INTERIOR
BEFORE THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION
CONCERNING S. 2109, A BILL TO PROVIDE FOR AN EXCHANGE OF LANDS LOCATED
IN GLACIER BAY NATIONAL PARK

BODY:

I appreciate the opportunity to appear before you to present the position of the Department of the Interior on S. 2109, a bill to authorize an exchange of lands in Glacier Bay National Park and Preserve. The Department of the Interior has worked with the proponents of this bill to secure language intended to protect park, **wilderness**, and environmental values associated with the area affected by this bill and we believe that much progress has been made. However, the administration does not yet have a position on this bill. It would be extremely unusual to remove land, especially land that has been designated by Congress as **wilderness**, from a park. It would be even more unusual to remove such land in order to facilitate a development project that could have adverse environmental impacts and for which there could well be reasonable alternatives. Such an extraordinary proposal is of great importance not only with respect to the nationally significant lands and waters that are involved but also with respect to any precedents that may or may not be set for other situations in the future. This proposal, therefore, requires the most careful review within the administration.

S. 2109 is intended to allow for a land exchange to take place between the Department of the Interior and the State of Alaska if certain environmentally protective conditions are met. In that case, the Department of the Interior would transfer to the State of Alaska an amount of designated **wilderness** that would not exceed 1,100 acres, in an equal value exchange for state land that would be included in the national park system. The state would seek to allow a hydroelectric facility to be developed on the former park land. The proposal is driven by the desire of the remote town of Gustavus, Alaska, for energy that is based on a renewable resource. The town presently relies on a fossil fuel-burning diesel generator to meet its energy needs. As a neighbor of Gustavus, and a diesel power consumer itself, Glacier Bay National Park supports the town's desire to end its dependency on fossil fuel-fired power and to switch to a less polluting form of power production. However, the administration would not consider supporting any such proposal that lacked all appropriate measures to ensure the protection of Glacier Bay National Park and Preserve, the national park system, and the national **wilderness** preservation system, or that otherwise shortchanged the American people.

Several provisions in the bill are useful in addressing these issues. First, the bill does not compel or endorse either the hydropower project or the land exchange. The land exchange itself would be triggered only if several environmentally protective conditions were met.

The bill would require the proponent of this project to obtain from the Federal Energy Regulatory Commission (FERC) a license to operate and construct the hydroelectric plant. During the license application process, FERC will have to conduct various environmental and economic analyses specified by the bill. The project and all reasonable alternatives would have to be considered, including different forms of power generation and alternative locations of any facilities, and the need for this project will have to be

determined.

A license would not be issued unless an environmental analysis conducted jointly by FERC and the National Park Service, with public involvement, determined, among other things, that the project (including the land exchange) would not adversely impact the purposes and values of Glacier Bay National Park and Preserve, and that the acreage removed from the park is the minimum amount necessary to construct and operate this project. The analysis would also have to determine that the proposed action would comply with the requirements of the National Historic Preservation Act, and could be accomplished in an economically feasible manner before the land exchange could be consummated.

Furthermore, the process would have to consider environmental impacts on the lands proposed for deletion. The Secretary would assure protection for bears and other park wildlife that use this area for foraging and migration. The Secretary of the Interior, and the Secretary of Commerce, would have prescription authority under the federal Power Act (18 U.S.C. 811) to protect the salmon and its habitat.

Even after these analyses are performed and these steps are taken, the exchange could not be completed without the Secretary's concurrence with the conclusions of the analyses. Finally, if the exchange goes forward, the bill would designate as **wilderness** the same amount of land in Glacier Bay National Park that is removed from the park through the land exchange.

The bill would also provide the National Park Service and FERC with an ongoing role in the monitoring of the plant. The bill provides that FERC would retain jurisdiction over the operation of this plant and in the exercise of this jurisdiction FERC would not be able to relicense this project unless it determined, with the Secretary's concurrence, that the project would not adversely impact the values and purposes of Glacier Bay National Park and Preserve.

The bill further provides that the Department of the Interior would receive in exchange for the land transferred to the State lands that are worthy of inclusion in the national park system and are equal in value to the transferred lands. These lands are to be identified through an agreement between the Secretary and the State of Alaska. If the State and the Secretary cannot reach an agreement within 6 months of the issuance of the license to construct the plant, then state-owned lands specifically identified in the bill in the Long Lake area of Wrangell St. Elias National Park would be transferred to the National Park Service. These lands have high scenic and natural resource values and their protection is important to public use along the Chitina to McCarthy Road. As written, the bill does not include a particular parcel of state land along the eastern end of Long Lake that we believe the state has agreed to include in this proposal. This parcel of land should be included in the bill and we understand that this omission is merely a technical error that will be corrected.

We appreciate the work of the sponsors of this bill and look forward to continuing to work with you through the legislative process. This concludes my statement. I would be happy to answer any of your questions.

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SECTION: IN THE NEWS

LENGTH: 367 words

HEADLINE: PREPARED STATEMENT BY
SUBCOMMITTEE CHAIRMAN CRAIG THOMAS
BEFORE THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION AND RECREATION
HEARING ON SIX PENDING MEASURES: S. 2109, S. 2257, S. 2276, S. 2272,
S. 2284, AND H.R. 1522.

BODY:

I would like to begin by thanking our witnesses for attending today's hearing. Today the Subcommittee will consider the following 6 bills:

S. 2109 would authorize the National Park Service to transfer lands to the State of Alaska for the construction of a hydroelectric project at Fall Creek within Glacier , Bay National Park and Preserve. The exchange would transfer lands needed for the project from Park **wilderness** to State ownership, and adjust the boundaries accordingly.

H.R. 1522 would make several amendments to the National Historic Preservation Act of 1965, to include extending the authorization for the National Historic Preservation Fund through the year 2004. S. 2257 also extends the authorization for the National Historic Preservation Fund through the year 2004. The Preservation fund provides matching grants to States, tribes, local governments, and the National Trust for Historic Preservation to carry out activities under the national historic preservation program.

S. 2276 would designate the El Camino Real de los Tejas as a National Historic Trail. The E1 Camino Real extends between the Rio Grande in Texas, and Natchitoches, Louisiana, approximately 2,580 miles. The El Camino Real contributed to the settlement and development of the Texas frontier.

S. 2284 would establish the Minuteman Missile National Historic Site in the State of South Dakota. The Minuteman Missile played a critical role during the Cold War as America's first push button nuclear missile. This legislation is designed to commemorate the important role the Minuteman played in our Nation's defense. Finally, S. 2272 would allow the National Park Service to expand the boundaries of Grant-Kohrs Ranch National Historic Site in the State of Montana by 120 acres.

Before we begin, I would like to ask you to limit your presentation to five to seven minutes - you may wish to summarize your prepared testimony. The full text of your written testimony will be submitted for the record. The official record of the hearing will remain open for two weeks for those who desire to submit a statement for the record or for those who desire to augment their testimony with additional information.

JULY 23, 1998, THURSDAY

SECTION: IN THE NEWS

LENGTH: 695 words

HEADLINE: PREPARED STATEMENT BY
SENATOR FRANK H. MURKOWSKI
BEFORE THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION AND RECREATION
HEARING ON "GLACIER BAY NATIONAL PARK BOUNDARY ADJUSTMENT ACT OF 1998"

BODY:

Mr. Chairman, thank you for scheduling this hearing today and for honoring my request to invite Dick Levitt and Jim Clark of Alaska to testify on the Glacier Bay National Park Boundary Adjustment Act.

Vice President Al Gore in his opening remarks to the President's Council on Sustainable Development on January 13, 1994 said "Our objective is results that are cleaner for the environment and cheaper for the economy.

My objective for Glacier Bay National Park and the nearby Gustavus community mirrors the that of the Vice President - to produce electricity that will be cleaner for the environment and cheaper for the economy.

Glacier Bay National Park currently generates its own electrical power using diesel generators. The electrical generation equipment now in place is expensive to maintain and is unreliable. Over the years there have been at least two oil spills into the waters of Glacier Bay, the tank farm is leaking, the soils under and around the farm are contaminated and the current electrical system is in need of major repair. In short, the diesel system at Glacier Bay is unacceptable in environmental terms.

As of December 22, 1998, all fuel farm tanks will be out of compliance with EPA regulations. Effective that date, the Alaska Department of Environmental Conservation will begin leaving fines per tank, per month.

Before we spend tax payers dollars to-add band-aids to this antiquated system, we ought to consider an environmentally sound and cheaper option for the production of electrical power.

Fortunately, there is a viable option. Enactment of this legislation will allow the placement-and installation of a small water powered electrical system in the Fall Creek area on the southeast corner of Glacier Bay National Park and Preserve. Before park advocates take out their swords and start drawing lines in the sand, I want to make it very clear that I am not suggesting that we allow for the construction of a Hoover Dam in a National Park. I am suggesting that a "run of stream" small diversion weir be placed along Fall Creek within the boundaries of the Park.

Since the Fall Creek area of this proposed hydro-power system is in a **Wilderness** area designated by Congress, any redrawing of boundaries of Glacier Bay National Park or other procedure to permit the system requires Congressional approval.

As envisioned, the site required will amount to approximately 78 acres. If only the "footprint" is considered, as little as 5 acres would be utilized.

I believe there are considerable environmental benefits and economic advantages to be gained by eliminating dependence upon diesel fossil fuel and converting to a small water powered electrical system to provide power to the community of Gustavus and the National Park service in Glacier Bay.

In addition to providing clean, cheaper, stable priced, hydro electricity substantial savings will occur to the State of Alaska, the National Park Service and to consumers.

Significant economic savings from appropriations and increasing operational expenses for the existing systems, along with the environmental enhancements will have continuing long term benefits that more than compensate for a loss of some 5 acres for the Fall Creek System.

These multiple benefits should be sufficient merit alone to justify a restructuring of Park boundaries to accommodate the new electrical generating system. I realize that however meritorious the proposal may be, taking **Wilderness** out of a system or lands out of a park will be unacceptable to some. Under the provisions of this legislation lands removed from the boundaries of the Park will be replaced with State lands in another park. In other words, there will be no net loss of **Wilderness**.

We need to clean and protect the environment at Glacier Bay and Gustavus, passage of this legislation is one way to respond to the need.

The completed project will serve as a conservation model to other communities- an example of significant environmental advantages coupled with substantial economic savings to the public and government which could be realized elsewhere, particularly in the rural communities of Alaska,

JULY 23, 1998, THURSDAY

SECTION: IN THE NEWS

LENGTH: 1609 words

HEADLINE: PREPARED TESTIMONY OF
JAMES CLARK
BEFORE THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION AND RECREATION
CONCERNING S.2109 GLACIER BAY NATIONAL PARK & PRESERVE BOUNDARY
ADJUSTMENT ACT

BODY:

Mr. Chairman and members of the committee, my name is James Clark, counsel to the Gustavus Electric Company. I am here today representing the Gustavus Electric Company and Richard Levitt, its General Manager and President.

I would like to take this opportunity to thank you for the opportunity to testify in support of the Glacier Bay National Park & Preserve Boundary Adjustment Act. My testimony will summarize the written testimony of Mr. Levitt which has been submitted to the Committee in written form. At this point, I would like to ask the Committee to include his full testimony for the record and begin my summary. Following my summary, I would be happy to answer any questions which the Committee may have. Thank you again for the opportunity to testify and for holding this hearing.

***** Testimony of Richard Levitt before the US Senate Committee on Energy and Natural Resources

Mr. Chairman and members of the committee, my name is Richard Levitt, General Manager and President of Gustavus Electric Company.

I would like to take this opportunity to thank you for the opportunity to testify in support of the Glacier Bay National Park & Preserve Boundary Adjustment Act. This legislation will not only improve the environment and improve **wilderness** quality land, but also result in significant economic savings to the National Park Service (NPS), the State of Alaska, and local consumers in Gustavus.

In the Fall of 1995, Congressman Don Young introduced HR 2561, in the House of Representatives. A hearing was held on November 7, 1995. However, this legislation, which covered the same issues as S. 2109 did not move forward at that time. Over the past 2 years we have worked with the State of Alaska and the National Park Service to rework that legislation and create a bill that has their support.

Gustavus is a small community adjoining the Park boundary and the land gateway to Glacier Bay National Park and Preserve (GBNP&P). It has a population that ranges from 700 plus residents in the summer to about 375 in the winter. The idea of using Fall Creek as a hydroelectric source for the energy needs of the NPS at GBNP&P has been around for over 30 years. The Fall Creek area in GBNP&P was classified **wilderness** in the Alaska National Interest Lands Conservation Act (ANILCA). In 1981, the Superintendent of GBNP proposed an exchange of land to the State of Alaska so that a hydroelectric project could be built at the Fall Creek site. After a year of negotiations, a Memorandum of Understanding for the exchange of lands was signed in August 1982 by then Alaska Governor Jay Hammond and then Secretary of Interior James Watt. However, an exchange of deeds never occurred because it was determined that an act of Congress was necessary both to declassify **wilderness** lands and to create **wilderness** lands. This is why we are here today.

At present, the NPS and the Gustavus Electric Company maintain separate electric generation facilities. The facilities are approximately nine miles apart and each uses diesel engines to produce electricity. The NPS has a staff of about 30 employees on site throughout the year increasing to about 100 during the May September tourist season. Facilities include about 160 beds in 55 cabin units and three dormitories, employee

housing, power house, 82,500 gallon fuel tank farm, water and sewer treatment plant, and other facilities. Current (1994) demand needs are 180 kW and peak demand needs over the next twenty years are estimated at 360 kW. Gustavus Electric Company serves an area of approximately fourteen square miles with a peak demand of almost 300 kW which is expected to increase to 550 kW in 20 years. Hydropower has many benefits over diesel electric generation, the primary ones being cost and price stability. Hydro is also more reliable and consistent. Diesel power has many disadvantages. Most of these are apparent to the end user but they include increased risks of pollution throughout the discovery, production, and transportation cycles. Moreover, diesel releases green house gases.

The present costs of diesel generation for Gustavus Electric Company ranges between \$.12 and \$.16 per kWhr, depending on fuel oil costs (generation costs only). An in-house study by the NPS lists its generation cost at \$.174. The cost per kWhr over the next forty years using Fall Creek Hydro is \$.035 per kWhr.

The rates for Fall Creek Hydropower will be regulated by the Alaska Public Utilities Commission (APUC). It will be financed entirely by private investors, with no government funds, and the rate of return on the investment will be set by the APUC. The estimated cost of the project will be approximately two million dollars, which includes an intertie power line of five miles between Gustavus and the NPS headquarters and generation facilities.

Reduced electrical costs of the Fall Creek Hydroproject would result in savings to the rate payers of Gustavus of \$315,000 per year on average over a forty year span, based on projected growth of the community. Since the State of Alaska currently subsidizes a major portion of the electric generation costs in rural Alaska, the above savings would translate to a savings of \$70,000 per year for residents of Gustavus and a savings of \$245,000 per year for the State of Alaska. However, this electrical generation subsidy provided by the State of Alaska will probably not continue much longer because of declining State revenues. Therefore, a cheaper source of electricity will become even more important to the residents of Gustavus in the very near future. This will be important to the people of Gustavus who for the most part live a rural lifestyle more consistent with a subsistence economy than a cash economy.

The reduced electrical costs of the Fall Creek Hydroproject will also result in an annual savings to the Park Service of \$200,000 per year, on average over a forty year span, based on projections of the NPS in its general management plan for GBNP&P. In addition, the NPS has plans to build a diesel generation facility for \$2,000,000 and a new fuel oil storage tank farm for another \$2,000,000 both scheduled for 1998. If these needs were met by private enterprise, utilizing the Fall Creek Hydroproject, the NPS would not only save operating costs of \$200,000 per year, but would also save the capital cost of four million dollars for construction. All rates charged the NPS for electricity would be approved by the APUC.

The area of Fall Creek is approximately one mile East of Gustavus-NP Boundary. The creek itself empties into Icy Straits. It was determined by the NPS in 1982 that this land trade "will not significantly affect the purpose for which the Park was established."

The proposed NPS exchange is not pure Park property. There are two patented Native allotment in holdings in the Park's immediate vicinity of Fall Creek. Both have been logged twice and one contains a habitable cabin. Although it is the NPS policy to acquire all in holdings within its boundaries, eliminating these allotments as in holdings would further negate any need for future appropriations to acquire them. The proposed hydroelectric project would be "run of stream" with no impoundment planned. Capacity would be 800 kW initially.

Project improvements would consist of a stream diversion structure, two 18 inch penstocks, 30' x 40' powerhouse, old logging road improvements new access road and bridge improvements.

At the 1995 House hearing, Assistant Secretary of the Interior George Frampton testified that the Department of Interior (DOI) could support this land exchange bill if five

conditions were met.

1. Only land necessary to develop a hydroelectric project and future impoundment be removed from the Park;

This bill sets aside a 960 acre study area and authorizes the Federal Energy Regulatory Commission (FERC) to select for the final land exchange the smallest amount of land from that study area which is necessary to complete the project.

2. The economic and environmental aspects of the project, as well as alternatives, would be studied and approved by the FERC pursuant to a review conducted under 18 CFR Part 4. Title to the lands would not pass until FERC approved the project;

This bill requires Gustavus Electric Company to conduct all studies required, including financing plans and economic analysis of the FERC licensing process. It also provides that the land exchange will not take place until the FERC license is issued and construction of the hydroelectric facility is assured.

3. The exchange would result in no net loss of Park **wilderness**;

This bill provides that there will be no net loss of Park **wilderness**.

4. The State of Alaska would transfer to the Secretary lands approved by the DOI in the area of Wrangell-St. Elias National Park; and

5. The exchange would be on an equal value basis;

This bill meets all of these conditions.

So far, all studies point to a hydroelectric project that can be economically and environmentally sound. Gustavus Electric Company is willing to do the further studies and go through the process required to obtain a hydropower license from the FERC. This will allow the concerns of any governmental agencies, organizations or individuals to be addressed and responded to by the applicant.

Finally, some minor revisions to the bill are required. Attached is a letter from my attorney to Chris Fluhr, of the House Resources Committee staff requesting those changes. The State of Alaska and the NPS join us in requesting those changes. Again, thank you for the opportunity to testify. I would be glad to answer any questions.