



September 15, 2015

Neil Kornze, Director  
Bureau of Land Management  
Washington, D.C.

**Mailed via email to: [blm\\_wo\\_coal\\_comments@blm.gov](mailto:blm_wo_coal_comments@blm.gov)**

Dear Director Kornze:

Associated Governments of Northwest Colorado (AGNC) represents local elected officials from six counties in Northwest (NW) Colorado along with most of the municipalities located therein. Coal mining and coal fired power plants are a significant economic driver in the NW region of Colorado. Mining and power plant jobs are solid middle class jobs providing the opportunity for those working in coal related jobs to achieve the dream of most Americans – to have a home, belong to a community, raise their children in a safe environment, meet day to day expenses with the ability to save some funds for a rainy day, a college education for their children and, hopefully, a comfortable retirement. This dream for thousands of people in NW Colorado and across the country is in jeopardy of dying given the many, many regulations enacted over the last decade that serve to drive coal production and use away from our communities.

Raising coal royalty rates at this time – without regard for the transition underway and the ever decreasing jobs in this industry will further cripple a cornerstone industry of the United States. Coal royalties on federal lands are currently higher than the market price for coal royalties paid on private lands. In addition to the royalties, coal companies are required to pay bonus payments and multiple taxes on coal produced from federal lands – in most cases, the total cost to coal producers on federal lands is estimated at 40% of the sales price for each ton of coal sold. This is before income and sales taxes are applied.

Increasing federal coal royalties will not increase the coffers of the BLM; indeed it will reduce them as the cost of producing the country's coal will become prohibitive given all the other taxing components on this resource. Many may cheer that outcome but we ask you to consider those that will not cheer –

- The elderly, disabled, ill and working poor, those most vulnerable, will see their electric rates become even more unaffordable – how many will have to go without heat in the cruel Colorado winter?
- Businesses who will see rates increase to a level that will result in layoffs, discarded expansion plans and, potentially, closures;
- Local governments who will see sharp declines in property values followed by steep reductions in tax revenue of all types;
- School districts who will suffer significant revenue declines and increases in students qualifying for the free and reduced lunch program.

There are those that say it has been proven that a smooth transition from fossil fuels to renewables can be completed without devastating economies, displacing workers and emptying communities along with dramatic price increases – they ignore the fact that only about 10% of electric generation currently comes from renewable sources across the United States. That’s a far cry from the nearly 60% of electricity provided by coal in Colorado alone;

- One does not have to be a mathematician to understand that increasing coal royalties at the very least are likely lead to job losses and the elimination of solid middle class opportunities for thousands in Colorado as well as across the country. Job losses mean a loss of revenue for businesses, schools and governments at the federal, state and local level.
- There will be no increase in return for the American people; they will find their tax burdens increased to offset the loss of coal leasing revenues; they will find their electricity rates increased and, to many of those employed in the industry, there will be a significant reduction in their standard of living in the future as there are few good, solid, middle class jobs available to replace those in the coal industry.
- The American public will find themselves subject to double taxation as their taxes will likely increase to offset the revenue losses from the coal program AND they will see increases in the costs they must pay for electricity as the most affordable source for electric generation will diminish or no longer be available.

The concerns outlined here are not speculation. Communities in NW Colorado are already experiencing negative economic impacts as a result of **anticipated** job losses raised in the ColoWyo court decision. While it appears that ColoWyo will continue to operate, residents in the impacted communities understand that other regulatory issues may result in outcomes that are not good for them or their communities.

We appreciate Secretary Jewell’s comments that, “It’s important to have an honest and open conversation about modernizing the federal government’s coal program.” We

welcome the opportunity to determine, "...how we can improve and strengthen it for future generations." However, we would like to point out that an "open conversation" does not begin in the courts where the entities with the motive of ending the program so often begin.

The members of AGNC submit that increasing royalty rates for coal production above market rates and depriving American businesses and citizens of reliable, affordable electricity is not in the best interest of the country or the state of Colorado and we respectfully request that rates be left unchanged. Thank you for the opportunity to provide our comments and for your consideration of those comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey Eskelson', with a stylized flourish at the end.

Jeffrey Eskelson, Chairman  
Rio Blanco County

A handwritten signature in black ink, appearing to read 'Martin Chazen', with a simple, elegant stroke.

Martin Chazen, Vice-Chairman  
City of Grand Junction