

Longview SEPA DEIS Public Hearing – Longview Washington May 24, 2016

I am William Brake, a retired Professional Engineer with a 35 year career in the Energy Business and live in Vancouver Washington.

Uncle Sam is currently considering an overhaul of the federal leasing program, which could drastically change the economics of mining coal. The Royalty is calculated as a percentage of the first sale price of the coal they extract (with a bunch of deductions for transportation, preparation, etc.)

The Clean Air Act of 1990 encouraged Coal Companies to ramp up production of Western Low Sulfur Coal and began to sell the coal to middlemen operations which in turn pocketed profits and sold the coal again to another middle man that pocketed profits and another middle man and ultimately to the burner tip.

Western Coal mined on Federal Leases pays Uncle Sam about \$1.00 Per Ton based on the “First Sales Price”, a rate that has been in effect for the past several decades. Did you know that coal is cheaper than dirt?

The royalty seems fine to the coal companies and Uncle Sam is happy with the revenue stream of nearly \$1 Billion dollars per year for essentially “Unlocking the Gate” and “Counting the Money”.

The EIS should disclose and consider the potential that the future federal leasing royalty formula based on “Burner Tip Pricing” will result in significantly reduced profits for the coal companies and more money for Uncle Sam.

The DEIS claims that coal can be exported competitively to Asia, but virtually all of the available data shows that at current and anticipated future market conditions, the project is a bust. They should be required to demonstrate that this isn't another boom-and-bust project that won't leave Longview with another useless piece of infrastructure, and an even bigger mess to clean up that holds back longer term, sustainable development at this site.

It is my recommendation to take the “No Action Alternative”.

Thank You

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