

REGIONAL ENERGY POLICY FOR THE ROCKY MOUNTAIN STATES

Mally Ribe

I am tempted to thank the Womens' Liberation Movement for joining you here this morning at the early hour, but really I should thank my husband for letting me out on a long leash, and John Clark for letting me in.

This has been a difficult speech to prepare because it is a hot situation. Things are happening all the time, and additions were necessary right up to the last minute.

Jack Campbell has said that conferences are getting to be America's favorite indoor sport. They are indeed. This is my third big conference in two weeks. I attended the ROMCOE "Summit on Coal" with 500 others, on March 20 in Denver. This week I attended the Western Governors Conference on Agriculture in Billings. The subject of that one was, "Energy for Agriculture", and there were 600 people there. Both of these conferences were concerned with the same problems which I will review with you this morning.

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The Federation of Rocky Mountain States (FRMS) is an organization of six states, Montana, Idaho, Wyoming, Utah, Colorado and New Mexico, working together to effectively solve regional problems. It initiates and supports commercial, scientific, economic, civic, cultural and educational activities necessary to the orderly development of the region. It increases communication between the states, business, public and private agencies and the federal government. It gives each member a share in the future of the Rocky Mountain Region. Former Governor Jack M. Campbell is the President.

On September 5, last year, I was in Glacier National Park, attending the 10th Annual Meeting of the FRMS, which was held in the marvelous old Glacier Park Lodge. I had just been appointed by the Governor to this organization's Natural Resource Council. Governor Thomas E. Judge of Montana earned my sincere admiration with his welcoming speech. I was so impressed that I thought that if the FRMS was a group of people as neat as he is, I was indeed in a high powered organization.

Some of Governor Judge's very forceful remarks are worth repeating to you at this conference. "The FRMS plays a vital role by providing a vehicle for leaders of industry, government, and academia to come together to find understanding and solutions to our common problems. Hopefully we will be able to implement land use planning, upgrade our economy, develop our human potential, and conserve our environment for future generations. To do this will require tough decisions. We must develop an intelligent and well thought out land use policy which must be administered at state and local levels... We need a good water conservation policy if our agricultural lands are to continue to meet domestic and world demand for food commodities. As the world looks to our states for a solution to the energy crisis, it is apparent that thousands of acres of farm land will be disturbed by strip mining and oil shale operations. Reclaiming this good agricultural land is vitally necessary for future agricultural production. As agriculture is the basis for civilization, we must develop intelligent policies which guarantee sufficient land and water and technology to meet the demands for food.

The first major decision must be to what extent we want energy development to take place in our region, and how can it be properly controlled? This decision should be made by the people of this region, and NOT by the federal government or by the energy companies. We must know what long term affects this will have on agriculture, water, the environment and on our communities, and the lifestyle of our people. Also, we must know beforehand what the effects on jobs, and revenues to the states will be... We must not let our wealth go elsewhere, or be left with the problems. We must make our voice heard at the federal level... So much energy resource development is anticipated in Montana that the number of applications for industrial water permits for the Yellowstone River Basin, which crosses southeastern Montana, required that the Governor ask the Legislature to enact a three-year moratorium on the issuance of any additional industrial permits... Do we want an agricultural or an industrial economy?

The second major decision is whether it is in the best interest of the State to impose restrictions on the use of lands. If we don't make land use choices, out of state developers and special interest groups will make them. There is insufficient water for both energy development and agriculture....

The third major decision regards the allocation of our finite water resources to provide for multiple uses. These questions will be controversial because any conservation program will restrict the use of private property and will determine the role of local government as to how far it should go to protect the public welfare, and to solve community problems. We must make these decisions not with the next few years in mind, but with the destiny of future generations as our underlying concern. Will we be able to avoid the mistakes made by other parts of the country? Will we be able to develop valuable resources in the region and still preserve the unique human and physical environment? We must, for time is running out." ...Thank you, Governor Judge.

A large portion of the conference at Glacier was an exposition of the impact of energy resource development on socio/economic conditions of boom towns or rapid growth areas and on water resources. The Federation of Rocky Mountain States has given priority concern to these problems. The Natural Resource Council, to which I was appointed, met on December 2 in the Federation's Offices in Denver to discuss the many aspects of the current situation. It was apparent that as the oil crisis became more urgent, and as a national policy had not yet been evolved; the energy minerals in the Rocky Mountain Region, (coal, oil, shale, and uranium) would be developed or extracted on a large scale in the near future. We agreed that it was urgent to prepare a position to assert the region's interest at the federal level, before a national policy was set in concrete, to prevent both economic and environmental damage. The 30 people from six states attending this meeting began with the basic framework of a regional energy policy. The first question was, not IF but HOW the mineral development would proceed. The discussion centered around the serious socio/economic impacts on mineral based "new" communities. It was said that new towns are usually not built, but that existing towns just grow, suddenly.

The overnight need for roads, schools, transportation, commercial service, health care, housing, utilities, water and sewage systems, and the resulting human problems caused by dislocation and isolation has made state Governments acutely aware that this new economic boom is no simple blessing. Increased crime, alcoholism, delinquency, divorce, property, and mental illness taxed existing social services beyond their capacities. It is a dismal waste of human resources. The worst effect is felt by the women, who are confined to mobile homes; surrounded by mud; with no work opportunities and no activities; poor services and isolation from families, churches, and friends.

It will be necessary to prevent these problems from occurring in other areas of rapid community growth by planning. Planning and community preparation must be done with "front-end money," or early assistance financing, before tax revenues are available. Special grants and access to established federal funding programs should be sought, especially the revenues from the Mineral Leasing Act of 1920, which provides that 37-1/2% of state revenues be applied to roads and schools. Front-end funding is complicated by local tax schedules and city-county budgeting procedures. It is known that it takes from two to six years for a new city to begin to pay for itself, and that

costs for services can be as high as \$6-7,000 per capita. Water and sewage facility debts usually run for 25 years. Total public outlay can be as high as \$12,000 per job. Towns already affected by rapid growth are Colstrip in Rosebud County, Montana; Rock Springs, Sheridan, and Gillette in Wyoming and Rifle in Colorado.

The road to the town of Colstrip, 29 miles from I-94, is narrow, crooked, and dangerous. The speed limit is strictly enforced to prevent accidents. A pamphlet printed by the Rosebud Protection Association of Forsyth, Montana, states: "construction of mine-mouth conversion facilities in a sparsely populated rural area maximizes the impacts on local residents. Our community does not have the social services that a large number of construction workers and their families do and should expect. The costs of providing additional services have been heavily subsidized by the local residents. While energy companies have maintained that their development will broaden the tax base resulting in lower taxes, we have seen our taxes go up and up. For example, between 1972 and 1974 the total mill levy for Rosebud County rose 13%, the countywide school mill levy increased nearly 42%, and the mill levy for the Colstrip schools increased nearly 118%."etc... The 1974 budget for the Colstrip Schools was almost \$100,000, and Montana Power paid only \$314,063 in taxes.

In Gillette, the construction costs per capita were \$1,635, exclusive of streets and roads. Each mineral related job brought 6.5 people to the community. Wyoming can get 1/3 to 1/2 more taxes from a company after production starts. Debt servicing is 3%. The Federation's staff made a thorough study of the taxes in Wyoming, as their experience has revealed tax inadequacies. At least \$850 million will be needed for public facilities.

It is expected that by 1985, 165,000 acres of land will have been disturbed for 50 new communities, with an increase in population of 300 to 600,000 people. The FRMS publication Resource City, Rocky Mountains discusses at length these boom town problems.

The coal producing region needs a sustained funding program to handle development impact problems and it should insist on federal financing assistance in mitigating development impacts.

In addition to these problems, there are environmental problems. Air pollution is multiplied by increased traffic and heavy construction equipment. Montana Power's pollution control equipment, financed by county industrial revenue bonds, will remove only 40% of the sulfur dioxide at its Colstrip power generating station. Large areas of land will be disturbed exposing the dust to wind erosion. Montana has adopted a "strip and ship" policy to avoid air pollution caused by burning coal. Land needed for support services; housing; transportation corridors; and solid waste dumps, whose unpleasant visual impact is the source of anguished protest; contributes to the general degradation if not carefully managed. The impact of mining on water is disruption of aquifer recharge, downstream pollution, and increased erosion and siltation. Other environmental impacts will reduce wildlife habitat and recreational lands, while increased population will demand more recreational facilities. The quality of life will be downgraded.

Competition for scarce water supplies will be intense. Urban and industrial demands for water will exceed the available supply. New allocations of resources will become both a legal and a physical problem. Ground water is being rapidly depleted, drying up livestock wells. Reallocation of irrigation water to a new economic activity reduces the agricultural base and destroys good agricultural land, idling land owners and seasonal workers. Agriculture must compete with other sectors of the economy for energy more than for any other natural resource.

Water needs for energy or coal processing will be 6 to 14.7 gallons per ton for washing and dust control. If it is used for slurry lines it will be exported, which seems absurd because we have been talking about the need to import water for years. The Attorney General in Wyoming has been asked to determine whether slurry lines might be unconstitutional. This brings into focus the need for the states to have accurate information on the available water supply and an objective assessment of the potential for land reclamation. States will also need to coordinate water use planning in advance of resource development.

Obviously water no longer applied to food production reduces the total productivity of the nation. It forces a food producer to become a consumer, and increases his dependence on the rest of the country for food supplies. Food energy and fossil fuel energy must be considered and balanced against each other in long range planning for food production. Some people believe that they can not. All of these problems were acknowledged during the discussion of the proposal for a regional policy.

The major points of agreement in the first FRMS draft were as follows:

- 1) In response to the urgency of conserving energy (gasoline); major changes in lifestyle will occur in the remote, thinly populated western states, which have no mass transportation and where driving at 55 mph and increasing the price of gasoline are not particularly reasonable, and will only increase poverty.
- 2) An effort to revise the 37-1/2% of federal royalties from Mineral Leasing Act of 1920 designated to roads and schools to other uses would not be advisable at this time because of political interest in this money.
- 3) A regional energy policy should be objective, but also specific and positive with reference to the use of water and necessary solutions to the socio/economic effect, to improve the life style and to be financially sound with sustained federal assistance.
- 4) Tradeoffs between water use and land use and energy must be taken into account, with emphasis on the need for agricultural and water priorities.
- 5) The major problem of tax imbalances when costs are divided between units of government becomes a political and legal difficulty.
- 6) The special significance of other renewable resources such as solar, geothermal, and fusion research should be given adequate attention.
- 7) The problem of energy resources located on Indian lands was not considered an appropriate one for the Federation to address.

On January 27, the Natural Resources Council met again to refine the position, Secretary of the Interior Rogers Morton, in Denver with the eleven western Governors, earlier suggested that they form a regional energy commission which was discussed with interest. It was assumed that this group would be funded by the Four Corners Regional Commission

and the Old West Commission, which serves the northern states. Secretary Morton urged increased coal production to help the Nation to be self-sufficient by 1985. He also reminded the Governors that President Ford has asked for 192 billion tons of coal per year for the next 10 years, with 250 new coal mines. Secretary Morton assured the Governors that environmental interests would be kept in mind and that their help would be sought in orderly development policy changes.

Governor Judge's response was to oppose exploitation and to ask the rest of the Nation to share in the environmental, social and economic costs of coal development. Governor Herschler of Wyoming asked the Secretary what impact aid would be available and was told that the best way was through royalties.

The need for a regional policy statement was considered still urgent after the meeting. The procedure was to submit our agreement to the six Governors for their consensus, and then to send it to the President and to relevant federal agencies such as the Department of Interior and the FEC. At first we thought that all haste was desirable, but our policy did not ride into Washington on a pure white horse followed by the Washington Post. However, it has attracted considerable interest here in the West and may have important influence in places where it is needed. There is currently a great deal of discussion of this whole problem.

At this point I would like to interject a few questions which have occurred to us: If energy conservation is now understood to mean reducing demand now; how can we continue energy resource development and all its side effects, such as new community construction, which will increase the demand for oil and electricity immediately; in order to produce electricity, at 30% efficiency? Is this fuzzy thinking? What will be the total cost in energy to produce energy? Will there be a net gain? Is this proposed massive resource development really necessary? How much of the energy crisis will coal really resolve? What are our priorities for the available water? Do we really want it allocated to the consumptive uses of gasification plants? Can we meet our responsibilities to the Nation's need and maintain the greatness of open spaces and the beauty of this unique region?

The Federation's final policy proposal includes the following points: The heart of the crisis is the cost and availability of energy. Demand for development of Western energy minerals to meet the Nation's needs brings great pressure on the economic and social life of the people. These activities affect the quality of the region's land, air, and water resources. Therefore, it is important for the states to protect the environment, health, safety, and welfare of the people. It is important that we insure a balanced and equitable approach to energy development. Finally, just as the federal responsibility is to meet national needs, the States' responsibility is to insure a partnership role in energy development decisions that affect the region. The governmental system cannot act properly when one branch attempts to operate independently from the others.

Energy conservation is a necessary long and short term basis for a national policy. The energy growth rate should be less than 2-1/2% per annum, with a reduction of 5 to 7 percent in the next 3 years. There should be better public understanding of and support for these goals.

Environmental and social and economic impacts of growth and change give the responsibility to each state to determine the limits of its degradation. An evenhanded policy requires all regions to develop energy resources potential equitably to meet national energy requirements. Differences exist among major regions as to costs, uses, and availability of energy. (Other regions are also asserting their interests.) High clean air and water standards must be preserved. Return of mined lands to productive uses is basic. Anti-degradation options are reserved to the States. States expect to be afforded as much lead time as necessary to determine the need for, and acceptability of proposed development. States must be free to set and enforce standards, and to select among the development options. National policy must insist that impacted states and counties not bear a disproportionate share of the environmental and social cost. The federal government must provide appropriate financial assistance for planning and front-end community development for the benefit of all citizens.

Balanced use of natural resources must be recognized as part of the national policy. The Rocky Mountain region fills a number of national needs; food production, recreation, industry and the way of life. All these are natural resources. Balance of land use, water and energy is necessary to national well being. Economic diversity is the result of careful utilization of scarce water resources. While water is needed for energy development, wholesale shifts which would disrupt the balanced diversity cannot be undertaken. The States must have a voice in water allocation questions. Development of non-renewable resources must keep in mind the needs of future generations and other resource development options. Alternate sources of energy must be developed and the limits to material growth must be recognized.

In January of '75, ten Western Governors attended the National Governors Conference in Washington, and they issued a statement with the following points: 1. The federal coal leasing policy should prohibit the issuance of additional leases until a federal Coal Strip Mining Act is signed. A continuing dialogue with the individual states is vitally needed. 2. Demand for coal is a result of national needs; therefore, there is a national responsibility to insure adequate financial relief for environmental and socio/economic impacts. 3. Energy conservation must be a cornerstone of each alternative source in gaining national self-sufficiency. It is necessary that long range federal guidelines be established, so that each state will be encouraged to develop its own conservation, ethic-tuned to its specific needs. 4. States will not allow federal preemption of any laws which they have the express right to adopt and administer. The Governors are concerned about the present federal proposal to preempt the states' authority to exercise control over the location of energy facilities and the authority to administer clean air and water standards. 5. Present federal policy does not provide adequate funds for development of alternate sources of energy and demonstration projects. It is mandatory that States have significant input into decisions as to where and how funds will be expended. 6. Strip mining regulations are needed to establish broad federal guidelines for coal extraction, as this is the key to eliminating the energy crisis. However, these must not preempt the individual needs of the States for specific legislation.

As I mentioned earlier, Secretary Morton met in Denver on January 25 with ten Western Governors and discussed with them the establishment of a regional energy commission. This was done in March. The governors reiterated the six points I have just read to you. Governor Apodaca of New Mexico is the chairman of this Regional Energy Policy Office, which will have its base in Denver. The FRMS will work closely with this office, and the background studies which the Federation has published will be used.

Governor Lamm of Colorado repeated the desirability of a firm western states impact on national policy to make sure there would be increased communication between states in their own interest on common problems. He too, believes that we must say HOW these resources are developed. He reemphasized importance of the limited amount of water and that agriculture must not be sacrificed to coal power generation. He also said that the consumer has got to pay for the impact of increased population in extracting counties, the "vast aluminum ghettos with no money to pay for schools and hospitals".

The Los Alamos Laboratory, which is deeply involved in energy research, is now establishing an information processing center. An article in the February issue of the ATOM mentions the vast amounts of water needed to extract fuels, and mentions the basic people problems, which will be the most subtle and complex and unpredictable. The demands of cities for water will conflict with agricultural interests. A study funded by the Bureau of Regional Energy Assessment and the Division of Biomedical and Environmental Research in ERDA, will serve eight western states: Arizona, Colorado, Idaho, Nevada, Montana, Utah, Wyoming and New Mexico. This program will have four parts: data acquisition; program modelling the cost/benefit ratio of projects and their impact, which will be used in approving projects; computer modelling of byproducts and their environmental impacts; and coordination and liaison with numerous agencies and offices. They will cooperate with other regions working with DBER, whose job is to work up a national plan for the orderly development of our resources with acceptable environmental impacts and maximum social benefits. LASL hopes to help find the answers to these diverse problems in the near future.

At the Western Governors Conference on Agriculture in Billings, Montana, Governor Apodaca was a luncheon speaker. He spoke on the Regional Energy Policy as proposed by the Western Governors. He affirmed that when leadership is lacking at the top, it is time for the Governors to step in and provide the leadership. He announced that former Governor William Guy of North Dakota will be the newly appointed director of the Regional Energy Policy Office which will have its office in Denver. Governor Apodaca said that we need federal guidelines so that we won't be left with the pollution, transmission lines, displaced people and sacrificed agriculture. We also need a rational federal leasing policy and federal regulations that do not preempt the states in energy development. We need federal standards for reclamation and air and water quality which do not interfere with the state's rights to determine its own non-degradation. Water is not sufficient for both energy and agriculture. He emphasized that massive front-end funding is needed to make sure that energy cities are decent places for people to live. We must have orderly growth with adequate planning. The ten Governors need to be involved and to be heard early in their role of producer and consumer states to solve the energy problems of the country.