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Report: Cook Inlet Salmon & Resources More Valuable Than Coal for China

**Provides Governor Parnell with strong basis to keep his promise
to Alaskans to “never trade one resource for another.”**

Anchorage, Alaska – A new analysis of the potential economic costs and benefits of the Chuitna Coal Strip Mine in Upper Cook Inlet finds that economic and environmental damages to fisheries, ecosystems, air, climate and water quality could be over six times greater than the economic benefits that may flow from the sale of coal to Asian markets. The report gives Governor Sean Parnell a strong foundation to reject plans to mine through salmon habitat as part of the Chuitna Coal Strip Mine. The report “*Net Public Benefits of the Chuitna Coal Project – A Preliminary Analysis*,” was prepared by the Center for Sustainable Economy, a non-profit consulting firm with a strong background in Alaska energy and mining issues.

“It’s a no-brainer. Everyone knows coal is dirty and that strip mining will destroy Alaska salmon streams,” said Bob Shavelson, Executive Director of Cook Inletkeeper, the organization that commissioned the report. “We now know this mine will also strip away billions of dollars of value from Alaskans. Governor Parnell has said repeatedly he will not trade one resource for another, and now we’re giving him strong economic grounds to reject the project and honor Alaskans’ demands to protect wild salmon habitat.”

The Chuitna Coal Strip Mine would be located near the communities of Tyonek and Beluga on the West side of Cook Inlet, 45 miles west of Anchorage. It would be the largest coal strip mine in Alaska and has provoked a rash of controversy because it would be the first project in state history to completely mine through salmon streams and destroy salmon spawning and rearing habitat, wetlands and subsistence resources in Cook Inlet.

“Federal and state law require decision makers to assign a price tag to the project’s toll on fish, wildlife, clean water, clean air, climate and subsistence using best available methods and sources of information,” says Dr. John Talberth, the report’s primary author. “Our preliminary analysis shows that these costs could be three to six times higher than any benefits the project generates. As such, it is unlikely the Chuitna Coal Project can fulfill the Alaska Constitution’s mandate to manage the state’s natural resources ‘for the maximum benefit of its people.’”

The report gives Governor Parnell ample grounds to respond to a petition filed to protect salmon habitat from coal strip mining. In January 2010, Cook Inletkeeper and local property owners, hunters and fishermen with the Chuitna Citizen Coalition filed a petition with the State to set aside the Chuit River, its tributaries and riparian areas as unsuitable for coal strip mining. The law requires the state to deem areas “unsuitable” for coal mining if they cannot be reclaimed to their pre-mining functions and values after mining. Because the Chuitna project would be the first project in state history to mine completely through 11 miles of wild, Alaska salmon stream, and because reclaiming a mined-through salmon stream has never been done before, the petitioners sought to remove all salmon streams from the Chuitna mine plan. The law required Governor Parnell and the Alaska Department of Natural Resources to respond to the petition by April 19, 2011. To date, the Governor and DNR continue to violate the law by failing to render a decision on the petition.

“It sends the wrong message to Alaskans when our Governor and his Administration openly break the law,” said Cook Inletkeeper’s Shavelson. “This report gives Governor Parnell clear-cut data to honor his word and stand by his repeated promises to Alaskans to “never trade one resource for another.”

Among the report’s key findings:

- Federal agencies must rely on the best scientific information and methods available in the analysis of projects of this size and magnitude. These methods require federal and state agencies to analyze the Chuitna Coal Strip Mine from the standpoint of net public benefits, and not the narrow perspective of financial benefit to project investors.
- Chuitna coal strip mine development could cost Alaska \$2 billion in economic losses over the 25 year life of the mine based on the loss of intact freshwater and

marine habitats including fish, flood control, water purification, subsistence resources, recreation and scenery.

- Taking all relevant costs into account suggests the project would result in a net economic loss of \$57 to over \$75 billion over its 25 year life.
- A project that has a benefit-cost ratio below 1.0 is not economically viable from a public perspective; the Chuitna coal project has a benefit cost ratio¹ .3134 to .1713, meaning this project's cost exceed benefits by a factor of at least 3 and up to 6.
- Air quality damages associated with emissions of sulfur dioxide, nitrous oxide, and particulate matter from coal combustion would generate a present value cost of \$53.09 billion over the mine's 25 year life.
- Carbon emissions damage associated with emissions throughout the life cycle of Chuitna coal would generate a present value cost of \$17.26 billion over the mine's 25 year life.
- The social costs could range between 193 and 604% of market price of the extracted coal, a finding that corroborates the range published in existing literature.

“If the government allows Alaskans to manage our salmon and water resources responsibly, we can reap enormous benefits for many generations to come,” Cook Inletkeeper’s Shavelson said. “But if the government ignores Alaskans and plows ahead with short-sighted projects that destroy salmon fisheries and the local families they support, we’ll lose our fisheries just as they have in Oregon, Washington and California.”

The report was sent today with a cover letter to Governor Sean Parnell, and it will be provided to other federal and state decision makers as input into the economic analysis being prepared for the Chuitna Coal Strip Mine. Copies of the full report can be downloaded from the Cook Inletkeeper or Center for Sustainable Economy websites at:

<http://bit.ly/chuitna-net-benefits>

<http://www.sustainable-economy.org/main/news/49>

¹The benefit-cost ratio is the present value of benefits divided by the present value of cost. A benefit cost ratio above 1.0 is economically worthwhile from a public perspective. A benefit-cost ratio of 1.0 represents the lowest value that should be considered for public support. A benefit-cost ratio below 1.0 is indicative of a policy, program, or project that is not economically viable from a public perspective.