

**Testimony of Charlotte Brower
Mayor, North Slope Borough, Alaska
July 23, 2013**

**Before the
Committee on Energy and Natural Resources
United States Senate
Legislative Hearing on S. 1273**

Chairman Wyden, Senator Murkowski, and Members of the Committee:

I want to thank you for the opportunity to provide comments on behalf of the North Slope Borough regarding S. 1273, the “Fixing America’s Inequities with Revenues Act of 2013”, or “FAIR Act”. I am particularly pleased that S. 1273 focuses on the fair and equitable distribution of a portion of revenues derived from energy development on Outer Continental Shelf (OCS) areas adjacent to coastal states. Congress should pass this legislation now, because this legislation helps to ensure that State and local governments will have resources they need to keep up with infrastructure requirements, expand emergency response and search and rescue capabilities, take an active role in oil spill preparedness, and work to maintain healthy communities and a healthy ecosystem.

The North Slope Borough is a home rule Arctic government—a coastal political subdivision of the State of Alaska and a county-level government. The North Slope Borough is the largest municipality in the United States, encompassing over 94,000 square miles, including more than 8000 miles of Arctic coastline. The Borough stretches from the U.S.-Canada border to the western border of Alaska, across the Beaufort and Chukchi Seas.

The majority of Borough residents are Iñupiat Eskimos. And we are heavily dependent upon marine mammals (such as bowhead and beluga whales, seals, and walrus) to sustain our physical health and our cultural and spiritual well-being. The importance of Subsistence in our coastal communities and marine environment goes beyond the need for food. Our unique Iñupiat culture, our traditions, and our links to our ancestors and history are also tied to our Subsistence lifestyle, to our custom of sharing with others, and to celebrating our connection to the land and ocean.

We are always mindful of the critical need to protect the environment and preserve our culture and our resources. However, we also recognize that our ability to continue to provide even basic services to our communities depends largely upon a revenue stream generated by the oil and gas industry, which today primarily operates on state land in our region. Without these revenues, the North Slope Borough would not be able to maintain the airstrips, healthcare facilities, water and sewer, search and rescue, or other services we provide in our villages.

S. 1273 Supports State and Local Government Investments in Infrastructure

S. 1273 will enable State and local governments to maintain local infrastructure and invest in new infrastructure. What many people in the Lower 48 do not understand is that the infrastructure enjoyed today by other coastal states—like paved roads, deep draft ports, and modern communications—is limited or nonexistent on the North Slope. We have no deep water port. Our communities are not linked by highways or railways or electric lines or communication lines.

As the oil and gas industry looks for opportunities to develop offshore resources, I must be prepared—as the elected representative of my communities—to meet the challenges of offshore development. Senators Lisa Murkowski and Mark Begich and Congressman Don Young strongly support revenue sharing for Alaska and Alaska’s coastal political subdivisions because they understand the need for revenue sharing and the enormous financial cost of supporting healthy communities in rural Alaska.

Most people do not understand the challenges Alaska’s rural governments face. But everyone can understand the impact of higher costs to their own bottom line. As one example, a gallon of milk costs \$10 today in Barrow—and Barrow is a regional hub community. That same gallon of milk might cost \$18 or more in some of our villages. Other food items such as fresh fruits and vegetables are even more expensive relative to what you might pay in the Lower 48 or even other parts of Alaska. Why? Because the cost of transportation in our region is very high. And now imagine the cost to the North Slope Borough for new roads, upgrades to airstrips, new health care facilities, or new sewer or water or gas lines that must be built through permafrost.

We also face threats to the infrastructure we have in place today. With the Arctic Ocean now ice-free for a longer period every spring and fall, seasonal storms are eroding the land around some of our villages—in some cases over 5-6 feet per year. A single moderate storm last year cost the Borough more than a million dollars in response costs. In just the last ten years, the coastline near the City of Barrow has receded toward an old landfill that holds tens of thousands of barrels of Navy and Air Force waste. Ten years ago, the ocean was 200 feet away from the landfill—now it is 120 feet away.

Coastal erosion also threatens the City of Barrow’s “utilidor” system, which is an underground system of tunnels designed to protect the city’s utilities from the cold. This system provides indoor plumbing to our residents and eliminates the need for outhouses and water delivery by truck. And like most other things in the Arctic, it is very expensive. A moderate storm almost breached the utilidor last fall with its severe surge. In response, the Borough has committed money to an erosion mitigation project in Barrow. The State of Alaska has also committed money to the project. But it is a very big project, and OCS revenues could be a critical component in helping us work to protect Barrow and other North Slope communities that are similarly impacted.

The cost to keep our communities safe is often exorbitant, and with limited federal funds available for local coastal mitigation projects, we seek a fair share of OCS revenues, derived from our backyard, to ensure that we can continue to keep our communities safe.

I would also note that the oil and gas industry, researchers, and federal agencies, including the U.S. Coast Guard, all use our local infrastructure—our airports and roads and hospitals. We welcome people to our community, and we were grateful for the Coast Guard’s presence in Barrow during the 2012 drilling season, but we ask that Congress recognize the cost to our community of maintaining and expanding critical infrastructure as industry develops offshore resources.

S. 1273 Supports State and Local Government Investments in Research and the Sound Management of Coastal and Ocean Ecosystems

S. 1273 will enable State and local governments to support the research and baseline data collection programs that will ensure local resources are protected. This is especially true in Alaska where we deal with extremes in climate and the unique needs of rural Alaska Native communities.

OCS revenues would support the Borough’s Department of Wildlife Management, which engages in a range of land and ocean management work, and conducts much of the critical scientific research that we need—and that you need—to ensure offshore oil and gas development proceeds safely.

There is a great deal of research needed to understand how best to mitigate the impact of oil and gas development on the Arctic environment, and the North Slope Borough can and should be a part of that effort.

OCS revenues also would support the Borough’s sound management of coastal and ocean ecosystems in an area larger than Wyoming. In previous times, when the Borough received a share of OCS revenues under the Coastal Impact Assistance Program enacted as part of the Energy Policy Act of 2005, the Borough invested in projects that supported, among other things, the restoration and rehabilitation of coastal areas and assessments of sensitive lands, waters, bowhead whales and other marine mammals, and the development of mitigation measures to reduce impacts. Revenues derived from S.1273 will be critical in allowing the Borough to undertake similar projects moving forward.

S. 1273 Supports State and Local Government Investments in Oil Spill Response and Emergency Preparedness

Finally, S. 1273 supports the role of State and local governments in emergency preparedness associated with offshore energy development, including oil spill response preparedness. These funds would enable the Borough to purchase helicopters and other types of aircraft that have the capabilities to conduct search and rescue operations and transport people and equipment to remote areas should the need arise. Funds would also allow for the development of port and harbor infrastructure that can service oil spill

response vessels, provide staging areas for oil spill response equipment, and improve the logistical capabilities of industry and government. Lastly, OCS revenues would support bringing broadband communications to the North Slope and developing communication centers that will be important for supporting industry and governmental activities and responding to emergency events.

In summary, the people of the North Slope live in one of the most undeveloped regions in our nation. Investments must be made in the infrastructure necessary to ensure that OCS development can be conducted safely and responsibly. And the burden of providing such infrastructure should not fall solely on the people that have the most to lose in case of an oil spill. S. 1273 represents a fair and equitable solution in enabling local governments to make the infrastructure investments necessary to support OCS activity and to maintain the health and welfare of the North Slope's people and environment.