BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Chairman, Subcommittee On Environment, Energy, And Natural Resources, Committee On Government Operations House Of Representatives

Environmental And Socioeconomic Status Of The Hampshire Energy Project

The Synthetic Fuels Corporation has conditionally advanced the Hampshire Energy project to the last stage of its project evaluation process--final financial assistance negotiations. The advancement was contingent on Hampshire's receiving all the necessary environmental and socioeconomic permits required to begin construction in the spring of 1983.

Hampshire has filed applications with State of Wyoming permitting agencies for the key pre-construction permits. However, as of October 12, 1982, no permits had been granted.

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

RESOURCES, COMMUNITY,
AND ECONOMIC DEVELOPMENT
DIVISION

B-209451

The Honorable Toby Moffett
Chairman, Subcommittee on Environment,
Energy, and Natural Resources
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

Your letter of August 5, 1982, expressed concern that the U.S. Synthetic Fuels Corporation (Corporation) could award financial assistance contracts for synthetic fuel projects before all necessary environmental and socioeconomic factors were adequately considered and State permits granted (see app. II). Specifically, you asked that we address nine questions concerning the Corporation's action on the proposed Hampshire Energy project in Wyoming. These questions relate primarily to the (1) permitting process, (2) development of an environmental monitoring plan, and (3) interaction between the Corporation and various parties to the proceedings.

In summary, we found that the Corporation has not yet awarded financial assistance to the Hampshire project. We also found that:

--The Corporation's position is that necessary pre-construction permits can be obtained on a schedule that would permit construction to begin in the Spring of 1983. Thus, it has conditionally advanced the Hampshire project into financial assistance negotiations prior to actual issuance of all pre-construction permits. Advancement into the financial assistance negotiations stage, whether conditional or otherwise, is no assurance that assistance will be awarded. (See pp. 1, 3, and 4.)

--The State of Wyoming has not issued any permits for the project. However, with respect to the three essential pre-construction permits (and other approvals): (1) the State Engineer's Office has issued a favorable opinion on the water supply availability--a critical step in the permitting process; (2) the public hearing for the siting permit will begin on October 25, 1982; and (3) the air quality permit application has been accepted as complete. (See pp. 3 and 4.)

--To ascertain the permitting status, the Corporation staff have been in communication with both Wyoming permitting agencies and officials of Hampshire. Corporation contacts with permitting agencies have been limited to avoid any appearance by the Corporation of attempting to influence the permitting agencies' decisions. (See pp. 9, 18, and 19.)

--The Corporation staff are relying heavily upon the Wyoming permitting process to assess the adequacies of the project's environmental control technology and socioeconomic impact strategies. However, they are also independently assessing the project's control technology and socioeconomic strategies. (See p. 9.)

--There are pressures on the Corporation and the State permitting agencies to act on the Hampshire proposal. For example, the Senate Budget Committee Chairman has urged the Corporation to begin funding projects or possibly risk having its funding reduced. Also, inherent with the nature of their positions, State permitting officials feel pressured to move quickly and favorably on permit applications, realizing that a project of such magnitude could bolster the State's economy. Environmental groups, on the other hand, are pressuring the State to delay the permit process on the grounds that complete information on the permit application has not been received. (See pp. 1 to 3.)

--The Corporation will not require an environmental monitoring plan from Hampshire until after a financial assistance agreement is awarded, but has required a monitoring plan outline. While Hampshire has submitted a monitoring plan outline--the latest revised draft was submitted in September 1982--it has not been approved by the Corporation. (See pp. 5 and 6.)

OBJECTIVES, SCOPE, AND METHODOLOGY

Our review was performed during the period August 9, 1982, to October 12, 1982. The objectives of the review were to assess the manner in which the Synthetic Fuels Corporation has carried out its responsibilities under both the Energy Security Act and its project selection criteria to assure that the Hampshire project adequately protects the environment and mitigates socioeconomic impacts. The review was performed in accordance with generally accepted Government audit standards.

At the Corporation, we held discussions with the Senior Vice President for Projects, the Director of Environment, and members of the Hampshire project evaluation team concerned with environmental and socioeconomic matters. We reviewed Corporation files pertaining to the interaction between the Corporation staff and

its officers, and between the Corporation and (1) other Federal agencies, including the Environmental Protection Agency, the Department of Energy, and the National Institute for Occupational Safety and Health; (2) various State of Wyoming permitting agencies; (3) private interest groups; and (4) the Hampshire Energy Company. Our review did not include an analysis of how adequately the Corporation addresses other project selection criteria such as technical and economic feasibility, management capability, and marketing strategy.

Concerning Federal agencies, we held discussions with officials of and reviewed documents maintained by the Environmental Protection Agency's Energy Development Branch in Washington, D.C.; Region VIII Office in Denver, Colorado; and Industrial Environmental Research Laboratory in Research Triangle Park, North Carolina. We also held discussions with officials of the Department of Energy's Offices of Fossil Energy and Energy Research and the National Institute for Occupational Safety and Health's Office of the Assistant Surgeon General.

At the Wyoming permitting agencies, we reviewed the status of Hampshire's permits with officials of the State Engineer's Office, the Industrial Siting Administration, and the Air Quality, Water Quality, and Solid Waste Management divisions of the Department of Environmental Quality. At these agencies, we did not evaluate the adequacy of the various technical information provided by Hampshire.

In addition, we held discussions with officials of the Hampshire Energy Company and public and private interest groups, including several that were primarily concerned with environmental issues. These groups included the Environmental Policy Institute, the Western Organization of Resource Councils, and the Powder River Basin Resource Council.

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Appendix I contains detailed responses to your nine specific questions. To meet the requested time frame, we did not obtain written agency comments. However, we provided a draft copy of this report to Synthetic Fuels Corporation officials and discussed its factual accuracy with them. Further, as arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of its issuance. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

J. Dexter Peach
Director

Contents

ABBREVIATIONS

DEQ	Department of Environmental Quality
EPA	Environmental Protection Agency
ISA	Industrial Siting Administration ("ISA" is also used herein to denote the ISA's ruling body, the Industrial Siting Council.)
RTP	Research Triangle Park
SEO	State Engineer's Office

ENVIRONMENTAL AND SOCIOECONOMIC STATUS OF THE HAMPSHIRE ENERGY PROJECT

BACKGROUND

The Hampshire Energy Company is a Wyoming partnership formed by five U.S. companies--the Northwestern Mutual Life Insurance Co., Kaneb Services Inc., Koppers Company Inc., Metropolitan Life Insurance Co., and Standard Oil of Ohio. 1/ Hampshire proposes to build an indirect coal liquefaction plant in Campbell County, Wyoming, near the city of Gillette. On a daily basis, the plant is designed to convert about 15,000 tons of coal into approximately 20,000 barrels of unleaded gasoline, 430 barrels of propane, 700 barrels of butane, 83 tons of ammonia, and 52 tons of sulfur.

In December 1980, Hampshire applied to the Synthetic Fuels Corporation for financial assistance pursuant to the Corporation's first (November 1980) solicitation of proposals for synthetic fuels projects. Published reports have indicated that Hampshire is seeking approximately $2 billion in financial assistance in the form of loan and price guarantees.

At its June 1982 board meeting, the Corporation announced that Hampshire had advanced to the last stage of the project evaluation process--financial assistance negotiations. During this stage, the Corporation and the sponsor discuss the possible terms and conditions of an award of financial assistance. The Corporation's solicitation and guidance to sponsors make clear that advancement to this stage is no assurance that an award will be made. Throughout this final evaluation stage, the Corporation performs ongoing assessments of the project, including such matters as its permit status.

Of the original 63 projects applying for assistance under the first solicitation, Hampshire and the Breckinridge, Kentucky, direct coal liquefaction project are the only two to advance to the final stage. The Corporation has set a target date of November 30, 1982, for signing final financial assistance agreements with first solicitation projects. According to Corporation officials, if the November 30, 1982, date or any extension thereof, is not met, it is expected that Hampshire may be transferred into the Corporation's second solicitation. Negotiations with some second solicitation projects are presently under way.

The Corporation is under pressure to make synthetic fuels financial assistance awards soon. For example, the Chairman of

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1/On October 20, 1982, Standard of Ohio announced it was withdrawing its support from the project. Hampshire officials stated that they will either realign the partnership or look for another investor.

the Senate Budget Committee remarked before a September 1982 meeting of Americans for Energy Independence that the Corporation should begin to fund some projects soon or risk budget raids on the $15-billion earmarked for the program. He stated that he had done all he can to keep Corporation funding intact. He added that it is incumbent on the Corporation to prove that it can get something done.

The Hampshire project represents a very large influx of funds (over $2 billion) to Wyoming. It represents jobs and a sizeable payroll for the State's economy. When construction begins in 1983, 1,000 workers will be needed and, at the peak of construction activities, about 3,500 workers will be employed. Mostly engineering and construction skills will be required through 1986. Operation of the plant will require about 900 workers with an annual payroll of about $19 million.

Wyoming's permitting process helps ensure that the State's projects are socially, economically, and environmentally sound. The Director of a key State permitting agency, the Industrial Siting Administration (ISA), told us that because of the potential boost to Wyoming's economy, he feels pressured to move the project through the permitting process without having all the detailed design information necessary to evaluate the proposal. He stated that pressures exist on all parties involved, and that it is almost a "catch-22" situation. He explained that Hampshire does not want to pay for the detailed design necessary to answer questions surfaced by ISA until it receives the Corporation's financial assistance. The Corporation, on the other hand, will not provide the financial assistance requested by Hampshire until it has reasonable assurance that Hampshire will receive the necessary permits. He added that even though the Corporation has not applied pressure on ISA to complete the permitting process, a subtle pressure does exist because the Corporation's funding time-line, as perceived by him, is driving Hampshire, and in turn, ISA to complete the permitting process. The Director stated that he believes the Corporation would like to finalize funding for the Hampshire project in late November so that it can move to consider other applications for the second funding cycle--those projects being considered under the Corporation's second solicitation. Hampshire and the Corporation would like to have the siting permit issued or at least a decision by ISA that a permit can be issued.

According to the Corporation's Director of Environment, the Corporation has no evidence to indicate that the industrial siting permit will be denied. He added that a favorable decision on the siting permit would provide reasonable assurance that Hampshire can obtain the remaining permits necessary to begin construction, since the ISA will consider whether other permits are expected to be issued when it makes its decision on the siting permit.

Special interest groups such as the Western Organization of Resource Councils, the Environmental Policy Institute, the Powder

River Basin Resource Council, and the Wyoming District Council of Carpenters have indicated that they have serious problems with the Hampshire project. The central theme of their objections is that presently, Hampshire has not submitted the information necessary to determine whether the project will comply with existing regulatory requirements. Also, because of the lack of information, a judgment cannot be made of the project's potential impacts.

The following sections, divided by the nine questions from the Chairman's letter, discuss what actions have been taken to resolve the environmental and socioeconomic issues related to the Hampshire project.

Question 1: Have the permitting deadlines and other environmental/socioeconomic responsibilities set by the Corporation's own solicitation and criteria and the Energy Security Act been complied with in its review of the Hampshire project?

The Hampshire Energy Project has not obtained State of Wyoming permits indicating the State's approval of Hampshire's plan for addressing the environmental and socioeconomic impacts of the project. However, a number of important steps have been taken, and the Corporation believes that the permits can be obtained on a schedule consistent with the criteria set forth in its project solicitation documents.

The Energy Security Act's environmental and health related emissions monitoring plan requirement is being met by the Corporation: (1) it is requiring an approved outline of the monitoring plan before awarding financial assistance and (2) the award agreement will set a deadline for completion of a detailed monitoring plan.

Solicitation criteria

The Corporation's November 1981 supplement to its first solicitation listed various project maturity and strength criteria upon which project applicants, including Hampshire, would be evaluated. Both the maturity and strength criteria address the permitting process. One of the maturity criteria states that all necessary permits must either be in hand or realistically be obtainable on a schedule that would permit the project to begin construction upon receipt of financial assistance from the Corporation. One of the strength criteria requires judgment as to whether the project has any weaknesses in the regulatory compliance area.

Permits are required from the State Engineer's Office (SEO), ISA, and the Department of Environmental Quality (DEQ) divisions of Air Quality, Water Quality, and Solid Waste Management. The Wyoming permitting process for industrial development is set forth under the State's "Industrial Development Information and Siting Act." Under the terms of this act, SEO must issue an

opinion on whether there is sufficient water available for the proposed project. Upon the receipt of a favorable opinion from SEO, the Industrial Siting Administration (through its ruling body, the Industrial Siting Council), begins its deliberations for permit issuance. The industrial siting permit decision is made after evaluations of the project's plans and proposals for alleviating social, economic, or environmental impacts upon local government entities. The evaluations cover social, economic, and environmental impacts such as land use patterns, economic base, housing, transportation, sewer and water facilities, solid waste facilities, and other relevant issues. The industrial siting permit does not, however, preempt permit issuance responsibilities of other State agencies such as DEQ. For example, permits regarding air quality, water quality, and solid waste management must be obtained from DEQ. The permitting agencies and departments generally have 60 days to issue a permit or hold public hearings from the date they rule that the application is complete. While the ISA decision does not preempt State agencies, ISA does consider whether issuance of pre-construction permits can be expected, and thus, may issue the siting permit conditioned on other pre-construction permits being awarded.

In January through June 1982, the Corporation advanced Hampshire through the maturity and strength stages of project evaluation to the final stage--financial assistance negotiations. The advancements took place on the condition that Hampshire demonstrate that all material permits have been or will be obtained in a manner and on a schedule consistent with timely completion and operation of the project. The project officer heading the Hampshire evaluation team stated in the June evaluation that while Hampshire had not yet received the required permits, a decision on these permits should be rendered by December 1982. As of October 12, 1982, the status of Hampshire's Wyoming pre-construction permits is as follows:

--SEO--Received the Hampshire application concerning ground water source in October 1981. SEO issued a final opinion July 20, 1982, stating that there will be sufficient ground water available to meet the proposed needs of Hampshire's coal to gasoline plant. SEO will consider applications to drill wells at such time as Hampshire needs to obtain its water.

--ISA--Received the Hampshire permit application in October 1981. The industrial siting permit has not been issued. A public hearing on the permit application will begin on October 25, 1982. The ISA has 60 days from completion of the public hearing to make a decision to issue or deny the permit or to require additional study.

--Air Quality--DEQ's Air Quality Division received the Hampshire permit application in January 1982. On September 30, 1982, the Air Quality Division ruled the application

complete and a decision regarding the application will be made within 60 days of that date.

The status of the two other major permits (which are not required before initiation of construction) is as follows:

--Water Quality--On August 20, 1982, DEQ's Water Quality Division published its intention to issue Hampshire a wastewater discharge permit for surface water discharge. The permit is subject to public comment before it is issued. Additional permits to construct wastewater treatment facilities will be required. These permits have been applied for and are needed prior to construction of the treatment facilities.

--Solid Waste--The solid waste disposal permit application was submitted to DEQ's Solid Waste Management Division in February, 1982. Supplemental data has been, and will continue to be, presented. This permit is not required until the project becomes operational in 1986.

Energy Security Act requirements

Section 131(b)(3) requires that the Corporation consider compliance with applicable regulatory requirements. As discussed above, the Corporation is addressing this pursuant to its evaluation criteria.

Section 131(e) of the act requires that:

"Any contract for financial assistance shall require the development of a plan, acceptable to the Board of Directors, for the monitoring of environmental and health related emissions from the construction and operation of the synthetic fuel project. Such plan shall be developed by the recipient of financial assistance after consultation with the Administrator of the Environmental Protection Agency, the Secretary of Energy, and appropriate State agencies."

The act provides little guidance on how the monitoring plan provision is to be implemented. It appears that all that is needed in the contract for financial assistance is the requirement that the sponsor develop a plan at some time after contract execution. The Corporation, however, has notified project sponsors and the Federal and State consulting agencies on how it plans to implement the provision.

In May 1982, the Corporation told Hampshire that the monitoring plan should be developed in two stages. The first stage entails developing an outline of the environmental monitoring plan, consulting with the appropriate Federal and State agencies regarding the outline, and then incorporating the outline into

the financial assistance agreement. The second stage requires the subsequent development of a detailed environmental monitoring plan consistent with the terms of the outline. The plan must include specific monitoring protocols, location of monitors, and frequency of monitoring. As in stage one, Hampshire must consult with the relevant agencies pursuant to section 131(e). The final plan would then be submitted to the Corporation for the Board of Director's approval or disapproval.

The Corporation also informed Hampshire that the final monitoring plan outline should be available in August 1982 1/ so that it can be incorporated into any financial assistance agreement. In addition to incorporating the plan outline, the financial assistance agreement will set a deadline for submission of the detailed plan to be developed in consultation with the relevant agencies.

According to the Corporation's Director of Environment, the Corporation provided no further guidance to Hampshire for developing the monitoring plan outline. He stated that the Corporation wishes to encourage flexibility and innovation on the part of the project sponsors and the consulting agencies in developing the outline.

Question 2: What weight was given to the Environmental Protection Agency's (EPA's) evaluation of the environmental control technology and monitoring plan?

EPA officials have assisted State of Wyoming permitting agencies in evaluating Hampshire's environmental control technology. While the Corporation has not requested any evaluation assistance from EPA, the Corporation obtained copies of the EPA evaluation. EPA's evaluation was performed after the Hampshire project had been advanced to the financial negotiation stage; thus, EPA's evaluations could not have any weight in the Corporation's decision to move the project to that stage, but has since been reviewed.

The Corporation has stated to both Hampshire and EPA that it would give substantial weight to EPA's evaluation of the monitoring plan outline and the monitoring plan. The Corporation has not yet required an environmental monitoring plan from Hampshire. However, the Corporation has officially notified EPA of the agency's responsibilities in evaluating environmental monitoring outlines and plans. In July 1982, EPA reviewed Hampshire's initial outline of its monitoring plan. EPA indicated, and the Corporation agreed, that the product submitted was too brief for analysis. EPA is presently reviewing a revised outline which was submitted by Hampshire in September 1982.

1/Hampshire submitted its initial environmental monitoring plan outline in July 1982 and a revised outline in September 1982.

Environmental control technology

In January 1982, at the request of the Director of the Wyoming Air Quality Division, DEQ, two officials from EPA's Research Triangle Park (RTP), North Carolina office assisted in evaluating Hampshire's air quality application. There were additional discussions on the air quality application between RTP and Wyoming Air Quality Division staff in February and March 1982. However, RTP officials did not prepare a report discussing their involvement in this evaluation.

RTP officials also provided assistance to ISA. Pursuant to a June 2, 1982, request from the ISA Director, they reviewed a document entitled "Industrial Siting Administration Questions on Hampshire Energy Project Permit Application (December 21, 1981), Supplement II to Industrial Siting Permit Application." RTP's Synfuels Regional Support Program Manager, in a June 28, 1982, letter to ISA's Director, provided detailed comments on this document. The letter stated that, although the document presents descriptions of the various processes that comprise the Hampshire facility, data are not presented to validate or support the processes chosen. The letter adds that "absence of such data precludes an adequate evaluation of the effectiveness of pollution control measures to be used by Hampshire."

Because of EPA's comments and several additional questions raised by ISA, technical sessions were held in the first week of August, 1982, at Hampshire's request. Participants included Hampshire's technical experts, representatives from their contractors, State permitting agency personnel, Corporation personnel, and representatives from special interest groups. At ISA's request, RTP officials also attended these sessions. RTP officials were called upon to ask technical questions regarding the various permit applications and exchange technical information with Hampshire and its various contractors.

In an August 12, 1982, report on the meeting, RTP officials concluded that the meeting was a good opportunity to obtain clarification of items in the written submissions provided by Hampshire and its contractors. However, Hampshire had several new or revised items in its submissions which required impromtu evaluations to determine if additional questions were in order or if the answers were satisfactory. As a result, these items, as well as other explanations that were provided, needed to be further evaluated to determine if the clarifications were satisfactory. (The ISA will have had about 2 months for this evaluation prior to the October 25, 1982, hearing.)

Environmental monitoring plan

As discussed in the response to question 1, in a May 1982 letter, the Corporation notified Hampshire that it was to consult with appropriate agencies, including EPA, on the

environmental monitoring plan and plan outline. The Corporation stated that it wanted copies of all written comments from the consulting agencies on the outline and, in addition, would communicate with the consulting agencies to obtain their opinions on the outline's soundness. The Corporation also advised Hampshire that it would give substantial weight to the opinions of the consulting agencies in making its decision on the adequacy of the outline and plan.

As previously noted, Hampshire, in July 1982, submitted a monitoring plan outline to EPA and other consulting agencies for comment. An EPA Region VIII official, who was given responsibility for consolidating and formalizing EPA comments, replied to Hampshire by letter, dated July 29, 1982. The letter states that the plan was too brief and general for EPA to make any specific comments 1/ and described what should be included in an environmental monitoring plan. As part of standard procedure, Hampshire was requested by the Corporation to prepare another outline in response to the comments of the consulting agencies.

A Hampshire official stated that EPA mistakenly took the outline to be a plan and was unduly critical in its review. However, the official stated that Hampshire was expanding the outline. A revised outline was submitted on September 14, 1982.

Question 3: What type of internal review was undertaken by the Corporation of the environmental control technology? of the State permitting process? of the project's proposed monitoring plan?

A Corporation project review team, which included staff from the Corporation's Project Office and the Office of Technology and Engineering, has reviewed available information on Hampshire's environmental control technology. The Corporation's review of the Wyoming permitting process has been limited to identifying which permits would be needed by Hampshire, the procedures necessary to obtain them, and the likelihood that they will be obtained. The Corporation has reviewed the environmental monitoring plan outline submitted by Hampshire. (As stated above, the plan itself would not be submitted until after the award is made.)

Environmental control technology

The review of Hampshire's environmental control technology, which was intertwined with the review of the basic process technology, consisted of reviewing Hampshire's application for

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1/The other consulting agencies, as defined by the Energy Security Act--the Department of Energy and Wyoming permitting agencies--had similar comments regarding this outline.

financial assistance, reviewing correspondence between Hampshire and the State permitting agencies, reviewing the DOE/sponsor feasibility study, and holding discussions with Hampshire and State officials. Corporation staff also reviewed proprietary process and control technology data at the project's proprietary data "safe house." In June 1982, a project overview, prepared by the Corporation's project review team, indicated that recent project information submissions on environmental control technology provided to the Wyoming ISA should be adequate for the ISA to analyze the emissions and effluents from the process and assess their impacts. According to an engineer on the project review team, the project design provided technical information such as process flow diagrams, piping and instrumentation drawings, and equipment needs and specifications. The engineer indicated that the availability of this data, which included proprietary information, is a key milestone in project development and a requirement for moving into the negotiation stage.

However, at about the same time the Corporation's project review team concluded that project design information was sufficient for advancement into the negotiation stage, the Wyoming ISA indicated that Hampshire had not submitted sufficient technical data on the project to perform needed analyses. If ISA's data had included the proprietary information, it may have been able to perform the analyses. As discussed further on page 17, ISA was still not satisfied with the completeness of Hampshire's information on August 27, 1982, as the ISA had not reviewed data considered proprietary by Hampshire.

Wyoming permitting process

The Corporation's review of the Wyoming permitting process has consisted of identifying the permits required by the Hampshire project; discussing the steps for obtaining the permits with the permitting agencies; and, based on discussions with permit officials, the sponsor, and the independent review described above, determining if and when permits can be obtained. The Corporation's Director of Environment told us that the Corporation has purposely limited its dealings with the Wyoming permitting agencies to avoid any appearance of attempting to influence the permitting agencies' decisions.

The Director told us that the Corporation's decision on the environmental and socioeconomic acceptability of the project rests on Hampshire's ability to obtain and comply with required permits. The Corporation is not authorized to, nor does it plan to, evaluate the soundness of Federal and State environmental laws as implemented by Wyoming regulatory officials.

Monitoring plan

As discussed in question 1, an environmental monitoring plan is not required until after the financial assistance agreements

are awarded. However, based on the Corporation's instructions, Hampshire has submitted a monitoring plan outline--an initial draft in July 1982 and a revised draft in September 1982.

A representative of the Corporation's Office of Environment reviewed the initial monitoring outline submitted by Hampshire in July 1982 and the comments submitted on the plan from the consulting agencies. While the Corporation does not provide comment to any sponsor at this stage, the Director of Environment told us that the outline was too brief to evaluate. As part of standard procedure for all sponsors, he requested that Hampshire develop another outline in response to the comments of the consulting agencies.

Hampshire submitted a revised outline in September 1982. According to the Corporation's Director of Environment, Hampshire has made significant revisions to its initial outline, but still has not addressed many of the concerns raised by the consulting agencies. He believes, however, that Hampshire has ample time to satisfy the concerns.

He anticipates that by the end of October 1982, a meeting will be arranged with Hampshire and the consulting agencies to discuss the comments on the September outline. After this meeting, the Corporation will ask Hampshire to submit another revised outline. The Corporation will then ask the consulting agencies to submit formal comments to the Corporation on this third version. After holding discussions with the consulting agencies to clarify their comments, the Corporation will meet with Hampshire. This meeting will provide Hampshire with an opportunity to explain and defend its outline, particularly, if there are instances where it has still not fully addressed consulting agencies' concerns. At this point, the Corporation staff will decide whether the outline is acceptable and should be included as part of the terms of a negotiated financial agreement presented to the Board of Directors for approval.

Question 4: What role did the staff evaluation of the control technology, the socioeconomic impact mitigation plan, and the environmental monitoring plan play in the decision of the Corporation to advance the Hampshire project through the negotiation process?

The Corporation staff has reviewed the environmental control technology and socioeconomic impacts associated with the Hampshire project and presented its evaluation to the Corporation's Board of Directors. Although the staff identified some concerns, they were not considered to be significant enough to recommend against advancing the project through the various phases of the Corporation's process for awarding financial assistance. Consequently, the Corporation's Board conditionally advanced Hampshire to the negotiations stage for financial assistance at its June 18, 1982, meeting. The Corporation is not requiring the development

of an environmental monitoring plan until financial assistance has been awarded. Therefore, as discussed on page 9, Hampshire has not yet produced an environmental monitoring plan and this has no bearing on advancement of the project.

Staff review of the environmental control technology and socioeconomic impacts has primarily consisted of reviewing correspondence between Hampshire and the State permitting agencies, making inquiries to Hampshire and the permitting agencies on the status of the permits, and independently reviewing socioeconomic impacts and mitigation data, including proprietary data, on control technology. 1/ The Corporation's position is that, while it independently evaluates these matters, it will not interfere with the State permitting agencies in the course of the permitting process.

Before advancing projects into the negotiations phase, the staff performed two major evaluations referred to as project maturity and project strength. Staff evaluations of the Hampshire project are provided to the project officer who uses the evaluations as support in briefing the Board of Directors on the projects' maturity and strength status. During the briefings, staff members also respond to specific questions on the projects raised by the Board of Directors. The Board uses this information in formulating an opinion on advancing the project through the award process.

The Corporation completed its "Project Maturity Review" in January 1982. One of the maturity criteria stated that all necessary permits must either be in hand or can realistically be obtained on a schedule that would permit the project to begin construction upon the receipt of financial assistance from the Corporation. The staff evaluation presented to the Corporation's Board of Directors indicated that the key permit applications had been filed and decisions could be expected by the second quarter of 1982. The staff evaluation recommended that Hampshire be conditionally advanced to the project strength review, one condition being that the permit status be reviewed in the April to June 1982 time frame. At the January 18, 1982, meeting, the Board conditionally advanced Hampshire into the strength review.

In its strength review, which was done in two stages, the Corporation considered if the project had major weaknesses in six areas--one being regulatory compliance. The initial strength review, completed in March 1982, indicated that Hampshire had applied for the necessary permits to begin construction, but no permits had thus far been awarded. The Board advanced Hampshire to a

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1/In addition, the Corporation held a "public input" meeting in Gillette on April 19, 1982, to elicit the opinions on any person or groups interested in the project.

more detailed strength evaluation stage at its March 26, 1982, meeting. In notifying Hampshire of the advancement in an April 1982 letter, the Corporation listed conditions to the advancement including one that Hampshire must demonstrate that all material permits, approvals, or other actions required of Government entities have been or will be obtained or taken in a manner and on a schedule consistent with timely completion and operation of the project.

The Corporation completed a more detailed analysis of project strength in June 1982. The staff's overall conclusion regarding regulatory compliance stated that the project meets the strength criteria. However, the Corporation staff listed eight conclusions/conditions that should be addressed by Hampshire during the negotiations phase. One of the conclusions/conditions states that Hampshire must submit an environmental monitoring plan outline, which we discuss in question 3. Three conclusions/conditions relate to the status of permits which was discussed in question 1. 1/ The remaining four concern socioeconomic mitigation strategies. 2/

Socioeconomic impact relates to impacts on housing, transportation, schools, labor, and public services arising from project construction and operation. Our review of the Corporation's files on the Hampshire project indicated that Corporation staff had several socioeconomic concerns relating to the project. Many of these concerns were expressed in internal memoranda. However, the staff evaluation did not consider the socioeconomic concerns serious enough to warrant delaying advancement of the project to the stage of negotiating for financial assistance. Moreover, the staff's concerns were considered matters which could be addressed during the negotiation phase. For example, the June 1982 Hampshire project evaluation, prepared by the Hampshire project review team, indicated that Hampshire's socioeconomic impact mitigation strategy was being negotiated with affected jurisdictions. The project summary included a recommendation that Hampshire's socioeconomic impact discussions with surrounding counties be held on a more frequent basis. The staff believed that Hampshire

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1/The conclusions/conditions are that (1) the State Engineer must rule that Hampshire has an adequate water supply; (2) Hampshire must submit data required by DEQ by June 30, 1982, and meet agreed upon ISA schedule for a siting permit; and (3) Hampshire must demonstrate that any permits or approvals required for obtaining the coal supply will not impede project milestones.

2/These state that Hampshire (1) should successfully conclude socioeconomic mitigation strategies with affected communities; (2) must develop an estimate of and the responsibility for mitigating socioeconomic impacts; (3) must meet with the State Department of Transportation to establish a schedule for improvements of Highway 59; and (4) must verify to the Corporation that it is working with the recreation commission to resolve recreational concerns.

would have sufficient time during the negotiations phase to negotiate these agreements. According to the Director of Environment, Hampshire has now negotiated socioeconomic mitigation agreements with 15 of 16 local governments units impacted by the Hampshire project. 1/ Specific information on two socioeconomic issues--housing and transportation--obtained from the Corporation's files, follows.

Housing

An August 20, 1982, memorandum from a project review team member indicated that Hampshire had not submitted a complete plan for housing. Although Hampshire agreed to build the required number of housing units, it has not developed specific programs with local builders regarding who will build which units and where. The August 20 memorandum also indicated, however, that Hampshire's housing plan incorporates a well thought out mortgage assistance program which should reduce stress on local banks in financing housing.

In a related area, the source of the 15,000 tons per day of coal to be used as feedstock for the Hampshire project has not been disclosed, but it is expected to be mined near the project site. According to a Corporation official, Hampshire will announce, at or before the ISA hearing, that it has secured its coal source from a nearby, existing mine. 2/ Information on the number of miners needed to supply the coal, as well as their housing requirements, has also not been disclosed by Hampshire.

Transportation

The June 11, 1982, Hampshire project summary, prepared by the Corporation staff, indicated that the Hampshire socioeconomic impact mitigation strategy was under negotiation with affected jurisdictions. The project summary, however, did not reflect transportation concerns expressed by a Corporation staff member contained in a June 1, 1982, memorandum to the project officer. The memorandum indicated that unless improvements are made to the highway (Highway 59) serving as the major traffic link to the plant access road, traffic tie-ups could impede the plant construction schedule. Upgrading of the highway has been planned, but no

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1/As an example, a September 1982 letter to the General Accounting Office from the mayor of Gillette, Wyoming, stated that his city had negotiated a comprehensive mitigation plan with Hampshire.

2/Hampshire has kept the Corporation informed of the status of its discussions with potential coal suppliers. At Hampshire's request, the Corporation did not disclose this information so as to protect Hampshire's negotiating position.

State funds have been appropriated and the project did not appear on the State's construction schedule. The memorandum stated that it was imperative that the highway be improved before the peak project construction period. According to Corporation staff, Hampshire and the Wyoming Department of Transportation have initiated discussions on transportation needs, including Highway 59.

Question 5: How does the Corporation staff perceive its role concerning review of environmental control technology, environmental and socioeconomic impact (including labor needs), and environmental monitoring? Does it perceive protection of the environment to be equally important as attaining synthetic fuel production?

With respect to environmental control technology and environmental and socioeconomic impact, the Corporation staff sees itself as having a dual role. First, it acts as a monitor of Hampshire's status and progress in addressing permit issues relating to environmental control technology, and environmental and socioeconomic impact (including labor needs). Second, it performs independent assessments which determine the likelihood that the sponsor can initiate construction and operation in a timely fashion. The staff submit evaluations on the status of the issues to the project officer which are used in the project officer's presentations before the Board of Directors. With respect to monitoring, the staff believes its role at the present time to be one of coordinating the efforts of sponsors and consulting agencies in the development of the monitoring plan outline and then of recommending whether the outline should be accepted. This role should continue during the development of the monitoring plan as well. The Director of Environment does not believe that the Corporation can or should assign a priority between production and environmental protection.

Staff role

The staff gathered and generated information on projects such as Hampshire by reviewing proposals and subsequent data submissions, attending meetings, reviewing correspondence between the project sponsors and the Federal and State permitting agencies, and communicating with the sponsor and permit officials. At the meeting with permitting officials, Corporation staffs' role was limited to that of an independent observer and fact finder rather than an active participant. The Corporation's Director of Environment maintained that the Corporation is neither a regulatory agency nor a project proponent; and therefore, staff must refrain from becoming involved in discussions relating to regulatory issues. Corporation staff did, however, communicate directly with the permit agencies and the project sponsor to obtain clarification of issues raised during the meetings or in the correspondence between the project sponsors and permit agencies to determine if and how the project might be impacted.

Staff prepared evaluation summaries of the correspondence and meetings they attended and submitted them to the project officer who used the evaluations as support in briefing the Board of Directors on the project's maturity and strength. During the briefings, staff members also responded to specific questions on the project raised by the Board of Directors.

Environmental protection vs production

While section 100(a) of the Energy Security Act requires synthetic fuels production goals of 500,000 barrels a day by 1987 and 2 million barrels a day by 1992, it also specifies that this production must be accomplished in an environmentally acceptable manner. With this in mind, the Director of Environment does not believe the Corporation can or should assign a priority between production and environmental protection.

Question 6: Did Wyoming State officials and EPA officials responsible for evaluating the environmental/socioeconomic and other siting concerns resulting from the Hampshire plant effectively communicate their problems in the permitting process with the Hampshire project?

Wyoming permitting agencies did not send copies of communications concerning permitting problems and data deficiencies to the Corporation. EPA, acting in an advisory capacity to the Wyoming permitting agencies, did not communicate directly with the Corporation on environmental/socioeconomic and siting concerns. The Corporation's awareness of the information results from contacts with Wyoming permitting agencies and through communications with Hampshire and interested environmental groups.

Extensive effort, however, has been expended by the Wyoming permitting agencies and EPA, in its advisory capacity, in communicating and resolving its environmental and socioeconomic concerns with Hampshire. These efforts are discussed in the following section.

Wyoming guidance to Hampshire

The Wyoming Industrial Development Information and Siting Act requires that companies proposing to construct industrial facilities file an application for a permit with ISA. The applicant is required to provide certain prescribed data and information in the standard format and content outlined by ISA in its published "Guide to the Preparation of Permit Applications for Industrial Facilities." The guidelines were intended to provide a basis for presentation of the required information in a manner which would satisfy the requirements of the ISA Council, and that of other Wyoming agencies such as DEQ and SEO. The guidance was also intended to elicit information which would assist Wyoming in reviewing and evaluating permit applications.

Since a permit application is an important document of record, applicants are urged to give full attention to providing a complete representation of a proposed facility, its social, economic, and environmental implications, and proposed plans and measures for alleviating adverse impacts.

The ISA guidelines, although intended to be comprehensive in coverage, are sufficiently flexible to fit various project situations and many diverse types of industrial facilities. Because the guidelines are general in nature and permit flexibility, they are subject to various interpretations on the level and degree of detail of the data required from the applicants. An example of the non-specificity of the guidelines' language follows:

> "Content * * * Descriptive and/or narrative text, as well as tables, charts, graphs, etc. should be treated in sufficient depth and should be documented to permit a reviewer to evaluate the extent of possible consequences independently. Different levels of information or engineering detail are acceptable. The general criteria are that the level of detail should be commensurate with the level of decision the information is expected to support. The length of an application will depend on the nature of the facility and its environment. Tables, line drawings, and photographs should be used wherever these would contribute to the clarity or brevity of the application. Descriptive and narrative passages should be brief and concise. The number of significant figures stated in numerical data should reflect the accuracy of the data * * *."

DEQ officials did not consider it unusual that the data in the initial application were incomplete. Questions and problems with data completeness, however, have persisted since October 1981, when ISA submitted a list of 147 questions to Hampshire for resolution. These were the first in a series of questions dealing with unresolved data problems which stemmed from ISA, EPA, and DEQ reviews and evaluations, some of which continue to exist. According to Wyoming permitting officials, most of the unresolved data problems deal with (1) degrees of specificity; (2) need for more clarity; (3) continued changes by Hampshire in designs, maps and drawings; and (4) information which Hampshire insists is largely proprietary or company confidential. (As stated on page 9, ISA has not reviewed Hampshire's proprietary data.) Often, responses by Hampshire to questions asked by the permitting agencies generate a new list of questions.

In order to communicate more effectively with the permitting agencies, to expedite the review process, and to resolve some of the more technical questions, Hampshire initiated a "technical review and discussion session" attended by ISA and DEQ staff, and representatives from Hampshire, EPA, and the Corporation.

This session was held in Denver, Colorado, during the first week in August 1982. In addition, Hampshire technicians and consultants have communicated with and visited ISA and DEQ offices in Cheyenne in attempts to clarify data submitted and resolve information problems.

A key event in the process of resolving the data and permitting problems on the Hampshire project was an August 27, 1982, ISA Council public meeting in Cheyenne, Wyoming. The Council met to hear a motion for postponement of the Hampshire project filed by the Powder River Basin Resource Council and the Wyoming District Council of Carpenters. The motion stated that the permit application filed by Hampshire was incomplete, numerous data problems existed and questions remained unanswered. It also requested that the Council postpone for 90 days the public hearings on the Hampshire application scheduled for September 21, 1982.

In response to this motion, the Council postponed the public hearing date for 30 days--until October 21, 1982, which was later postponed until October 25. The Council then set a prehearing conference for October 8, 1982, in Casper, Wyoming. The Council also ruled that all information and exhibits from all parties must be delivered not later than 5 days before the hearing. This last ruling was made to avoid an instantaneous review of new information--a situation that did occur at the August 1982 technical sessions.

EPA assistance

As discussed in question 2, EPA has assisted Wyoming permitting agencies in an advisory capacity. Because EPA has Federal legislative mandates to protect air and water quality and provide other environmental protection, EPA is involved in a partnership with State agencies in the formulation and enforcement of regulations which implement legislative intent. EPA delegates permit authority to States when State legislation and regulations are equal to or more stringent than Federal requirements. EPA has delegated to the Wyoming DEQ agencies total responsibility for several major permit programs for clean air, clean water, and pesticides. EPA retains an oversight/reviewing role for the delegated programs and has acted in an advisory role to DEQ's Air Quality Division and ISA in reviewing information on the Hampshire project permit applications.

Question 7: Who were the recipients of those communications from the State and other interested parties or agencies? Were they transmitted in a meaningful way beyond the initial recipients within the Corporation? To whom, and in what format?

Wyoming permitting agencies directed correspondence, such as lists of incomplete data and unresolved questions for permitting purposes, directly to Hampshire. EPA, in an advisory capacity, communicated with Hampshire through Wyoming permitting agencies.

Staff of the Corporation's evaluation team for the Hampshire project became aware of the information and permitting problems primarily through communications with Hampshire, State permitting agencies, and other sources. The evaluation team prepared evaluation summaries of this information for its team leader, the project officer, who then briefed the Board of the Directors at various board meetings. Also, various environmental groups have written directly to senior Corporation executives, conveying their concerns with the Hampshire project.

Corporation files indicate that public and private interest groups, including the Western Organization of Resource Councils, the Wyoming District Council of Carpenters, and the Public Lands Institute of the National Resources Defense Council, have communicated directly with senior Corporation executives. For example, a July 14, 1982, Western Organization of Resource Councils' letter (with attachments) advised the Corporation Chairman of the following:

> "This is to bring your attention to the enclosed documents relating to the Hampshire Energy Project which has passed through the Corporation's "maturity" screens and is in an advanced stage of negotiation for Corporation financial assistance. In light of the issues and questions raised by both EPA and Wyoming's Industrial Siting Administration, and given the permitting history of the project to date, it is perplexing and mystifying to us that this proposal could have made it to such an advanced stage of acceptance by the Corporation. It is apparent from the enclosed EPA document that a variety of very serious environment problems exist with respect to the Hampshire Project's ability to mitigate environmental damage from project operations. And only a cursory review of the 105 interrogatories from the state Industrial Siting Administration indicates the very preliminary status of project development."

A Corporation staff memorandum, dated July 20, 1982, evaluated the Resource Council's position. The memorandum stated that, after review by project evaluation team members, no reason is seen to alter the conclusion that Hampshire can meet the permit schedule if it acts expeditiously and responsibly with State agencies.

Question 8: Did anyone within the Corporation ever discuss the permitting and other environmental/socioeconomic concerns of the State and other agencies and parties with the sponsors of the projects?

There has been frequent dialogue between Corporation staff and Hampshire officials on Hampshire's progress in obtaining various State permits. Although Corporation staff were aware

that Hampshire was having problems complying with the demands of the permitting agencies, staff evaluations concluded that the permits could be obtained in a manner that would not affect the construction schedule.

The Corporation's Hampshire project file contained many documents indicating that the Corporation was actively monitoring the permitting progress and discussing it with Hampshire. During the course of these discussions, the Corporation talked with Hampshire officials to ascertain whether Hampshire was addressing matters relating to workforce estimates, employee housing, transportation, and community services impacts. The Corporation also requested from Hampshire the questions posed by the Wyoming permitting agencies and other interested parties and Hampshire's responses to them.

Question 9: Were the sponsors encouraged by the Corporation to address those concerns in an open and expeditious manner? Was there any indication from the Corporation that financial awards would be held up if the permits were not issued?

According to the Corporation's Director of Environment, the Corporation has not provided encouragement to Hampshire to address permitting concerns. He stated that it is not the Corporation's role to encourage or to otherwise become involved as a participant or intermediary in the permit process. While Hampshire has been advanced to the negotiations stage on the condition that during this stage it meet, or show it will meet, all regulatory requirements, it has not been informed that financial awards would be held up if required permits were not issued.

The Hampshire project progressed to the negotiation stage for financial assistance on a conditional basis. On April 2, 1982, it was officially informed by the Corporation that it must demonstrate that all material permits have been or will be obtained in a manner and on a schedule consistent with timely completion and operation of the project. According to the Corporation's Senior Vice President for Projects, even though the Corporation, in its solicitation documents, indicated a November 30, 1982, target date for signing financial assistance agreements with first solicitation projects, the time frame may be permitted to slip if a justifiable reason can be presented.

The Corporation has not made a decision on the status of the Hampshire project should the permitting process not proceed in a manner consistent with anticipated timely completion and operation of the project. Although one of the options to be considered could be moving Hampshire into the group of projects being considered under the second solicitation, Hampshire has not been informed that the financial award will be held up if the permits are not issued.

NINETY-SEVENTH CONGRESS

Congress of the United States
House of Representatives

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES SUBCOMMITTEE
OF THE
COMMITTEE ON GOVERNMENT OPERATIONS
RAYBURN HOUSE OFFICE BUILDING, ROOM B-371-B-C
WASHINGTON, D.C. 20515

August 5, 1982

Honorable Charles Bowsher
Comptroller General
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Bowsher:

In a few months, the U.S. Synthetic Fuels Corporation is scheduled to award financial assistance contracts for synthetic fuel projects resulting from its first solicitation for proposals. The Subcommittee is very concerned that the corporation will make these awards before the states and other federal agencies involved in the environmental and industrial siting permitting process have completed the reviews necessary to ensure that adequate environmental controls are part of the plant design, developed the realistic, detailed environmental and health-related monitoring plans and made the necessary legal agreements for properly mitigating the socioeconomic impacts of these plants.

If these awards are made before the states and appropriate federal agencies have completed their work, excessive pressure is going to be placed upon them to move quickly -- and perhaps without the proper consideration -- to approve the necessary permits so that construction jobs and investment dollars are not delayed or lost to the states.

I do not believe that the Energy Security Act intended to allow one government agency to force others into this untenable position, with its high potential for distorting the regulatory decision-making process. The Synthetic Fuels Corporation has a mandate to "attain...synthetic fuel production in...a manner consistent with the protection of the environment." ESA, §100(a)(3). It also has a responsibility to assure that its projects monitor the environmental and health-related emissions, and that the socioeconomic impact is mitigated. This responsibility is reiterated in the corporation's own criteria as included in its solicitation.

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Despite the existence of a number of SFC employees with the supposed responsibility of assuring that these matters are resolved before financial assistance is awarded, there are disturbing indications that the corporation has neither fully evaluated itself the adequacy of the environmental control technology or consulted with the Environmental Protection Agency about its evaluations, nor does it intend to wait until the state permitting and mitigation process is complete before granting financial assistance. If true, it would guarantee that the concerns of other interested parties will not be addressed by the corporation as part of its evaluation process.

The potential for this ignoring of environmental and socioeconomic problems is especially serious in the Hampshire project. Despite persistent reports from the State of Wyoming and the Environmental Protection Agency (see attachement) that the information about environmental controls and monitoring plans and socioeconomic mitigation is inadequate for the evaluation necessary before any permits can be made, the SFC seems oblivious of its responsibility to work with the state and other federal agencies to assure the "protection of the environment." To the contrary, it appears determined to award financial assistance to this project prior to the completion of this critical evaluation.

Therefore, I ask that you conduct a full and complete investigation of the manner in which the officers and staff of the Synthetic Fuels Corporation are carrying out their responsibilities under both the Energy Security Act and their own solicitation, criteria and other guidelines to assure that the Hampshire project adequately protects the environment and mitigates socioeconomic impacts including effective use of in-state labor.

Such an investigation should include a thorough review of the interaction between the SFC and the State of Wyoming, the Environmental Protection Agency, the Department of Energy and the National Institute of Occupational Safety and Health; the SFC and citizen, labor and environmental groups; the SFC and the project sponsors; and the SFC environmental/socioeconomic/manpower staff and the head of the projects division.

As part of your review, the following questions should be addressed, although your work should not be restricted by them:

1. Have the permitting deadlines and other environmental/socioeconomic responsibilities set by the SFC's own solicitation and criteria and the Energy Security Act been complied with in its review of the Hampshire project?

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2. What weight was given to EPA's evaluation of the environmental control technology and monitoring plan?

3. What type of internal review was undertaken by the SFC of the environmental control technology? Of the state permitting process? Of the project's proposed monitoring plan?

4. What role did the staff evaluation of the control technology, the socioeconomic impact mitigation plan and the environmental monitoring plan play in the decision of the board of the SFC to advance the Hampshire project through the negotiation process?

5. How does the SFC staff perceive its role concerning review of environmental control technology, environmental and socioeconomic impact (including labor needs), and environmental monitoring? Does it perceive protection of the environment to be equally important as attaining synthetic fuel production?

6. Did the state officials and EPA officials responsible for evaluating the environmental/socioeconomic and other siting concerns resulting from the Hampshire plant effectively communicate their problems in the permitting process with the Hampshire project?

7. Who were the recipients of those communications from the state and other interested parties or agencies? Were they transmitted in any meaningful way beyond the initial recipients within the SFC? To whom, and in what format?

8. Did anyone within the SFC ever discuss the permitting and other environmental/socioeconomic concerns of the state and other agencies and parties with the sponsors of the project?

9. Were the sponsors encouraged by the SFC to address those concerns in an open and expeditious manner? Was there any indication from the SFC that financial awards would be held up if the permits were not issued?

The GAO, as part of its investigation, should review and retain in its own files copies of all memoranda, letters, notes, analyses and any other documents in the possession of the SFC and other federal agencies relating to the environmental and socioeconomic review undertaken by the SFC and those other federal agencies. These should include copies of records of all communications on these topics between the SFC and the project sponsors, EPA, the State of Wyoming and any other federal and state agencies that may have an interest in this project.

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Because the corporation has stated that it is moving very quickly to negotiate the first round of contracts, it is important that your report be completed by the end of September. The Subcommittee is also requesting that an oral briefing of your progress be scheduled for the first week of September. If you have any questions, please contact Edith Holleman, Subcommittee staff counsel, at 225-6427.

The Subcommittee looks forward to working with you on this matter.

Sincerely,

Toby Moffett

TOBY MOFFETT
Chairman

Enclosure

(306301)

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