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# COMMITTEE REPORT

3/7/75

HOUSE

Mr. Speaker:

Date March 13, 1975

The Committee on Resources has had SJR 17

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>Neil A. Anderson</u>	_____	_____
<u>Mike Hershberger</u>	_____	_____
<u>Alison</u>	_____	_____
<u>William H. ...</u>	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

Neil A. Anderson Jr. - Chairman

TO  
RESOURCES

AMENDMENT #11

House Resources

OFFERED IN THE HOUSE:

By: \_\_\_\_\_

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

SENATE BILL No. SJR 17

PAGE: \_\_\_\_\_

LINE: \_\_\_\_\_

Page 1, line 14: Delete "\$50,000" and insert "\$50,000,000 (\$50 million)!"

Page 2, line 23: After "Stevens" delete "and" and insert ",."

line 24: After "Gravel" delete ",." and insert "and the honorable Edmond Muskie,".

AMENDMENT

OFFERED IN THE HOUSE:

By: Mr. Purvis

To: AMEND HOUSE BILL No. \_\_\_\_\_

SENATE BILL No. STR 17

PAGE: 1

LINE: 1

and: 50,000  
add: 50,000,000 - (50 million)

Mr. —

notes: under Membership names to  
list

*File*

# STATE OF ALASKA

JAY S. HAMMOND, Governor

## DEPT. OF ENVIRONMENTAL CONSERVATION

POUCH 0- JUNEAU 99801

March 10, 1975

The Honorable Neis A. Anderson  
House of Representatives  
Pouch V  
Juneau, Alaska 99801

Dear Representative Anderson:

The Department of Environmental Conservation will hold Public Hearings on a proposed Air Quality Control Permit to Operate, with compliance schedule and variance application, for both Ketchikan Pulp Company and Alaska Lumber and Pulp Company. Enclosed for your review and comment is a copy of the proposal, in addition to a copy of the Notice of Public Hearing and a two page summary of previous air quality control compliance activities for both mills.

We would appreciate receiving any comments and testimony which you might have, either at the hearings, or in writing. The hearing at Sitka will be held on March 12, and the Ketchikan hearing will be held on March 13 and 14. The enclosed public notice contains detailed information regarding the hearing, and variance request.

The Department has made no determination regarding the acceptability of the variance application from the mills, and will not do so until all public testimony has been received and evaluated. We would welcome any testimony you might present, and would be pleased to answer your questions or provide additional information.

Sincerely,



Ernst W. Mueller  
Commissioner

Pro. ers of DISSOLVING PULP

KETCHIKAN PULP COMPANY

P. O. BOX 1619

KETCHIKAN, ALASKA 99901

U. S. A.

T. E. FLANAGAN  
President

February 20, 1975

The Honorable Nelson A. Rockefeller  
The Vice President of the United States  
The U. S. Capitol  
Washington, D.C. 20510

Re: National Commission on Water Quality

Dear Mr. Vice President:

Ketchikan Pulp Company started in Alaska in 1954 and brought to Alaska's third largest city a steady, year-round industrial employer. This replaced seasonal and unstable fishing as the area's economic base - contributing prosperity, stability and peace of mind to the area's people. The pulp company's modern, innovative, chemical recovery process, a celebrated model for the industry, has flourished over its twenty year history and leads today in environmental cleanliness.

Despite this, the 1972 Water Quality Act now will require the company to make environmental expenditures of more than thirty-four million dollars - approaching the original plant investment - to fulfill the law, notwithstanding the already minimal effect on water quality of the plant's operation.

The alternative to this expenditure is ceasing operation according to the law, thus ending the prosperity of South-east Alaska, bringing unemployment to more than one thousand people, depression to twelve thousand people and a loss of an industry and its revenue to the State and the Country.

## KETCHIKAN PULP COMPANY

The Honorable Nelson A. Rockefeller  
February 20, 1975  
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The National Commission on Water Quality must study this situation. There must be an alternative. The expenditure, approximately two to four times that of the company's dissolving pulp competition, would result in disproportionate costs, no base for competitive profit and hence economic failure. The owner's choice, to cease operations, while not desirable, is the only justifiable alternative.

We understand that your commission will study many facets of the law - one of them being the social and economic effects on single industry communities. I submit that Ketchikan, Alaska, in fact the whole of Southeast Alaska, is a prime example of this kind of community.

This unfair act of legislation can have these consequences: little, if any, improvement in water quality should the high expenditure be made, or total economic depression in the area should the pulp industry be abandoned.

We invite your investigation of this dilemma.

More comprehensive information has been sent to the members of the staff of your Commission.

Yours very truly,



b1s

cc: Senator Edmond S. Muskie  
Representative Robert E. Jones  
Mr. Edwin A. Gee  
Mr. Raymond R. Gianelli  
Mr. Raymond Kudukis  
Senator Jennings Randolph  
Senator Lloyd M. Bentsen  
Senator Howard H. Baker, Jr.  
Senator James L. Buckley  
Representative John A. Blatnik  
Representative James C. Wright, Jr.  
Representative William H. Harsha

# KETCHIKAN PULP COMPANY

The Honorable Nelson A. Rockefeller  
February 20, 1975  
Page 3

Representative James R. Grover, Jr.  
Representative Harold T. Johnson  
Senator Ted Stevens  
Senator Mike Gravel  
Representative Don Young  
Governor Jay Hammond  
Mr. H. A. Merlo  
Mr. R. H. Malott  
Mr. R. C. Tower  
Mr. D. R. Kayser  
Mr. D. A. Westenhaver  
Mr. M. B. Hodges

GOVERNOR NELSON A. ROCKEFELLER  
CHAIRMAN

SENATOR EDMUND S. MUSKIE  
REPRESENTATIVE ROBERT E. JONES  
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JAMES L. BUCKLEY

U. S. REPRESENTATIVES

JOHN A. BLATNIK  
JAMES C. WRIGHT, JR.  
WILLIAM H. HARSHA  
JAMES R. GROVER, JR.

FREDERICK J. CLARKE

EXECUTIVE DIRECTOR

TELEPHONE

202 254-7800

# National Commission on Water Quality

P. O. Box 19266  
WASHINGTON, D. C. 20036

December 13, 1974

MEMORANDUM TO: THE AMERICAN INDUSTRIAL COMMUNITY

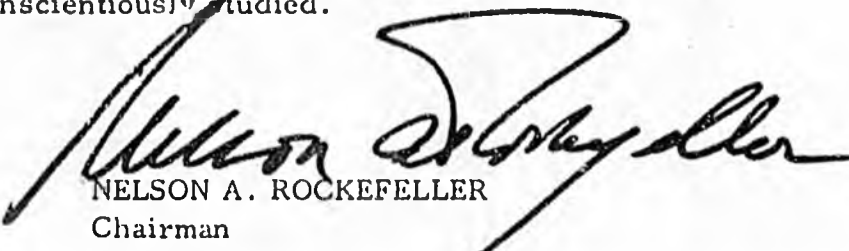
SUBJECT: The National Commission on Water  
Quality's Industry Studies

My fellow Commissioners and I are grateful to the industrial community for the help we are receiving in our investigations into the impacts of the Federal Water Pollution Control Act Amendments of 1972.

As you know, Congress has asked us to make a comprehensive report on the economic, social and environmental effects of this legislation. Our professional contractors are now gathering information and data. Everywhere they are receiving your help and cooperation.

The enclosed leaflet explains our industry studies and how their results will feed into our final report next year.

Now, may we ask a favor? Because we recognize that some questions cannot be answered by statistics and engineering reports, we would value your thoughts regarding our study. We would like to know your views on the best ways to reach our goal of better water quality and to learn of the problems you may be encountering. I assure you that all letters received will be conscientiously studied.



NELSON A. ROCKEFELLER  
Chairman

Enclosure

I hereby certify the annexed instrument is a true and correct copy of the original on file in my office.

ATTEST: Judith A. Meyer  
Clerk Ketchikan Gateway Borough

Approved: 3/3/75

Voting "yes": Hanger  
Zastrow  
Elkins  
Davidson  
Kamm  
Johnson  
Taylor  
Robertson  
Guymon  
Voting "no": None  
Absent: Simpson  
Pomtier

K E T C H I K A N   G A T E W A Y   B O R O U G H

RESOLUTION NO. 185

A RESOLUTION OF THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, URGING THE PRESIDENT AND THE VICE PRESIDENT OF THE UNITED STATES, THE ENVIRONMENTAL PROTECTION AGENCY, THE NATIONAL COMMISSION ON WATER QUALITY, THE CONGRESS OF THE UNITED STATES; THE GOVERNOR OF ALASKA, AND THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION, TO TAKE WHATEVER STEPS ARE NECESSARY TO PREVENT THE CLOSING AND ABANDONMENT OF THE KETCHIKAN PULP COMPANY, NECESSARILY REQUIRED BY KETCHIKAN PULP COMPANY'S INABILITY TO COMPLY WITH THE PROVISIONS OF THE 1972 WATER QUALITY ACT, AND REGULATIONS PROMULGATED THEREUNDER, AND REMAIN COMPETITIVE IN THE PULP INDUSTRY.

The Ketchikan Gateway Borough lies in the rugged, mountainous, wilderness archipelago region of Southeastern Alaska, familiarly called the Alaska Panhandle. It is located generally 100 miles north and west of Prince Rupert, British Columbia, its nearest sizable neighboring city to the South, and approximately 100 miles south and east of Wrangell, Alaska, its nearest sizable neighboring city to the North. It is one of only five sizable communities scattered along the 500 miles of wilderness islands which comprise the bulk of Southeastern Alaska.

The major employers in Ketchikan are the Ketchikan Pulp Company, employing 650 workers and Ketchikan Spruce Mills, a subsidiary of the Ketchikan Pulp Company, employing 150 workers. In addition, the Metlakatla Hemlock Mill, on neighboring Annette Island (an Indian Reservation), and the Thorne Bay Lumber Camp, are closely related industries which employ approximately 200 workers. The rest of the labor force in this community is closely related to and dependent upon the existence and well-being of the Ketchikan Pulp Company. Briefly, we are talking about the direct employment of approximately 1,000 people and the indirect employment of 12,000 people.

Recent information indicates that the local insured unemployment rate is between 8.5% and 9.0%, with seasonal unemployment running as high as 18%. This information assumes continuing operation of the Ketchikan Pulp Company and associated industries. Under the circumstances now existing throughout the country, this figure may well be higher.

As a result of the 1972 Water Quality Act, the Ketchikan Pulp Company has been required to make environmental expenditures of more than Thirty-four Million Dollars (\$34,000,000.00). These expenditures will proportionately cost the Ketchikan Pulp Mill from two to four times the amount necessarily expended by competitive pulp mills in the lower forty-eight states. This means that the price required by Ketchikan Pulp Company for its product will be approximately \$34.00 per ton, compared to a cost of approximately \$10.00 a ton, an obviously disproportionate, non-competitive price. Because of the requirements of the 1972 Water Quality Act, and because of the concomitant resulting non-competitive price of Ketchikan Pulp Company's product, the management of Ketchikan Pulp Company has declared its present intention of closing the pulp mill at Ketchikan, Alaska, on or about July 1, 1975.

If the Ketchikan Pulp Company is required to close its mill in Ketchikan, Alaska, the result will be, without a doubt, total economic depression throughout the community and the ruin of many businesses with consequential damage to hundreds of homes, families, and individuals.

NOW, THEREFORE, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, as follows:

Section 1. The President of the United States, the Vice President of the United States, the Environmental Protection Agency, the National Commission on Water Quality, Members of Congress, the Governor of the State of Alaska, and the Alaska Department of Environmental Conservation, are jointly and severally urged to take whatever steps are necessary to prevent the closing and abandonment of the Ketchikan Pulp Company necessitated by the company's inability to comply with the provisions of the 1972 Water Quality Act, and at the same time remain competitive in the pulp industry.

Section 2. The Borough Clerk is directed to send copies of this Resolution to:

The officers and agencies referred to above  
in Section 1;  
Members of the Alaska Legislature;  
Board of Directors of Louisiana-Pacific  
Corporation;  
Board of Directors of FMC Corporation;  
Ketchikan Pulp Company;  
Mr. Edwin A. Gee;  
Mr. Raymond R. Gianelli;  
Mr. Raymond Kudukis;  
Mr. H. A. Merlo;  
Mr. R. H. Malott;  
Mr. R. C. Tower;  
Mr. D. R. Kayser;  
Mr. D. A. Westenhaver; and  
Mr. M. B. Hodges.

Section 3. This Resolution is effective immediately.

ADOPTED this 3rd day of March, 1975.

Karl E. Steward  
BOROUGH MAYOR

ATTEST:

Judith A. Lajoie  
BOROUGH CLERK

Approved as to Form:

Henry R. Giddell  
Borough Attorney