

**Statement of:**

**Tri-State Generation and Transmission Association, Inc.**

Bureau of Land Management (BLM)  
Public Scoping Meetings on Preparation of a Programmatic Environmental Impact Statement  
(PEIS) for Federal Coal Leasing Program  
Casper, Wyoming  
May 17, 2016

- Good Morning, my name is Doug Lempke and I am here to represent the views of Tri-State Generation and Transmission Association (Tri-State).
- Tri-State is a consumer-owned, not-for-profit, wholesale electric power supplier owned by 44 electric cooperatives that serve approximately 1.5 million consumers – primarily in the rural areas of Colorado, Nebraska, New Mexico and Wyoming.
- We own and operate the Colowyo Mine, which has long-term federal coal leases with the BLM. The Colowyo Mine generates millions in federal royalties, with approximately half of these royalty revenues returned to the State of Colorado and local communities. Tri-State is also a participant in the Trapper Mine in Colorado and the Dry Fork Mine in Wyoming, which also have federal leases. And we receive coal for our Springerville, AZ facility from Peabody's North Antelope Rochelle Mine and from Arch Coal's Black Thunder mine.
- The discussion regarding limiting access to federal coal and increasing royalty rates is nothing more than a continuing effort to artificially increase costs and discourage the use of affordable and reliable coal resources.
- Increasing costs of federal coal will have a direct, adverse impact on our members and the communities they serve, but provide little actual benefit to the environment, since it will just shift coal development to other areas.
- For the not-for-profit cooperatives like Tri-State, any increase in fuel costs is directly borne by our members. And our member systems serve some of the most economically depressed communities in the region where residents can least afford to pay higher electric bills.
- As BLM develops the Programmatic Environmental Impact Statement (PEIS) for the Federal Coal Program, Tri-State strongly encourages you to consider in all proposed alternatives:
  - The impact on the cost of electricity,
  - Federal, state and local government dependence on royalty payments,

- The true cost to mine federal coal, including state and federal royalty payments, all bonus bids, ad valorem property taxes, ad valorem production taxes, sales and use taxes, severance taxes and AML fees,,
  - New ways to simplify reporting and administrative burdens for all parties involved,
  - The long term benefits that coal mining can have for the environment, specifically the reinvigoration of wildlife habitats which may be in decline or of poor quality to start, and
  - The provisions of the mineral leasing act that specifically identify and mandate the development of these resources for the benefit of the American public.
- Tri-State encourages BLM to include alternatives in the PEIS that maximize federal coal use while maintaining the current royalty rate, or even better, proposing ways to reduce it.
  - Some have argued that the “Royalty Rate” is too low to provide Americans with an appropriate return, but when you add in bonus bids, severance taxes and other fees and taxes, the economic analysis becomes much more favorable to development of federal coal resources.
  - The idea that access to federal coal should be significantly reduced – or even eliminated – would be disastrous and should not be considered as a reasonable alternative in the PEIS. Curtailment or elimination of federal coal will simply shift the emphasis to the use of private coal, eliminate any royalty payments and increase electricity costs.
  - As a nation, we can continue using federal coal in the future to keep electricity prices low while meeting national goals to reduce greenhouse gas emissions. While the current administration has advocated for the reduction of coal generation, it has not suggested federal coal production be eliminated. In fact, the U.S. Environmental Protection Agency estimates that under the Clean Power Plan coal will account for approximately 30 percent of the country's electricity generation in 2030.
  - This future coal can come from federal reserves, where there is more environmental oversight and provides significant revenue to American taxpayers, states and local communities or it can come from other sources without these benefits.