

SJR

29

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: *SJR 29*

BILL NAME: *variance requests by Puley Mills in Southeast*

SPONSOR(S): *Edwards; Gieger, Ruff
Schreckhauf*

RELATED BILLS PENDING:

DATE INTRODUCED: *1-7-84*

REFERRALS: *Russell*

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

~~FISCAL NOTE:~~

AGENCY RESPONSE:

D.E.C.

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

*Jim Clark - ADP
Dick Nune
Alex Vitore
Gov's Office
Mayor Ulmer
EPA
Louisiana Pacific
EPA
U.S. Forest Service
Environmentalist - Jay Nelson*

Alaska State Legislature

BETT'VE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
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Senate

Committee on Resources

TO: Senate Resources Committee

FROM: Senate Resources Committee Staff

RE: Hearing on SJR 29, Supporting variance requests by pulp mills in Southeast Alaska.

DATE: January 13, 1984

On Monday, January 16, 1984 at 2:30 pm in the Beltz Room, the Senate Resources Committee will hear SJR 29, Supporting variance requests by pulp mills in Southeast Alaska.

The Alaska Lumber and Pulp Company (ALP), near Sitka, and Louisiana-Pacific/Ketchikan (LP/K), near Ketchikan, both engaged in the production of dissolving sulfite pulp, have requested a waiver from the national water pollution standards. These standards are to be met by all point source dischargers pursuant to the Clean Water Act.

In 1972, standards were established to limit the effluent discharge from pulp mills nationwide. Because of the "peculiar land, energy, and logistic constraints" which the Environmental Protection Agency (EPA) associated with ALP and LP/K, in 1974 they applied for and were granted permits allowing greater effluent discharge than pulp mills nationwide. [75 lbs./ton daily average, as compared to 60 lbs./ton nationwide.] In 1977, national standards were changed to limit discharge to 46.8 lbs./ton.

When the ALP and LP/K permits expired in 1979, the pulp mills requested a continued variance from EPA to allow discharge at the level determined in 1974 (75 lbs./ton). EPA regulations provide that upon finding factors relating to a particular discharge that are "fundamentally different" from the factors considered by EPA in establishing the national standards, alternative effluent limitations may be established for that discharge. The basis of ALP and LP/K's variance request centered around four factors:

- 1) Lack of land for disposal of wastewater solids.
- 2) Non-water quality environmental impacts, particularly the unavailability of external power sources.
- 3) The cost of compliance with the standards.
- 4) The lack of effect compliance would have on water quality.

In August, 1983, EPA made a tentative decision to deny the Fundamentally Different Factors variance request, based on the following findings:

- 1) The wastewater solids can be incinerated rather than landfilled.
- 2) ALP and LP/K have the capability of generating sufficient electricity.
- 3) Costs of compliance would not be disproportionate to the costs used in the guidelines.
- 4) According to EPA regulation, water quality is not a factor on which a variance can be granted.

Public comment was accepted on the tentative decision through December; a final decision by EPA is pending.

SJR 29 urges EPA to grant the variances requested by the mills, citing the economic impact of compliance with the national standard, the air pollution problem that would be created if the wastewater solids were burned, and the finding by the Alaska Department of Environmental Conservation that continued discharge will not violate state water quality standards.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI



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Senate

Committee on Resources

MEMORANDUM

TO: Senate Resources Committee

FROM: Senate Resources Committee Staff

RE: SJR 29, Supporting variance requests by
pulp mills in Southeast Alaska.

DATE: January 17, 1984

Please find attached further information provided by Frank Roppel of Alaska Lumber and Pulp Company at our recent hearing on SJR 29, Supporting variance requests by pulp mills in Southeast Alaska.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

February 16, 1982

OFFICE OF THE
ADMINISTRATOR

MEMORANDUM FOR BRUCE BARRETT

I have read the papers relating to the FDF variances for the Alaska pulp mills. I'm not persuaded by the writers' views that we should proceed by suspending the applicable regulations rather than issuing FDF variances.

For instance, the argument that these "fundamental differences" were taken into account in impact analyses may be correct, but the differences were not accounted for in the most important measure - effluent limits themselves. A FDF variance is the mechanism for doing this. The "resource requirement" argument is also the best argument for relying on states to handle variances. Also, I think it is disingenuous to say that these mills' problems were "dealt with" when in the next paragraph it is stated that the problems were "considered. . . in a general way." That a mill was "considered" in guidelines development should not be the sole determinative of ineligibility for a FDF variance. As for NRDC's interest in this matter, it seems to me that issuance of the "Tentative Decision" should smoke them out. Additionally, the FDF route is more judicially economical since only one court challenge would result; suspension of guidelines and issuance of BFP permits would open us to two largely duplicative lawsuits.

Unless your view is widely at variance from mine, let's ask John Spencer to publish the Tentative Decision, receive comments, and make the appropriate decision.

John E. Daniel
John E. Daniel
Chief of Staff

cc: John Spencer-RA-Seattle
Martha Prothro
Steve Schatzow ✓
Bruce Diamond

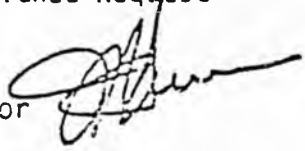
*Cathy to Smith
Wendy
Jan 12/13/82*

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Region 10 - Seattle, Washington

DATE DEC 28 1980

SUBJECT Alaska Pulp Mill Variance Request

FROM John R. Spencer
Regional Administrator



TO Anne M. Gorsuch A100
Administrator

Thru: John E. Daniel A100
Chief of Staff

Consider this a request for the Administrator's concurrence with my recommendation that Alaska Lumber and Pulp Company and Louisiana - Pacific Corporation be granted variances from wastewater effluent guideline limits (BPT) for mills located at Sitka, Alaska and Ketchikan, Alaska respectively.

Both companies have requested variances under EPA regulations pertaining to fundamentally different factors (FDF). The most basic issue raised by the companies in support of their variance requests is that the cost of compliance with national effluent guidelines would result in waste treatment and operation costs significantly greater than costs for the model mill described in EPA effluent limitations development documents. Other issues raised in support of the variance requests include the lack of land for waste treatment sludge disposal and the lack of external sources of electricity.

Background Both Alaska Lumber and Pulp (ALP) and Louisiana - Pacific (LPK) are currently operating secondary waste treatment facilities at their southeast Alaska mills. The EPA issued permits controlling their wastewater discharges, were originally issued in 1973 and later amended in 1974. In 1977, EPA promulgated BPT guidelines for the dissolving grade sulfite subcategory which the two Alaska mills fall under. ALP and LPK are requesting variances from the biochemical oxygen demand (BOD) effluent limitation and variances from the total suspended solids (TSS) limitation specified in their present permits. These are summarized below:

Variance Requests

	<u>Present Permit Limits</u>	<u>BPT</u>	<u>Variance Request</u>
1. ALP & LPK			
* BOD, Lbs/T	75	46.8	75
* TSS, Lbs/T	60	76.3	76.3
* (Lbs per ton of mill production)			

Region 10 staff have thoroughly analyzed the variance requests, and in particular, the water pollution control costs. The cost figures incorporate incurred costs for existing water pollution control facilities plus the future costs to meet BPT. They include capital and O&M costs expressed in March 1980 dollars. A comparison of the model mill costs with the two Alaskan mills is as follows:

	<u>Capital Cost</u>	<u>Total Annual Cost</u>	<u>Total Annual Cost/T</u>
A. Model mill (scaled up to 700 T/day production)	\$49.34 mm	\$15.2 mm	\$53.9 mm
LPK (700 T/day)	\$68.9 mm	\$21.9 mm	\$92.0 mm

The ratios of the costs (LPK: Model mill) are therefore: 1.40, 1.44, and 1.44.

	<u>Capital Cost</u>	<u>Total Annual Cost</u>	<u>Total Annual Cost/T</u>
B. Model mill (scaled up to 621 T/day production)	\$42.7 mm	\$14.4 mm	\$ 69.9 mm
ALP (621 T/day)	\$84.4 mm	\$26.9 mm	\$123.5 mm

The ratios of the costs (ALP: Model mill) are therefore: 2.0, 1.9, and 1.8.

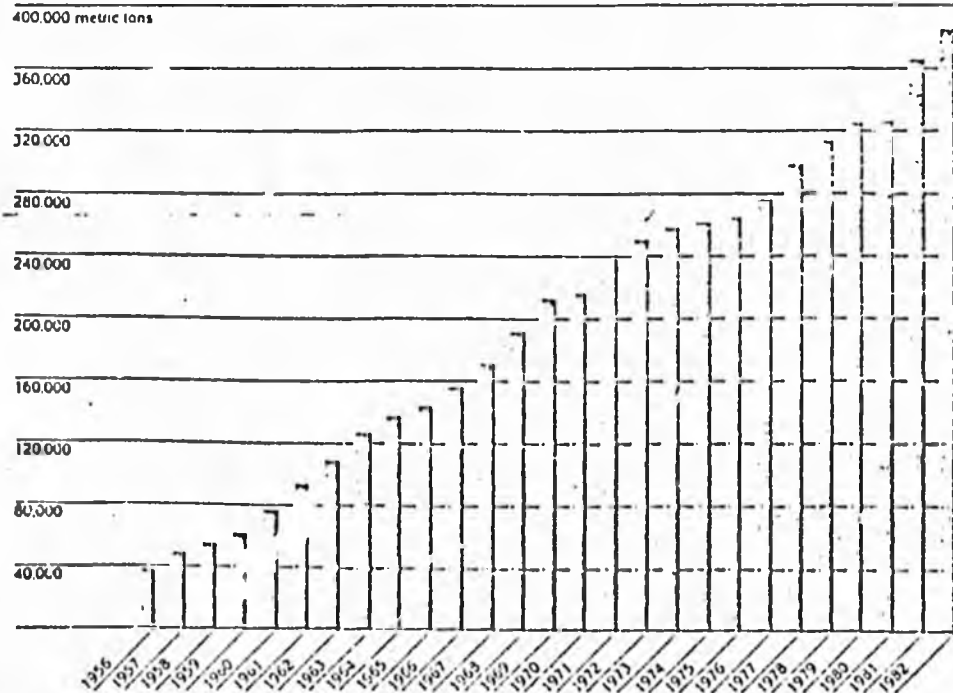
In summary, my recommendation that variances be approved is principally based on LPK's costs being 40 to 50 percent greater than the model mill and ALP's cost being essentially double the model mill costs.

Finally, attached is a letter from the State of Alaska certifying there will be no known water quality impacts resulting from granting a variance to either mill. Further support for a variance based on solids disposal is provided in that letter: "Of the possible alternatives disposal to the air and land are precluded by unique local conditions or may have substantial adverse effects on the environment". Also, attached is a staff analysis of the variance request. As indicated, some of the material is confidential and should not be released outside the agency.

Concurrence _____

Non-Concurrence _____

SAICCOR's production performance is one of which the Group is justifiably proud, showing a ten-fold increase since 1956. In the first year, the mill manufactured 38,000 tons compared to 386,000 tons in 1982. The Group's on-going research programme has made a material contribution to this expansion which has been achieved over the years. Three major areas of concentration have been responsible for SAICCOR's regular growth: progressive refinements in the process, modernisation of plant and equipment and regular capital investment. Without exception, every one of the intervening twenty six years has seen a boost in production capacity.





Luke Popovich is contributing editor-national affairs for Pulp & Paper.

Treatment for its own sake

Press reports last month confirmed our doubts about the future of the Administration's dwindling effort to deregulate business. Officials at the Office of Management & Budget (OMB) told reporters the effort for now was dead—"ended," as they delicately put it. Since OMB was the locus maximus of the deregulation effort, sadly we must take these officials at their word that little will be done to discourage environmental regulation until after the 1984 election, assuming the home team wins.

Vice President Bush chaired the President's Task Force on Regulatory Relief, which closed down this summer, leaving to OMB the day-to-day vigilance over unnecessary rules. In signaling an end to the much-touted deregulatory effort, the Administration has borrowed liberally from the Vietnam antiwar strategy propounded by former Vermont Senator George Aiken: simply declare a victory, allow a self-satisfied smile, and withdraw. But if a thumping victory has been won against environmental regulation, the paper industry has yet to be informed.

AN ALASKAN CASE. Battlefield conditions still suggest that the war against treatment for treatment's sake is far from over. A story from Alaska illustrates the enemy's tenacity. Ketchikan Paper Co. and Alaska Lumber & Pulp Co. of Sitka applied to the Environmental Protection Agency for variances from secondary-treatment requirements under the Clean Water Act in December 1981. The companies had good reasons for asking a waiver from compliance with costly best practicable technology (BPT) requirements beyond the secondary treatment they had already employed.

First, the companies cited insufficient sites for installing sludge disposal facilities. Second, alternative power sources were not available to run generators during installation of control technology. Third, the additional treatment would harm other, nonwater values. Together, they said, additional requirements to treat then-nonhazardous wastes would cost more than EPA's model for similar reductions in the lower 48 states had suggested was proper. Nor would the treatment result in cleaner water.

Their case looked persuasive. The state's Department of Environmental Conservation and congressional delegation okayed the variance. So too did EPA's then-Region X administrator John Spencer on Dec. 20, 1981 recommend that the variance be approved. Again on May 10, he wrote to his EPA superiors in Washington for a variance, citing EPA's own view, dating back to 1974, that "the Alaska

mills are entitled to different treatment . . . because of peculiar land, energy, and logistical constraints." Not only were the companies entitled to a variance, he said, but since EPA staff thought the BPT rule for the sulfate pulp category was "too stringent," the rule ought to be reviewed for immediate suspension.

So it was somewhat surprising that on Aug. 29, EPA announced it had tentatively decided to deny the variance, citing the absence of "fundamentally different factors" in the Alaskan case that would justify suspension of the additional secondary treatment requirements. "We did a thorough economic test and didn't find that their costs were out of line" with those facilities in the lower 48, said one EPA official in Washington.

INSIDE EPA. But an internal EPA memo from the Washington staff to EPA's acting water chief dated Feb. 3, 1982 suggests a different motivation for the denial. "A variance based on these problems does not appear to be entirely foreclosed," conceded EPA staff. "Nevertheless," the memo continued, "this [approval] could present a legal problem" because the "Natural Resource Defense Council has been closely following" the case. Worse, the memo alluded to the many other variance applications EPA would be forced to answer if it granted this one, thus upsetting its priorities for approving industrial permits.

Instead of granting the variance, EPA staff suggested the agency grant the two firms a temporary suspension of the BPT rules for the pulp category. And what of the quality of receiving water in all this decision making? It seems that consideration was irrelevant; water quality per se is expressly forbidden to bear on the issue of BPT compliance, and so it is irrelevant to the approval or disapproval of a variance. "If what these companies must do doesn't affect water quality one bit, they still have to install [BPT technology]," said EPA water effluent expert Bob Dellinger in Washington, D.C.

Treatment for treatment's sake is not only pointless but expensive. If the tentative decision isn't overturned after the Nov. 15 comment period expires, officials of Alaska Lumber & Pulp claim they'll be forced to spend \$51 million to achieve mandated reductions of 28 lb/ton. That's in addition to the \$45 million they've already spent to get from 275 lb to 75 lb/ton. "We don't have \$51 million to dump into this project," complained one company spokesman. Too bad money, like environmental quality, has nothing to do with the issue.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION
OFFICE OF THE COMMISSIONER
POUCH O, JUNEAU, ALASKA 99811

Telephone: (907)
Address:

465-2600

January 13, 1984

The Honorable Bettye Fahrenkamp
Chairman Senate Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

Thank you for providing us with the opportunity to comment on Senate Joint Resolution No. 29 "Supporting variance request by pulp mills in Southeast Alaska".

On September 16, 1983, the U.S. Environmental Protection Agency (EPA) issued notice of its tentative decision to deny the mills' request for a variance from newly established national effluent limits. During November, hearings on this decision were held in Seattle, Sitka, and Ketchikan. Governor Sheffield, Commissioner Lyon and I attended these hearings and provided EPA with the reasons why we feel the variance should be granted. Copies of our testimony have been provided to your committee for review.

This department has worked carefully and closely with the mills and the Environmental Protection Agency on improving water quality in Sitka and Ketchikan for over ten years. During that time, substantial progress has been made toward eliminating water quality impacts from the mills' operations. In fact, the installation of effective primary treatment at both facilities was accomplished largely because of a state requirement. Proper operation of the secondary treatment plants which began in 1978, provides, in our opinion, adequate protection of water quality. EPA's proposed requirements for additional treatment to the mills' waste streams would not result in a concomitant improvement in water quality.

EPA's nationally imposed effluent limitations do not permit a holistic approach to the environmental concerns unique to Alaska. It appears, in our view, that their effluent limitations do not take into consideration all resulting environmental problems, especially air and land pollution or energy consumption. As a practical matter, the type of treatment proposed essentially converts biochemical oxygen demand to sludge and suspended solids. Therefore, existing suspended solids and sludge handling problems will increase accordingly. The resulting increased volume of secondary sludge can only be treated in a very limited number

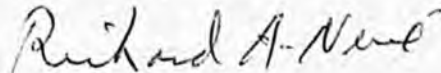
JAN 20 1984

of ways, many of which themselves cause substantial environmental problems. Some of these problems are aggravated by the topographical and energy considerations present at the mill sites.

If some sort of relief from these effluent limits is not achieved the Alaska Lumber and Pulp Company's mill in Sitka has threatened to seriously reduce its current level of employment. Louisiana Pacific Corporation, Ketchikan Division is expected to do the same. In total a possible 6,000 jobs may be lost in Southeastern Alaska.

We recognize EPA's difficulty in properly applying their national requirements in Southeastern Alaska's unique environment. Alaska's mills and their surroundings are different from the model mill EPA used to develop the effluent limitations proposed. In light of the fact that no adverse water quality impact will result, it is important that the federal government find ways to allow Alaska's pulp mill industry to continue. This department is working hard to find a satisfactory resolution of this issue.

Sincerely,



Richard A. Neve
Commissioner

RAN/AV/bp

cc: W.E. Fisher, Manager Ward Cove Operations - LP/K
F. Roppel, Ex. Vice President and General Manager - ALP
Ernesta Barnes, Regional Administrator, EPA
S.E.A.C.C.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
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Senate

Committee on Resources

MINUTES

January 16, 1984
2:32 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Ziegler, Vice Chair
Senator Eliason
Senator P. Fischer
Senator V. Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SJR 29 Supporting variance requests by pulp mills in
Southeast Alaska

Frank Roppel, Executive Vice President, Alaska Lumber and Pulp Company, ALP, Sitka, testified against the Environmental Protection Agency (EPA) decision to deny the Fundamentally Different Factor Variance for secondary treatment of effluent from Alaskan pulp mills. Compliance with EPA's environmental standards would cause the shut down of ALP's Sitka pulp mill, severely impacting the economic base of several Southeast communities. Over 3,000 loggers and millworkers would be affected.

Michael A. Barton, Deputy Regional Forester, U.S. Forest Service submitted written testimony. He asked to amend the Resolution, page 1, line 29, changing the figure \$143 million to \$147.6 million. The amendment was adopted without objection.

Senator Eliason stated for the record that at recent EPA hearings in Seattle, Governor Sheffield and Commissioner Neve testified in support of the variance. He moved to adopt the Committee Substitute and report it out with individual recommendations. There was no objection.

The meeting adjourned at 2:50 pm

Introduced: 1/9/84
Referred: Resources

Original sponsors: Eliason, Ziegler,
Ray and Fahrenkamp

BY THE RESOURCES
COMMITTEE

1 IN THE SENATE

2

CS FOR SENATE JOINT RESOLUTION NO. 29.

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

Supporting variance requests by pulp

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mills in Southeast Alaska.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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WHEREAS the Environmental Protection Agency is now considering vari-

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ance requests from the pulp mills in Southeast Alaska; and

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WHEREAS the pulp mills in Sitka and Ketchikan provide an economic base

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by employing many residents of Southeast Alaska; and

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WHEREAS the quality of water and marine life ~~is~~^{is} not ~~being~~ adversely

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affected by the current effluent discharge from the pulp mills; and

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WHEREAS the Alaska Department of Environmental Conservation has found

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that continued discharge will not ~~impact~~^{impact} state water quality ~~standards~~ and

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supports the issuance of the variance; and

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WHEREAS the former Environmental Protection Agency Regional Adminis-

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trator issued a tentative decision on December 28, 1981, that would have

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granted the variance; and

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WHEREAS the variance being considered would enable the pulp mills to

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continue to treat their waste products in a more efficient and economical

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manner; and

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WHEREAS the denial of the variance would constitute treatment for

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treatment's sake, would create an air pollution problem if the mills did

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comply and would most likely cause the pulp mills and related facilities to

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cease operating because the cost of additional waste treatment is prohibi-

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tive; and

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WHEREAS the United States Forest Service has determined that the

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closure of the pulp mills would cause a \$143 million per year loss of

\$147.6

1 income in Southeast Alaska;

2 BE IT RESOLVED that the Alaska State Legislature urges that the vari-
3 ances requested by the mills be granted; and be it

4 FURTHER RESOLVED that the Alaska State Legislature urges the Environ-
5 mental Protection Agency to consider the loss of income in the event of the
6 mills' closure as part of the cost of achieving guideline best ~~practicable~~ practical
7 technology in determining whether the cost of compliance is wholly out of
8 proportion to the model mill.

9 COPIES of this resolution shall be sent to the Honorable Ronald
10 Reagan, President of the United States; the Honorable William Ruckelshaus,
11 Administrator of the Environmental Protection Agency; Ernesta Barnes,
12 Regional Administrator of the Environmental Protection Agency; and to the
13 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
14 the Honorable Don Young, U.S. Representative, members of the Alaska delega-
15 tion in Congress.

GOOD AFTERNOON. MY NAME IS BILL SHEFFIELD, AND I AM THE GOVERNOR OF THE STATE OF ALASKA. I AM HERE TO DISCUSS THE STATE'S POSITION IN REGARD TO THE ENVIRONMENTAL PROTECTION AGENCY'S PROPOSED DENIAL OF WAIVERS TO CERTAIN WATER POLLUTION CONTROL REQUIREMENTS REQUESTED BY TWO PULP AND PAPER MILLS IN SOUTHEAST ALASKA.

I HAVE RECEIVED MANY, MANY LETTERS OF CONCERN LATELY FROM CITIZENS OF MY STATE ABOUT EPA'S TENTATIVE DECISION. THEREFORE I AM PRESENTING IN MY TESTIMONY THE STATE'S SENTIMENTS -- WHICH ARE SHARED BY MY CONSTITUENTS -- ABOUT THE SOLID REASONS WHICH WE BELIEVE SHOULD BE CAUSE FOR EPA TO REVIEW AND HOPEFULLY GRANT THE REQUEST FOR WAIVERS.

I SHOULD ADD THAT DUE TO THE IMPORTANCE OF THIS ISSUE TO THE STATE, I HAVE REQUESTED COMMISSIONER NEVE' OF THE STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION AND COMMISSIONER LYON OF THE STATE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT TO WORK WITH EPA AND OTHER RELEVANT PARTIES TO ACHIEVE A RESOLUTION OF THIS ISSUE THAT WILL BE REASONABLE, FAIR AND JUST.

THEY WILL BE TESTIFYING SEPARATELY ABOUT THE DETAILS OF THE MILLS' SITUATION, SO I WILL CONFINE MY REMARKS TO THE BROADER POLICY ISSUES. MY HOPE TODAY IS TO MAKE A CONVINCING CASE FOR EPA TO ACCEPT OUR OFFER OF TAKING ANOTHER LOOK AT THE PULP MILLS' REQUEST, AND TO WORK WITH THE STATE TO DEVELOP A EQUITABLE DECISION FOR THE MILLS.

THE CRUX OF OUR CONCERNS IS THAT EPA'S PROPOSED ACTION WILL HAVE SIGNIFICANT NEGATIVE ECONOMIC EFFECTS ON THE MILLS. EPA'S ACTION WILL BE TAKEN MERELY TO ACHIEVE WASTE DISCHARGE REDUCTIONS WHICH ARE NOT NECESSARY IN TERMS OF ENVIRONMENTAL PROTECTION.

I RECOGNIZE THAT THE ENVIRONMENTAL PROTECTION AGENCY AND THE TWO PULP MILLS HAVE BEEN IN DISCUSSIONS OVER THIS ISSUE FOR A LONG TIME. I ALSO UNDERSTAND THAT THE THRUST OF EPA'S CASE SUPPORTING ITS PROPOSED ACTION DOES NOT FUNDAMENTALLY HAVE TO DO WITH THE EFFECT OF THE MILLS' DISCHARGE ON LOCAL WATER QUALITY. RATHER, IT CENTERS AROUND THE CONCLUSION THAT THE COSTS OF INSTALLING ADDITIONAL POLLUTION CONTROL EQUIPMENT ARE NOT EXCESSIVE, ACCORDING TO EPA'S CURRENT INTERPRETATION OF LAW.

OUR DEPARTMENT OF ENVIRONMENTAL CONSERVATION HAS MONITORED THE TWO SITES IN QUESTION EXTENSIVELY FOR A NUMBER OF YEARS. WE CONCLUDE, CATEGORICALLY, THAT THERE IS NO APPRECIABLE ADVERSE EFFECT ON WATER QUALITY BY THE MILLS AT THE CURRENT LEVEL OF DISCHARGE. THEREFORE THE EPA DECISION, IF SUSTAINED, MAY WELL BE A CLASSIC EXAMPLE OF IMPOSING ADDITIONAL POLLUTION CONTROL REQUIREMENTS FOR THEIR OWN SAKE, AND NOT FOR ANY IDENTIFIABLE AND NEEDED ENVIRONMENTAL PROTECTION.

I AM SURE EPA IS SUBJECT TO LEGAL AND POLICY CONSTRAINTS WHICH HAVE CONTRIBUTED TO THE TENTATIVE DECISION. BUT I MUST BELIEVE THERE IS FLEXIBILITY TO ENABLE THE AGENCY TO REACH A DIFFERENT CONCLUSION BASED ON ALASKA ENVIRONMENTAL CONDITIONS OR ON THE RESULTANT COSTS TO THE MILLS.

AS GOVERNOR, I CANNOT STAND BY WHILE UNNECESSARY COSTS AND SEVERE ECONOMIC HARDSHIP TO MANY OF OUR CITIZENS IN SOUTHEAST ALASKA ARE LOOMING AS A RESULT OF WHAT APPEARS TO BE EPA'S DETERMINATION TO PREVAIL IN THIS MATTER, DESPITE THE MERITS.

WE ARE ASKING EPA TO AVOID A NEEDLESS THREAT TO THE VIABILITY OF THE TWO PULP MILLS AND TO THOUSANDS OF PRIMARY AND ASSOCIATED JOBS IN OUR STATE. WE ARE NOT ASKING EPA TO

AND THE COASTAL ZONE MANAGEMENT ACT. THEY HAVE BEEN PROVIDED TO ME, AND WE ARE ASSESSING THESE OPTIONS CAREFULLY. TO ALLOW TIME TO WORK TOGETHER WITH EPA AND TO EXPLORE COLLECTIVELY THESE OPTIONS, I WOULD LIKE TO REQUEST THAT EPA EXTEND THE PUBLIC COMMENT PERIOD ON THE PROPOSED WATER DISCHARGE PERMITS.

TO BE SURE THAT THE PUBLIC DOCKET IS COMPLETE, I WOULD ALSO LIKE TO SUBMIT AS WRITTEN TESTIMONY THE LETTER I SENT LAST MONTH WITH ATTACHMENTS TO EPA ADMINISTRATOR RUCKELSHAUS. THE ATTACHMENTS INCLUDE THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION'S TESTIMONY AT THE PREVIOUS HEARING ON THE ISSUES BEING DISCUSSED TONIGHT AND VARIOUS LETTERS FROM ALASKA RESIDENTS WHICH DISCUSS THESE ISSUES.

IN CONCLUSION, I WOULD SIMPLY LIKE TO REITERATE THAT DENIAL OF THESE WAIVERS, IF IT WERE TO OCCUR, WILL HAVE A SIGNIFICANT ADVERSE IMPACT ON MY STATE -- BOTH ECONOMICALLY AND ENVIRONMENTALLY. THUS, I URGE EPA TO RE-EXAMINE ITS POSITION AND ASK WHETHER THESE IMPACTS ARE REALLY NECESSARY -- ON GROUNDS OF ENVIRONMENTAL BENEFITS, ECONOMIC CONSEQUENCES, OR AS A MATTER OF SOUND PUBLIC POLICY. THE STATE OF ALASKA REMAINS HOPEFUL THAT EPA WILL CONCLUDE THAT A DIFFERENT COURSE OF ACTION SHOULD BE TAKEN.

THANK YOU.

TESTIMONY OF
THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
BEFORE
THE U. S. ENVIRONMENTAL PROTECTION AGENCY
CONCERNING EPA'S PROPOSED DECISIONS
REGARDING
THE TWO ALASKA PULP MILLS

MY NAME IS DOCTOR RICHARD A. NEVE', COMMISSIONER OF THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION. I AM HERE TODAY TO TESTIFY ON THE ENVIRONMENTAL PROTECTION AGENCY'S PROPOSED DENIAL OF THE FUNDAMENTALLY DIFFERENT FACTORS VARIANCE REQUEST FROM THE ALASKA LUMBER AND PULP COMPANY, INCORPORATED, FOR THEIR SITKA MILL, AND THE LOUISIANA PACIFIC CORPORATION, KETCHIKAN DIVISION, FOR THEIR KETCHIKAN MILL.

THE EPA'S TENTATIVE DECISION TO DENY THE MILLS' REQUEST FOR A VARIANCE IS THE RESULT OF YEARS OF COMPLEX STUDY AND TECHNICAL WORK BY BOTH THE MILLS AND THE EPA. THE EPA'S FINAL DECISION WILL SUBSTANTIALLY CHANGE OUR VIEW OF BOTH MILLS' DRAFT NPDES PERMITS AND THE STATE OF ALASKA'S CLEAN WATER ACT SECTION 401 CERTIFICATION. BOTH THE PUBLIC AND THE STATE OF ALASKA NEED ADEQUATE TIME TO EVALUATE THE RELEVANT VERBAL AND WRITTEN COMMENTS PRESENTED AT THESE HEARINGS BEFORE PROVIDING MEANINGFUL INPUT ON THE EPA DRAFT NPDES PERMIT FOR THE MILLS. THEREFORE, I PETITION THE EPA TO EXTEND THE PUBLIC HEARING COMMENT PERIOD ON THE DRAFT NPDES PERMIT UNTIL IT HAS REACHED A FINAL DECISION ON THE VARIANCE REQUEST AND THE PROPOSAL FOR A SEPARATE SUBCATEGORY FOR ALASKA.

OUR COMMENTS ON THE ESTABLISHMENT OF A SEPARATE ALASKA SUBCATEGORY OF THE PULP, PAPER, AND PAPERBOARD INDUSTRY WILL BE SENT TO ROBERT W. DELLINGER AS REQUESTED IN THE EPA'S PUBLIC NOTICE OF SEPTEMBER 23, 1983. I WILL MAIL YOU A COPY OF THAT LETTER FOR INCLUSION AS PART OF MY TESTIMONY HERE TODAY.

MY TESTIMONY, WITH THE ATTACHED WRITTEN DOCUMENTS, IS INTENDED TO HELP THE EPA AND THE ALASKAN MILLS SATISFACTORILY RESOLVE QUESTIONS SURROUNDING THE VARIANCE REQUEST. THESE WRITTEN DOCUMENTS IDENTIFY THE ITEMS WHICH MY DEPARTMENT BELIEVES NEED ADDITIONAL ATTENTION BEFORE THE EPA REACHES ITS FINAL DETERMINATION. THEY INCLUDE THE DEPARTMENT'S ANALYSIS OF THE EPA'S DECISION ON RESTORATION OF EXISTING COSTS THAT CONTRIBUTE TO ACHIEVING BEST PRACTICABLE TECHNOLOGY EFFLUENT LIMITATIONS AND A DISCUSSION OF COST ESTIMATES OF EXPANDED TREATMENT SYSTEMS THAT MAY BE NEEDED TO ACHIEVE BPT EFFLUENT LIMITATIONS.

THE EPA'S DECISION DOCUMENT DATED AUGUST 24, 1983, INDICATED THE NEED FOR BETTER QUANTIFICATION OF ADVERSE IMPACTS ON AIR QUALITY THAT WOULD RESULT FROM THE BURNING OF ADDITIONAL WASTEWATER SLUDGE. THE DOCUMENT ALSO POINTED OUT A LACK OF SUFFICIENT DATA TO IDENTIFY THE NON-WATER QUALITY ENVIRONMENTAL IMPACTS WHICH MAY RESULT IF THE VARIANCE REQUEST IS DENIED. MY STAFF HAS REVIEWED THE DECISION DOCUMENT WHICH SET THE STAGE FOR THE EPA'S PRELIMINARY DECISION TO DENY THE VARIANCE. OUR REVIEW OF THE EPA'S ANALYSIS REVEALED SOME AREAS THAT NEED FURTHER EXAMINATION BEFORE A FINAL DECISION IS MADE.

A PORTION OF THE COSTS INCURRED BY THE INITIAL EXPANSION OF THE WASTEWATER TREATMENT SYSTEMS IN THE LATE SEVENTIES HAS BEEN ESTIMATED BY THE INSTALLATION OF AN OIL BOILER. WHILE THIS MAY BE VALID TO ACCOUNT FOR THE POWER REQUIRED TO OPERATE THE WASTEWATER TREATMENT SYSTEM, THERE IS NO CREDIT ALLOWED FOR AN INCINERATOR TO BURN THE SLUDGE, THE POWER LOST IN EVAPORATING THE SLUDGE, AND, MOST IMPORTANTLY, THE COST OF CONTROLLING THE AIR POLLUTION FOR THE EMISSIONS FROM SLUDGE BURNING.

INCINERATION OF THE SLUDGE GENERATED BY OPERATION OF EXISTING SECONDARY WASTE-WATER TREATMENT CONTROLS HAS DELAYED BOTH MILLS' PROGRESS TOWARD COMPLIANCE WITH AIR QUALITY REGULATIONS. EXTENSIVE STUDIES AND THE INSTALLATION OF ADDITIONAL PROCESS CONTROLS HAVE BEEN NEEDED TO MINIMIZE THE SIGNIFICANT INCREASE IN AIR POLLUTANT EMISSIONS. ADDITIONAL CONTROLS ARE STILL NEEDED AT BOTH MILLS TO COMPLETELY CONTROL THE INCREASED AIR POLLUTION CREATED SINCE THE WASTEWATER TREATMENT PLANT SYSTEMS WERE INSTALLED IN THE LATE SEVENTIES.

THE COSTS OF THESE CONTROLS MUST BE CONSIDERED IN THE ANALYSIS OF WHETHER THE MILLS ARE BEING ASKED TO SPEND CONSIDERABLY MORE DOLLARS THAN EPA'S MODEL MILL.

A SECOND AREA THAT IS UNCLEAR IS THE ELIMINATION OF A LARGE PORTION OF CREDIT FOR THE REVISED SOLIDS HANDLING FACILITIES AT BOTH MILLS. THE REVISIONS PERFORMED AFTER THE INSTALLATION OF THE SECONDARY TREATMENT FACILITY ARE A RESULT OF THE WATER DISCHARGE REQUIREMENTS, AND SHOULD BE ALLOWED.

FINALLY, IN THE EVALUATION FOR THE COSTS OF WHAT WILL BE NEEDED TO BE INSTALLED TO MEET THE GUIDELINES TREATMENT, IT IS NOT CLEAR HOW THE ADDITIONAL SLUDGE GENERATED WILL BE HANDLED AND BURNED. IT IS POSSIBLE, HOWEVER, THAT THE ONLY VIABLE OPTION IS THE REPLACEMENT OF A POWER BOILER. IF THIS PROVES TO BE THE CASE, THEN THE COSTS TO MEET GUIDELINE LIMITS WILL NEED TO REFLECT THIS POSSIBILITY.

ALSO, THE COSTS OF ANY NEW PERMITS REQUIRED BY THE INSTALLATION OF A NEW BOILER OR SLUDGE INCINERATOR OR BY THE MODIFICATION OF AN EXISTING WOODWASTE BOILER MUST BE INCLUDED. ADDITIONAL SLUDGE BURNING WILL PROBABLY FALL INTO THE REQUIREMENTS OF A PREVENTION OF SIGNIFICANT DETERIORATION AIR QUALITY

PERMIT. THESE PERMITS CAN REQUIRE UP TO ONE YEAR OF BACKGROUND METEOROLOGICAL AND AIR QUALITY MONITORING DATA AND EXTENSIVE COMPUTER MODELING TO SHOW VIOLATIONS OF AIR-QUALITY REGULATIONS WILL NOT OCCUR ON THE NEARBY HILLSIDES. THIS ANALYSIS CAN BE VERY EXPENSIVE.

OTHER PORTIONS OF THE DECISION DOCUMENT ARE UNCLEAR BUT IT IS MORE APPROPRIATELY DISCUSSED BY THE PULP MILLS. I REQUEST THE PULP MILL REPRESENTATIVES PROVIDE SPECIFIC INFORMATION REGARDING THE ADDITIONAL COSTS IN THESE AREAS ALONG WITH PROOF OF NON-WATER QUALITY ENVIRONMENTAL IMPACTS AS REQUESTED BY THE EPA.

SINCE THE EXPANSION OF THE SLUDGE HANDLING AND DISPOSAL SYSTEM IS A DIRECT RESULT OF THE EPA'S PROPOSED DENIAL OF THE VARIANCE, PROOF THAT THE PROPOSED SOLUTION TO SLUDGE DISPOSAL WILL NOT IMPACT AIR QUALITY IS NEEDED BEFORE THE VARIANCE REQUEST IS RESCINDED. WE DO NOT WANT TO BE IN THE POSITION WE WERE IN, IN 1980, OF COPING WITH AN AIR POLLUTION PROBLEM CAUSED BY WATER DISCHARGE CONTROLS. IN FACT, THAT PROBLEM STILL EXISTS TODAY.

MY DEPARTMENT IS COMMITTED TO REQUIRING THAT BOTH ALASKA LUMBER & PULP AND LOUISIANA-PACIFIC, KETCHIKAN DIVISION, MEET THE AIR QUALITY REGULATIONS FOR THEIR PULP MILLS. WERE THERE NO WASTEWATER SLUDGE TO INCINERATE IT IS PROBABLE THE MILLS WOULD ALREADY BE MEETING AIR QUALITY REQUIREMENTS. MY DEPARTMENT IS ALSO ON RECORD AS STATING THAT WATER QUALITY NEAR THE PULP MILLS, SIGNIFICANTLY IMPROVED OVER EARLIER YEARS, WOULD NOT BE MEASURABLY BETTER AS A RESULT OF EPA'S REQUIREMENTS. THE ADDITIONAL END-OF-PIPE TREATMENT TO REMOVE BIOLOGICAL OXYGEN DEMAND BY 28 POUNDS PER TON OF PULP PRODUCED WOULD NOT RESULT IN A MARKED IMPROVEMENT OF THE WATERS NEAR THE PULP MILLS.

THE PROPOSED VARIANCE WOULD ALLOW THE PULP MILLS TO MAINTAIN A WASTEWATER DISCHARGE WITH A BOD_5 LEVEL OF 75 POUNDS PER TON OF PULP PRODUCED. BASED ON OUR WATER QUALITY SURVEY IN 1980, IT IS OUR OPINION THAT THE EXISTING LEVEL OF BOD_5 CONTROL IS NOT CAUSING AN ADVERSE IMPACT ON THE RECEIVING WATERS.

EVEN THE AMOUNT OF CONTROL REALIZED BY THE DENIAL OF THE VARIANCE IS MISLEADING. UNDER THE PROPOSED GUIDELINES FOR BOD_5 CONTROL THE MILLS WOULD LOWER THEIR BOD_5 DISCHARGE BY ABOUT 28 POUNDS PER TON OF PULP PRODUCED. THE GUIDELINES, HOWEVER, WOULD ALSO ALLOW THE MILLS TO RAISE THEIR WASTEWATER EMISSIONS OF TOTAL SUSPENDED SOLIDS IN THE WASTEWATER DISCHARGE BY ABOUT 12 POUNDS PER TON OF PULP PRODUCED. THIS OCCURS BECAUSE THE VERY ACT OF TREATMENT TO REMOVE BOD_5 FROM THE WASTEWATER STREAM CREATES SLUDGE AND SUSPENDED SOLIDS.

PREVIOUS COMMISSIONERS OF THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION HAVE VOICED THIS SAME CONCERN, THAT THE REDUCTION OF BOD FROM THE EFFLUENT RESULTS IN SLUDGE TO BE BURNED AND ADDITIONAL SUSPENDED SOLIDS TO BE DISCHARGED. OUR OBJECTIONS TO PERMITS PROPOSED IN 1973 AND 1980 WERE BASED ON THAT VERY SAME POINT.

WE AS REGULATORS IN AN EFFORT TO PROTECT THE ENVIRONMENT HAVE AN EQUAL RESPONSIBILITY TO REALIZE AND CONSIDER THE EFFECTS THESE REGULATIONS WILL HAVE IN OTHER PARTS OF THE ENVIRONMENT AND ON THE PEOPLE FOR WHOM THE ENVIRONMENT WAS CREATED. IN THIS CASE, IT APPEARS TO BE A MATTER OF MINIMAL GAIN IN ONE AREA FOR AGGRAVATED LOSSES IN OTHERS. IF THE PULP MILLS WERE PROVEN TO BE DESTROYING THE WATER QUALITY NEAR THE MILLS AND IF THE SECONDARY TREATMENT HAD NOT AND WILL NOT IMPACT THE AIR QUALITY OF THE AREA, YOUR DECISION WOULD MORE THAN LIKELY BE EASIER.

IN CONCLUSION, I WOULD LIKE TO STATE THAT THE DEPARTMENT DOES NOT PRESENTLY SUPPORT THE EPA'S TENTATIVE DECISION TO DENY THE PULP MILLS' REQUEST FOR A VARIANCE. IT APPEARS TO US THAT RECENT, UPDATED INFORMATION ON THE ECONOMIC FACTORS AFFECTING THE MILLS' VARIANCE REQUESTS IS VITAL TO THE FINAL DECISION AND MUST BE GIVEN SERIOUS ATTENTION. I URGE THE EPA TO CAREFULLY CONSIDER THE TESTIMONY BEING PRESENTED HERE, AND I LOOK FORWARD TO CONTINUING OUR COOPERATIVE EFFORT TO ACHIEVE A REALISTIC RESOLUTION OF THE ISSUE OF WASTEWATER CONTROL FOR THE PULP MILLS.

THANK YOU FOR THIS OPPORTUNITY TO PRESENT MY DEPARTMENT'S VIEWS.

ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF (1) TENTATIVE DECISION TO DENY FUNDAMENTALLY DIFFERENT FACTORS VARIANCE REQUESTS OF ALASKA LUMBER AND PULP CO., INC., SITKA, ALASKA AND LOUISIANA-PACIFIC CORPORATION, KETCHIKAN, ALASKA, (2) PROPOSED REISSUANCE OF NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM PERMITS TO DISCHARGES TO WATERS OF THE UNITED STATES, (3) PUBLIC HEARING ON THE TENTATIVE DECISION AND THE PROPOSED REISSUANCE OF NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM PERMITS, (4) STATE CERTIFICATION, AND (5) TENTATIVE DECISION TO DENY PETITION TO ESTABLISH AN ALASKA SUBCATEGORY IN THE PULP, PAPER, AND PAPERBOARD POINT SOURCE CATEGORY.

AGENCY: Environmental Protection Agency.

ACTION: Notice of Tentative NPDES Permit Decisions and Tentative Decision to Deny Petition to Establish an Alaska Subcategory.

SUMMARY: The Environmental Protection Agency (EPA), Region X and the Assistant Administrator for Water, are today providing notice of (1) a Tentative Decision to deny fundamentally different factors (FDF) variance requests submitted by Alaska Lumber and Pulp Co., Inc., Sitka, Alaska (ALP) and Louisiana-Pacific Corporation, Ketchikan, Alaska (LPK), (2) proposed reissuance of National Pollutant Discharge Elimination System (NPDES) permits to discharges of ALP and

LPK to waters of the United States, (3) public hearings on the Tentative Decision and the proposed reissuance of NPDES permits, and (4) request for certification of the NPDES permits by the Alaska Department of Environmental Conservation (ADEC).

At this time, EPA is also notifying ALP and LPK that EPA is tentatively denying their petition for establishment of a new Alaska subcategory in the pulp, paper, and paperboard point source category.

DATES:

Comment Period - Interested persons may submit written comments on the Tentative Decision to deny the FDF variance requests, the proposed reissuance of NPDES permits, and the administrative record to the Region X Administrator at the address below no later than (60 days after publication). Persons wishing to comment on the Tentative Decision to deny the request for establishment of an Alaska subcategory should submit written comments to the Effluent Guidelines Division at the address below no later than (60 days after publication). Persons wishing to comment on the State Certification should submit written comments to the Alaska Department of Environmental Conservation at the address below no later than (60 days after publication).

Public Hearing - The Hearing Officer designated by the Regional Administrator will conduct a public hearing on the Tentative Decision to deny the FDF variance requests and the proposed reissuance of the NPDES permits on November 8, 1983 at 7:00 pm in Sitka, Alaska and on November 9, 1983 at 7:00 pm in Saxman, Alaska at the addresses indicated below.

ADDRESSES:

Public Comments - Send comments on the Tentative Decision to deny the FDF variance requests and the proposed reissuance of NPDES permits to: Region X Administrator, Environmental Protection Agency, 1200 Sixth Avenue, Seattle, Washington 98101.

Send comments on the Tentative Decision to deny the request for establishing a new Alaska subcategory to: Robert W. Dellinger, Effluent Guidelines Division (WH-552), Environmental Protection Agency, 401 M Street, SW, Washington, D. C. 20460.

Send comments on State Certification to: Commissioner, Alaska Department of Environmental Conservation, Pouch O, Juneau, Alaska 99801.

Public Hearings - EPA will conduct public hearings on November 8, 1983 at 7:00 pm in Sitka, Alaska at Centennial Building, 330 Harbor Drive, Sitka, Alaska 99835 and on November 9, 1983 at 7:00 pm in Saxman, Alaska (which is near Ketchikan, Alaska) at Saxman Community Hall, Saxman, Alaska 99901.

Administrative Record - These actions are based on the administrative record available for public review during normal prevailing business hours at the offices of the Environmental Protection Agency described below. The major documents are the Tentative Decision and the Tentative Decision Support Document, which may be obtained free of charge from Messrs. Danforth Bodien and Robert W. Dellinger at the addresses indicated below in "FOR MORE INFORMATION CONTACT".

Library
Region X
Environmental Protection Agency
1200 Sixth Avenue
Seattle, Washington 98101
8:00 am to 4:30 pm
(206) 442-1259

Alaska Operations Office
Environmental Protection Agency
3200 Hospital Drive, Suite 101
Juneau, Alaska 99801
8:00 am to 4:30 pm
(907) 586-7619

Library
Region IV
Environmental Protection Agency
345 Courtland Street, N.E.
Atlanta, Georgia 30365
8:30 am to 4:30 pm
(404) 881-4216

Public Information Reference Unit
Room 2922 (Library)
Environmental Protection Agency
401 M Street, S.W.
Washington, D.C. 20460
8:00 am to 4:30 pm
(202) 382-5926

Copying machines are available at the EPA Libraries in Seattle, Washington, Atlanta, Georgia, and Washington, D.C. The EPA information regulation (40 CFR Part 2) provides that a reasonable fee may be charged for copying.

FOR FURTHER INFORMATION CONTACT: Further information on these actions, and requests for copies of the Tentative Decision, Tentative Decision Support Document and draft NPDES permits, may be obtained from Mr. Danforth Bodien, Region X, Environmental Protection Agency (M/S 329), 1200 Sixth Avenue, Seattle, Washington 98101 (Telephone No. (206) 442-1531) or Mr. Robert W. Dellinger, Environmental Protection Agency (WH-552), 401 M Street, SW, Washington, D.C. 20460 (Telephone No. (202) 382-7137).

SUPPLEMENTARY INFORMATION

Background

The following companies applied for reissuance of their NPDES permit to discharge pollutants to waters of the United States in March 1980.

Alaska Lumber and Pulp Co., Inc.
Post Office Box 1050
Sitka, Alaska 99835
NPDES Permit No. AK000053-1

Louisiana-Pacific Corporation
Post Office Box 6600
Ketchikan, Alaska 99901
NPDES Permit Number AK000092-2

ALP is engaged in the production of dissolving sulfite pulp at their facility near Sitka, Alaska. ALP discharges from two outfalls into Sawmill Creek and Silver Bay which are presently protected for the following uses according to the State's federally approved water quality standards: water supply; water recreation; growth and propagation of fish, shellfish and other aquatic life; and harvesting for consumption of raw mollusks.

LPK is engaged in the production of dissolving sulfite pulp at their facility near Ketchikan, Alaska. LPK discharges from three outfalls into Ward Cove which is presently protected for the following uses according to the State's federally approved water quality standards: water supply; water recreation; growth and propagation of fish, shellfish and other aquatic life; and harvesting for consumption of raw mollusks.

At the same time that ALP and LPK applied for reissued permits, they requested variances from EPA's best practicable control technology currently available (BPT) effluent limitations guidelines for biochemical oxygen demand (BOD₅) for the Dissolving Sulfite Pulp Subcategory of the Pulp,

Paper, and Paperboard Point Source Category (40 CFR 430, Subpart K). These EPA regulations are national standards which are to be met by all point source dischargers pursuant to Sections 301(b)(1)(A) and 304(b)(1)(A) of the Clean Water Act unless the discharger obtains a FDF variance. EPA regulations provide that, upon finding factors relating to a particular discharger that are "fundamentally different" from the factors considered by EPA in establishing the national guidelines regulations, alternative effluent limitations may be established for that discharger. The criteria to qualify for such a FDF variance are contained in EPA regulations at 40 CFR Part 125, Subpart D. The procedures for handling FDF variance requests are contained in EPA regulations at 40 CFR §§124.62 - 124.63.

Today's action announces EPA's tentative decision to deny the variance requests. After the public comment period, EPA Region X will make its Final Decision. If the decision of Region X is to approve the FDF variance requests, that decision must be submitted to the Director, Office of Water Enforcement and Permits, EPA Headquarters in Washington, D.C. for concurrence. Appeals of variance decisions are governed by EPA regulations at 40 CFR §124.64.

The basis of both ALP's and LPK's FDF variance requests can be reduced to four factors claimed to be fundamentally different:

1. the lack of land and the unavailability of external power sources and the resulting necessity to produce all power requirements,
2. non-water quality environmental impacts, particularly energy requirements,
3. costs of compliance, and
4. lack of effect on receiving water quality.

Both ALP and LPK have requested, in their FDF variance requests, that the BOD₅ be set at 75 pounds/ton (daily average) instead of the 46.8 pounds/ton (daily average) required by the BPT effluent limitations guideline. In addition, both have requested that their new total suspended solids (TSS) limitations be relaxed from their current TSS permit limitation and instead be based on the BPT effluent limitations guideline for TSS which is 76.3 pound/ton (daily average). The FDF regulations are not applicable to the companies' requests concerning TSS, as discussed subsequently.

Finally, ALP and LPK also requested that EPA create a separate subcategory within the pulp, paper, and paperboard industry for pulp production in the State of Alaska. Both facilities are currently within the dissolving sulfite pulp subcategory (40 CFR Part 430, Subpart K). They cited non-water quality environmental impacts relating to energy and solid waste disposal as factors that would justify establishing a separate Alaska subcategory.

Tentative Decision

A. Requests for Alternative Limitations

1. BOD₅ FDF Variance Requests

ALP and LPK have claimed that the lack of land and the unavailability of external power sources and the resulting necessity to produce all power requirements; certain non-water quality environmental impacts, particularly energy requirements; the costs of compliance with the guidelines; and the lack of effect on receiving water quality are individually, and in combination, factors that are fundamentally different from those considered by EPA in establishing the guidelines.

EPA has tentatively decided to deny ALP's and LPK's FDF variance requests from the BOD₅ effluent limitations guidelines. Detailed examination of all available information indicates that factors related to the ALP and LPK facilities are not fundamentally different from those considered in developing the national guidelines. ALP and LPK have provided data to support their claims of fundamental difference; the detailed analysis of this data is reflected in the Tentative Decision, the Tentative Decision Support Document and the administrative record.

EPA has determined that the unavailability of land for disposal of excess wastewater sludge at ALP and LPK is not fundamentally different from factors considered in the

guidelines development. When developing the national guidelines, EPA considered that some mills would have to incinerate, rather than landfill, excess wastewater solids. This technology is available to both ALP and LPK. In addition, EPA has determined that special site preparation claimed to be necessary at ALP to expand their treatment system is not fundamentally different from factors considered in guidelines development. When developing BPT effluent limitations, EPA included an engineering contingency factor to account for such situations. Second, EPA has determined that both ALP and LPK have the capability of generating sufficient electricity to enable compliance with the effluent limitations guidelines and, therefore, finds that the unavailability of external power sources, by itself, is not fundamentally different from factors considered in guidelines development. EPA has determined that, taken together or alone, none of the non-water quality environmental impacts, including energy impacts, discussed by ALP and LPK are fundamentally different from those factors considered in guidelines development.

EPA also has evaluated whether ALP's and LPK's energy, solid waste disposal and site preparation costs would result in compliance costs that are fundamentally different from and wholly disproportionate to those considered in guidelines development. EPA evaluated the costs that ALP and LPK have already expended for wastewater treatment now in place, plus the costs of any additional treatment claimed to be necessary

to attain the appropriate guidelines limitations. EPA has also factored in costs necessary to compensate for the necessity to burn excess sludge in a power boiler and the unavailability of external power sources. EPA disallowed those costs claimed by ALP and LPK that EPA found were not properly attributable to the attainment of BPT established by the guidelines. A summary of cost data appears below.

	<u>ALP</u>		<u>LPK</u>	
	<u>Capital</u>	<u>Total Annual</u>	<u>Capital</u>	<u>Total Annual</u>
	(In \$ Millions, March 1980)			
In-Place Allowed (EPA) Wastewater Pollution Control Costs to Meet Guidelines BPT	44.1	18.2	37.3	16.2
Additional Allowed (EPA) Wastewater Pollution Control Costs Necessary to Meet Guidelines BPT	<u>16.3</u>	<u>5.5</u>	<u>17.9</u>	<u>5.0</u>
Total Allowed (EPA) Wastewater Pollution Control Costs Necessary to Meet Guidelines BPT	60.4	23.7	55.2	21.2
EPA Model Mill Wastewater Pollution Control Costs Necessary to Meet Guidelines BPT	57.0	21.2	62.3	23.3

The estimated capital and total annual costs at ALP to attain the national BPT limitations are 6.0 and 11.9 percent, respectively, higher than the model mill costs developed by EPA, while the capital and total annual costs at LPK to attain the national BPT limitations are lower than the model mill costs developed by EPA. EPA has determined that the

cost of compliance with the national BPT effluent limitations guidelines at ALP and LPK is neither fundamentally different from nor wholly disproportionate to those costs used by EPA in guidelines development. Thus, EPA has not identified any factor that makes ALP and LPK fundamentally different from other dissolving sulfite pulp mills. Further, the lack of effect on receiving water quality is not a factor upon which a FDF variance may be granted. 40 CFR §125.31(e)(4). EPA is, therefore, proposing to deny the FDF variance requests and to reissue the NPDES permits for ALP and LPK based upon the effluent limitations contained in the dissolving sulfite pulp subcategory effluent guidelines.

The detailed justification of this decision may be found in the Tentative Decision, the Tentative Decision Support Document and the administrative record.

2. Request for Guidelines TSS Limitations

ALP and LPK have requested that their reissued permits reflect the TSS limitation in the national BPT guidelines (76.3 pounds/ton, daily average) instead of the TSS limitations in their current permits (60 pounds/ton, daily average). At various times, the companies have characterized this request as one for a FDF variance. That characterization is incorrect; FDF variances are available only from promulgated effluent limitations guidelines, not from previous permit limitations imposed under Section 12(a)(1) of the Clean Water Act.

The companies have made a special request to have the national TSS limitations incorporated into their reissued permits, apparently in the belief that 40 CFR §122.44(1) would require that the lower TSS limitation in their current permits be incorporated into their new permits instead of the higher national TSS limitation. As discussed further in the Tentative Decision, we have determined that the national TSS and BOD₅ limitations are not less stringent than those included in the current permits. Therefore, the prohibition in 40 CFR §122.44(1) against establishing less stringent permit limitations in reissued permits is inapplicable in this situation and the TSS limitation in the draft permits is based on the promulgated effluent limitations guidelines.

B. Resubcategorization

EPA is also tentatively denying ALP's and LPK's petition to establish a separate Alaska subcategory of the pulp, paper, and paperboard industry. Both facilities are currently in the dissolving sulfite pulp subcategory of the pulp, paper, and paperboard point source category (40 CFR Part 430, Subpart K). After examining the factors specified in Section 304(b) of the Clean Water Act which EPA considers when developing the subcategorization scheme for an industrial category, we have found that the factors that exist at the Alaska mills are very similar to the factors that exist at other mills in the dissolving sulfite pulp subcategory.

ALP and LPK are two of the newer mills in the dissolving sulfite pulp subcategory. Their raw wastewater flows and pollutant loadings are lower than those which formed the basis of the national BPT effluent limitations applicable to viscose grade production in the dissolving sulfite pulp subcategory. Both ALP and LPK are capable of meeting the national BPT effluent limitations through the installation and operation of biological treatment, the technology identified by EPA as the best practicable control technology currently available for the dissolving sulfite pulp subcategory. The total costs of meeting BPT at ALP and LPK are not significantly different from costs projected for similarly sized model viscose grade dissolving sulfite pulp mills. Additionally, we determined that installation and operation of available wastewater treatment technologies, including solid waste disposal and energy generating facilities, have not been shown to lead to non-water quality environmental impacts that differ significantly from those that EPA anticipated when issuing the national BPT limitations. For the above reasons, we have tentatively concluded that there is no basis for establishing a new Alaska subcategory.

Draft NPDES Permits

EPA has developed draft NPDES permits for ALP and LPK that require compliance with the national BPT, best available technology economically achievable (BAT) and best conventional pollutant control technology (BCT) effluent

limitations. The permits continue to require compliance with the mills' current BPT limitations, as required by the Clean Water Act. A July 1, 1984 compliance deadline will be established for the national BPT and BCT effluent limitations. (As explained in the fact sheets for the draft permits, EPA has determined that BCT will be equal to the national BPT limitations.) Finally, an immediate BAT compliance deadline will be established since the mills are already meeting the BAT limitations.

Neither ALP nor LPK are expected to be able to comply by July 1, 1984 with the national BPT/BCT effluent limitations. Consequently, through administrative orders, an amendment to the existing consent decrees, or some other enforcement mechanism, both ALP and LPK will be placed on the following compliance schedule to meet the national BPT effluent limitations. EPA specifically invites comment as to the appropriateness of this compliance schedule.

April 1, 1984 - Completion and submittal of final engineering plans.

June 1, 1984 - Commencement of construction.

December 1, 1984 - Report on construction progress.

June 1, 1985 - Completion of construction.

July 1, 1985 - Attainment of operational level.

State Certification

This notice will also serve as public notice of the intent of the Alaska Department of Environmental Conservation to consider certifying that the subject discharges will comply with the applicable provisions of Sections 208(e), 301, 302, 303, 306 and 307 of the Clean Water Act. The NPDES permits will not be issued until the certification requirements of Section 401 have been met.

Public Comments and Public Hearing

Persons wishing to comment on the tentative decisions relative to the FDF variance requests and the proposed re-issuance of the NPDES permits may do so in writing, within 60 days of the date of this public notice. Written comments must be received within this 60 day period to be considered in the formulation of final determinations regarding the applications. All written comments should include the name, address, and telephone number of the commenter and a concise statement of the exact basis of any comment and the relevant facts upon which it is based. All written comments should be submitted to the Region X Administrator as indicated above.

200
5/15/83

Public hearings will be held in both Sitka, Alaska and
~~Ketchikan~~^{Saxman}, Alaska, at the times and locations as indicated
earlier in this notice, to receive both oral and written
testimony on the tentative decisions and the proposed reissuance of the NPDES permits.

Persons wishing to comment on the Tentative Decision relative to establishing a new Alaska subcategory should submit written comments within this 60 day period to the Effluent Guidelines Division as indicated above.

Persons wishing to comment on State Certification should submit written comments within this 60 day period to the Alaska Department of Environmental Conservation as indicated above.

It is important to note that this will be the only opportunity to comment on these matters prior to EPA's final decisions on these matters.

29 Aug. 1983
Date

Ernesta B. Barnes
Ernesta B. Barnes
Regional Administrator
EPA Region X

24 Aug 1983
Date

Rebecca W. Hammer
Rebecca W. Hammer
Acting Assistant Administrator
for Water

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

LABOR AND COMMERCE COMMITTEE, CHAIRMAN
RESOURCES COMMITTEE
JUDICIARY COMMITTEE
FISHERIES SUB-COMMITTEE



P.O. BOX 143
SITKA, ALASKA 99835
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4916

November 10, 1983

The Honorable William Ruckelshaus
Administrator
Environmental Protection Agency
401 M Street, SW
Washington, D.C. 20640

Dear Mr. Ruckelshaus:

I am writing to urge you to grant the variance requested by Alaska Lumber & Pulp Co. The variance would allow this pulp mill, located at Silver Bay in Southeast Alaska, to continue to operate in a productive manner. Without the variance, the mill will most likely be forced to shut down.

Currently, the mill flushes its waste into Silver Bay. EPA regulations say the mill waste should be treated and disposed. The problem is that to treat and dispose the waste is extremely expensive, not to mention that the burning of the treated waste creates air pollution.

I am a commercial fisherman. Water quality is a concern to me because it effects the fish I catch. I can assure you there is no water quality problem in Silver Bay. In fact, you can catch fish right up to the mill!

As the state senator for Sitka, the town near Silver Bay, I must urge you to grant this variance. The mill provides many jobs for the people of Sitka. Fishing and the pulp mill are our economic base. For years the two have been compatible. The variance will allow this harmonious economy to continue.

Sincerely,

Sen. Dick Eliason

Forest Service Presentation to the Senate Resources Committee,
Alaska Legislature, Regarding
SJR 29 -- "Supporting Variance Requests
by Pulp Mills in Southeast Alaska"

2:30 p.m., January 16, 1984, Beltz Room, Alaska Capitol Building
Michael A. Barton, Deputy Regional Forester

The Forest Service is pleased to provide testimony on Senate Joint Resolution 29 relating to EPA's decision to deny the Fundamentally Different Factor Variance for secondary treatment of effluent from Alaskan pulpmills. James S. Watson, former Ketchikan Area Forest Supervisor, presented testimony on this matter to the EPA at a hearing in Ketchikan on May 11, 1976, concerning secondary treatment for the Ketchikan Pulp Company. Forest Service Supervisors Gee and Green also provided testimony to EPA on the subject at two hearings in November, 1983.

The significance of the timber industry to the economy of Alaska is fully recognized by the Forest Service. At the same time, the Forest Service is in full agreement with objectives of the Clean Water Act. We believe that a healthy timber-based economy can exist within the framework of this Act.

The value of the pulp industry to the economy of Southeast Alaska has been recognized since near the turn of the century. The efforts of many Alaskans during the first half of the century were instrumental in the development of the pulp industry in Alaska during the early 1950's. Some of the original and still valid objectives are: (1) encouraging the development of Alaska, (2) the establishment of new industry with a commercially sound and permanently economical basis while providing due regard for the protection of the natural resources of Alaska, and (3) specifically for the establishment of the pulpmill industry for the efficient utilization of forest projects.

The nature and composition of the commercial forests of Southeast Alaska along with Pacific Rim markets dictate the type of industry needed to efficiently utilize the timber. Most of the timber stands are mature and overmature western hemlock with considerable defect. The optimal market for these stands is pulpwood. Without the pulp market, less than one-half of these stands would be marketable. There is no feasible economical opportunity to harvest saw logs only with such operations being silviculturally or environmentally acceptable. Integrated and balanced markets for both pulpwood and saw logs are key to sustaining the timber base economy of Southeast Alaska.

The Sitka and Ketchikan pulpmills provide the only economic outlet for pulpwood in Southeast Alaska. The plants have a total capacity of 392,000 short tons of pulp annually. Approximately 334 MMBF of logs are required each year for this production level. The material comes from National Forest, State of Alaska, and Alaska Native Corporation lands.

Closure of one or both mills will have a significant impact on Southeast Alaska and reverse decades of effort on the part of many to strengthen and diversify the economy. Well over 2,500 jobs could be lost to the Regional economy with the closure of these pulpmills.

We have recently evaluated the effects of closure of both pulp mills upon the economy of Alaska. A conservative estimate of the direct and indirect reduction in income as a result of the closure of both mills is \$147.6 million annually. This estimate assumes no alternative market for pulp logs and hemlock cant production can continue independent of pulp production.

This was derived by using the Alaska Interactive Policy Analysis Simulation System developed by the Forest Service (Pacific Northwest Forest and Range Experiment Station) in cooperation with the University of Minnesota.

Indirectly, the pulp industry has also provided benefits to Alaska and the country as a whole that exceeded the original objectives. These benefits relate to the continuing development of a critically needed ground transportation network in Southeast Alaska and the balance of payments through heavy export of timber projects from Alaska.

An example of the benefits to the transportation network is the approximately 70 miles of State highway system on Prince of Wales Island which links several island communities to the Alaska Marine Highway system. These State highways were developed by improving existing roads that were originally constructed for the harvest of timber. Currently there are about 300 miles of State highways in Alaska that were developed in this fashion, and more are planned.

Since most of Alaska's wood products are exported, indirect benefits may be more significant than the direct contribution to the Nation's economy. Alaska has historically exported many of its resource-based products in raw or semi-processed form. Logs, lumber, dissolving pulp, minerals, fish, and natural gas are the primary exports. Alaska's major trading area is the Pacific Rim, accounting for nearly two-thirds of Alaska's domestic and foreign trade. Japan is Alaska's principal trading partner, representing more than 90 percent of Alaska's foreign import/export trade. The value of forest products exported has increased roughly 65 percent since 1976, with the greatest growth in round log and pulp exports. Forest exports represent approximately one-quarter of the total value of exports from Alaska, or about \$190 million dollars in 1983.

However, Alaska is supplying less than 1 percent of the total volume of wood being used in Japan, South Korea, the Peoples Republic of China, and Taiwan. Competition from Canada and other exporting countries is keen. Purchasers of National Forest timber in Alaska must meet much higher utilization, environmental practices, and primary manufacturing requirements than those required by these competing countries. These requirements add to the cost of production, and with the current poor market situation both the long-term pulp

timber sales are at or near "base rates" with little room to absorb additional production costs. Under present markets, these two pulpmills may not be able to operate if these requirements are to be imposed at this time.

Although we foresee some improvement in markets for the next rate redeterminations on the long-term sales, there is little chance that markets will improve to the point of absorbing the construction and operating costs of the additional secondary treatment requirements being considered. To date the mills have spent approximately \$49 million for environmental protection measures.

In our statement we have avoided making judgments on the impacts of effluent discharge on water quality. We recognize that the law simply does not provide for consideration of effects on receiving waters as the criterion for granting a variance. However, requiring sizeable expenditures if there is no improvement in water quality would seem inconsistent with the objective of environmental protection as well as the efforts to improve the competitive position of the United States in world markets.



ALASKA MINERS ASSOCIATION, INC.

*NRN
of Yukon*

FAIRBANKS BRANCH
P.O. Box 73069
Fairbanks, Ak 99707

February 2, 1984

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VICE CHAIRMAN

ROGER BURGGRAF
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(907) 479-2596

Dear Bettye;

SECRETARY

ROSE RYBACHEK
P.O. Box 55698
North Pole, Alaska 99705
(907) 488-6453

We wanted to send you the enclosed Resolution regarding the pulp mill problem with EPA. We feel that the situation facing that industry is very similar to that facing the mining industry.

We certainly appreciate all the support we have received from you.

TREASURER

BARRY DONNELLAN
P.O. Box 73795
Fairbanks, Alaska 99707
(907) 456-2309

Sincerely yours,

DIRECTORS

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Rose Rybachek, Secretary

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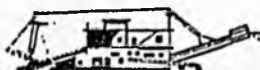
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RUDY VETTER
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WHEREAS: The State of Alaska is a developing state without an industrial base and must rely almost totally on the production of its natural resources for revenue, and

WHEREAS: The pulp and lumber industry is economically vital to the State of Alaska, and

WHEREAS: There is no substantial local environmental degradation to Alaskan waters as a result of the pulp and lumber industry, and

WHEREAS: Public Law 92-500 (Clean Water Act) provides the mechanism for granting a variance where there is no substantial degradation to state waters, and

WHEREAS: EPA has tentatively denied a variance to Alaskan pulp mills partially on the grounds of uniform standards, THEREFORE

BE IT RESOLVED that the Alaska Miners Association go on record as supporting the granting of a variance from EPA to Alaska's pulp and lumber mills, and

BE IT FURTHER RESOLVED that the Alaska Miners Association requests EPA to consider economic factors as outlined in the Clean Water Act when making their decision on the variance.

APPROVED 1/31/84 BY FAIRBANKS AND JUNEAU BRANCHES





STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 15, 1984

Dear Congressman :

I am writing to you concerning a matter of great importance to me and the people of Southeast Alaska. The House Public Works and Transportation Committee has reported unanimously an amendment in H.R.3282 which addresses the effective National Pollutant Discharge Elimination System (NPDES) permit conditions for two Southeast Alaska pulp mills. It has come to my attention that there may be an effort to remove this amendment either in a Committee substitute or on the House floor, and I am seeking your support to prevent this.

A legislative solution to this issue originally was determined necessary by the Committee because the mills' request for a waiver from guideline Best Practicable Technology compliance has been tentatively denied by the Environmental Protection Agency (EPA). EPA's administrative review of the mills' request revolves around comparison with a hypothetical "model mill". Unfortunately, EPA is precluded from considering either the mills' ability to pay for any mandated investment or the impact on water quality which the current permits allow. Both of these factors argue strongly for a legislative solution to the issue.

Absent legislative action, and if the tentative denial of the waiver request is upheld by EPA, massive new investment in water pollution control equipment would become mandatory for the two mills. Due to worldwide recession, the economic condition of the timber industry is extremely depressed in Southeast Alaska. Additionally, foreign sources of pulp products, operating without nearly as stringent environmental controls as the Alaskan mills currently have, provide competition which has shrunk the market share for American-produced products. New pollution-related investment, thus, would likely cause both mills, which are far and away the largest employers in the two cities of Ketchikan and Sitka and

The Honorable
June 15, 1984
Page Two

around which much of the rest of the economy of Southeast Alaska revolves, to cease operations permanently. The upheaval and economic hardships that closure of the mills would cause is incalculable in terms of human suffering. Our economists estimate that up to five thousand industry-dependent jobs would be lost if the mills closed, and this from a total employment base in the surrounding area of fifteen thousand jobs! I would not be fully committing the resources of my office to preventing this if I thought that the amendment did not afford adequate environmental protection. However, I have been assured by the State's Department of Environmental Conservation, as well as numerous other credible outside observers that the current permit conditions do afford adequate protection for Alaska's marine waters. Indeed, due to the unique geographical locations of these mills and the lack of adequate landfill for sludge disposal, further attempts at water pollution abatement will cause additional incineration of sludge waste, with potentially deleterious impacts on air quality. I have also noted that Administrator Ruckelshaus' extensive critique of H.R.3282 did not include this amendment as one of the defects in the bill from EPA's point of view.

As you can imagine, being a Democratic Governor I cannot stand by while unnecessary costs and severe economic hardship to many of our citizens in Southeast Alaska are looming if additional water pollution control requirements are imposed for no commensurate environmental protection. Thus, in light of this situation, I am asking for your help. Your support for retaining the Committee's amendment as H.R.3282 heads to the House floor is urgently needed to maintain the economic base of Southeast Alaska. Since our party has rightfully prided itself on its record of environmental protection, you can be assured that your support will also maintain needed environmental protection for Alaska's waters as well.

I hope I can count on your support. If you have any questions on this issue or desire any additional information, please do not hesitate to contact me or John Katz of my Washington, D.C. office at (202) 624-5858.

Thank you for your consideration and attention to this important matter for the people of Southeast Alaska.

Sincerely,

/Signed/

Bill Sheffield
Governor

EPA denies waivers

By the Log Staff

Southeast Alaska's pulp industry and two communities are preparing for a struggle with the U.S. Environmental Protection Agency (EPA) over tentative denial of variances from federal wastewater quality standards.

Ketchikan and Sitka are marshaling community leaders and arguments for November hearings on EPA decisions the cities believe threaten crucial local industries.

EPA regional administrator Ernesta Barnes ruled tentatively last month that Alaska Lumber and Pulp (ALP) of Sitka and Louisiana-Pacific Ketchikan (LP) would be denied variances from environmental protection requirements. The sulfite pulp mills operated by the companies would have to improve their wastewater treatment facilities if the federal agency upholds its decision.

The agency estimates the cost at \$17 million for safeguards at LP's Ward Cove pulp mill. EPA says a similar outlay would be needed for ALP's Sitka mill, but some company and business leaders say the cost could be as much as \$50 million.

The decision by Ms. Barnes overturned a 1981 ruling by former regional administrator John Spencer granting variances. Present EPA standards for the dissolving pulp plants permit discharges of as much as 75 pounds of biological oxygen-demanding substances per ton of pulp product. The standards that would be in effect with a denial of variances would reduce the permitted discharge to 45 pounds per ton. The companies face the prospects of installing secondary effluent treatment plants which would require increased power and for land or incinerator disposal of sludge. LP says the costs could increase its pulp price by as much as a third, hurting the company in competitive markets.

Both companies reportedly have talked about closing their mills rather than install treatment devices. Both say they are hard pressed because of diminishing markets and low prices. LP this month has proposed selling its pulp mill to employees through a stock option plan.

The Sitka Chamber of Commerce has said the EPA ruling could close the pulp mill and throw about 500 employees out of work. LP has implied its pulp operations in Ketchikan might cease in the face of the EPA order, though no one at the company has said it

outright. But in the words of LP's controller in Ketchikan, Martin Pihl, "In today's economic environment the monies just aren't available for any significant additional expenditure."

The EPA will hold public hearings on the tentative decisions Nov. 8 in Sitka and Nov. 9 in Saxman, south of Ketchikan. A Nov. 7 hearing in Seattle will precede the local meetings. Ms. Barnes will attend the hearings with Ron Kreizenbeck of the agency's Juneau office. Kreizenbeck said EPA will also bring along technical experts, including a pulp and paper scientist. An administrative law judge will conduct the hearings.

In Ketchikan recently, LP officials met with nearly a hundred community leaders to prepare for the Saxman hearing. Pulp mill manager Ed Fisher told the gathering the environmental agency had changed its guidelines and now based them on money spent for water quality protection equipment, rather than on the former standard of improved water quality. He said the agency was basing its decision that LP didn't meet the standard for a variance on a hypothetical model mill's pollutant discharge and anti-pollution devices.

Pihl said the two pulp companies seek either variances or a new category for Alaskan mills under EPA statutes. Pihl cited higher costs of anti-pollution equipment and of power in Alaska than for the agency's model mill, the lack of land for plant siting and sludge disposal and the absence of impact on the ocean from the mill's disposal.

Pihl noted that both mills had made progress in reducing pollutant discharge since the EPA reduced thresholds in 1976, but at the cost of many millions of dollars. But the agency did permit the pulp mills to install equipment for pollution reduction at a smaller price than originally thought and over a longer time. The agreements with the agency followed heated, emotional public meetings.

Fisher told Ketchikan leaders an "emotional outpouring" wouldn't help the companies this time. He said the local hearing in Saxman should be an opportunity for the community to present facts to the federal agency.

"The EPA, in this hearing, is not concerned that someone's business will go 30 percent if the mill closes," Fisher said. "It will be interested solely in the facts surrounding the variance request."

EPA grants waivers

By GREGG POPPEN
Log Staff Writer

Three Southeast Alaska communities this September became the first in the U.S. to receive permission from the Environmental Protection Agency (EPA) to discharge their sewage effluent without secondary treatment.

The waivers mean significant cost savings to these communities and other Southeast cities are hoping to gain the same advantage.

Sitka, Skagway and Wrangell won EPA waivers that will allow them to discharge sewage into salt water after primary treatment. The coastal communities had applied in the late 1970s for exemptions from the federal Clean Water Act. The approval came last month from EPA regional administrator Ernesta Barnes in Seattle. Ms. Barnes said the cities had "made convincing showings that their sewage effluents, with less than secondary treatment, will not harm the waters into which they are discharged."

Ms. Barnes said the waivers were granted because the discharge won't affect public water supplies, marine life or recreational activities or violate state water quality standards. The waivers are good for five years and EPA requires the water to be monitored for renewal requests.

Skagway and the city filed for the waiver in

1979 and sued the environmental agency along with several other Southeast coast cities, said city manager Skip Elliott. Free legal help was provided by the Pacific Legal Foundation, he said. Cities argued that rules requiring environmental impact statements for waiver requests were "discriminatory and costly" to small communities. The EPA counter-sued for non-compliance with Clean Water Act standards after changes in environmental law last year, he said.

The city, with a population of 761, built a secondary treatment plant in 1979.

"At its best-phase operation the plant just did not work," said Elliott. "We were spending \$12,000 to \$15,000 a month trying to reach the EPA requirements. Because it was so expensive and didn't work the City Council blew up at the EPA" and sued. He said operation of the primary treatment plant, discharging effluent into Taiya Inlet, will cost Skagway about \$1,200 a month.

"We were trying to get the EPA to look at pollution as more than just a mathematical equation from behind their desks in Washington, D.C.," Elliott said. The Alaska Department of Environmental Conservation (DEC) supported the city in its suit and its attempt to find "a realistic, workable and

Waivers

Continued from page B-12

minimal treatment" for small communities, he said. "There's no industrial waste here, and there's little actual sewage per receiving water. DEC helped convince the judges that EPA standards are not responsive to small communities."

Skagway and Wrangell will screen and discharge their sewage under the waivers. Wrangell's population of about 1,800 has a secondary treatment plant, but city manager Joyce Rasler said it has modified the facility for screening and outfall discharge into Zimovia Strait. She said Wrangell too will save thousands of dollars a year because of the waiver.

Sitka and Ketchikan were not involved in the suit against the EPA. Neither city has previously had a sewage treatment plant, though Sitka will finish its new plant by the end of this month and Ketchikan is moving toward final design of its own.

Sitka, however, has received an EPA waiver and its plant will provide primary treatment. City engineer Larry Harmon said the design can be modified for secondary treatment if needed. But Harmon said that would add 50 percent to the cost of the \$7.8 million primary plant. The Sitka sewage treatment will add clarifying and other physical and chemical processes to its primary plant.

"If you have the right conditions you can use the simple primary treatment," Harmon said. "But you have to prove to the EPA that you can meet their standards for the receiving water. We felt screening alone wouldn't work." Sitka's effluent goes into Middle Channel in Sitka Sound.

Harmon noted that the city had to submit

environmental studies of the sound with its waiver request. The EPA said in approving the waivers for the three cities that the qualities of the marine waters that would receive the discharges was crucial.

Ketchikan city manager James Van Altvorst said the city is hoping for an EPA waiver to permit discharge of effluent into Tongass Narrows after primary screening treatment.

Of the active tidal area, Van Altvorst said, "It's our contention the treated effluent will not degrade the Tongass Narrows. It will in fact improve it." He said Ketchikan now discharges its untreated sewage into the Narrows through eight outfalls.

The city is planning to build a treatment plant "that presumes a waiver," said Van Altvorst, with potential for adding on secondary treatment if a waiver is denied. But with more than \$10 million in grants pledged from the state and federal governments for the more expensive plant originally planned, the city doesn't want to start construction of a \$3 million plant. Grant money not needed for construction would be reclaimed when a construction contract is signed, and if the waiver is denied the city would be several million dollars short of its need for a full-scale secondary plant.

Ron Kreizenbeck of the EPA's Anchorage office said the tentative decision on the Ketchikan waiver request is several weeks away. He said some of the conditions for the city's waiver are different from other cities. "The big difference between those granted waivers and Ketchikan is the population and the proximity of beaches and homes."

He said public hearings would be held if the EPA turns down Ketchikan's request.

Whale watch planned

By RANDI SULKIN

Staff Writer

Besides keeping track of whale activity, volunteers will also keep records of the