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NEWS

Western towns hard-hit by climate change unite, target coal for funds

Telluride's Colorado Avenue.

By **BRUCE FINLEY** | bfinley@denverpost.com | The Denver Post
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Ten Western mountain towns feeling the effects of climate change are launching a campaign that targets the coal industry, seeking hundreds of millions of dollars a year from companies to help communities adapt.

The "Mountain Pact" towns in Colorado and neighboring states contend that, because coal is a major source of heat-trapping greenhouse gases linked to climate change, the industry should pay more to help deal with the impact.

In a letter being sent this week to federal officials, lawmakers and the White House, the towns demand changes in the federal government's system for collecting royalties from coal companies, half of which flow back to states for local distribution.

The federal program already is under internal review.

Colorado Mining Association president Stuart Sanderson bristled at the push, saying the industry pays "a very fair chunk" and also is facing increased regulatory burdens.

But the mountain town leaders are adamant. Rising temperatures, inconsistent river flows, shrinking snowpack, drought and catastrophic wildfires are among the worsening problems they must deal with at an increased expense.

"The squeaky wheel gets oiled. We have to start somewhere in taking on that challenge. Now's the time. We're seeing the impact from global warming," Leadville Mayor Jaime Stuever said.

"I'm not blaming it solely on coal. It's fossil fuels in general. But we need to create a diversification of jobs," Stuever said. "If there's no consistent snow, due to global warming, then we need to look at other forms of tourism."

Telluride Mayor Stu Fraser said residents and visitors increasingly feel the effects of climate change including blowing dust, which accelerates snowmelt, reduced snowfall and water supply strains. He said the town is motivated partly by politics and that any funds reaching Telluride would be used to install local solar and wind power systems.

"If they're going to continue to burn coal, it has to be cleaner. This needs to happen sooner rather than later," Fraser said. "It's very important that we have less pollution going into the environment."

Mountain Pact towns plan to send the letter Tuesday to Interior Secretary Sally Jewell, top federal land and budget managers, 11 lawmakers and two White House officials. A growing list of signatories includes mayors or town councils of Aspen, Leadville, Telluride, Ophir, Ridgway, Buena Vista, Carbondale, Dillon, Park City, Utah, and Taos, N.M.

The letter urges reforms to ensure that coal companies pay royalties based on the full market price of coal calculated when companies sell coal to power plants.

“I hope they will start listening to us. We are seeing the effects of climate change,” Buena Vista town trustee Keith Baker said, citing reduced snow and altered water flows for agriculture and river rafting.

Aspen has appointed a city climate action manager, Ashley Perl.

“We have to band together to draw attention to the changes we are seeing,” Perl said. “It is actually bad and needs to be addressed.”

Currently, coal companies can pay royalties to Interior’s Office of Natural Resources Revenue based on percentages of initial sales to subsidiaries or at reduced rates.

“By eliminating subsidies and requiring coal companies to pay royalties on the true market price of coal, rather than on the hidden price at which it is sold to a middleman or a subsidiary, the government will collect a fair return for U.S. taxpayers and Western states (an estimated $1 billion per year), and increase government transparency and efficiency,” the letter says.

“The costs of adapting to a changing climate are rising, but at the same time coal companies are taking advantage of gaping loopholes that allow them to pay less, thus depriving many Western states and taxpayers across the country their fair share of the revenues from coal leased on federal land.”

Sanderson rejected the notion of loopholes.

“It would be inappropriate to increase royalty rates for an industry already suffering from production losses and lost jobs due to flawed state and federal laws and regulations designed to drive coal out of the energy mix,” he said. “The best way to increase royalties is to increase sales and production and remove disincentives to coal use engineered by government.”

The eight coal mines in Colorado employ 1,767 people. The coal industry in Colorado employs 6,200 people if coal transport and support activities are included, according to industry data.

The Center for American Progress, a liberal research and advocacy group, has found that coal companies increasingly use subsidiaries in marketing coal after mining to pay lower royalties.

States receive a 50 percent share of coal royalties, portions of which are distributed to cities and towns. Federal data show royalties for states in 2014 totaled $36.7 million in Colorado, $555 million in Wyoming, $43.5 million in Utah and $48.9 million in Montana.

A revised federal rule requiring companies to pay full market price would have raised $600 million between 2008 and 2013, according to senior analyst Mark Haggerty at Headwaters Economics, a Montana-based think tank.

Across the West, state officials increasingly wrestle with projected climate change troubles.

Colorado Gov. John Hickenlooper's office last week unveiled a Resiliency Framework designed to guide local adaptation to withstand flooding, wildfire and other climate-related calamities.

It's meant to encourage long-term planning for disasters and climate change, said Molly Urbina, the state's chief recovery officer.

"You look at housing. You look at the economy. You look at infrastructure. You look at just making your community have a sense of place," Urbina said. "If you do good planning, it does leverage other funding, federal or state, and also private funding."

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Updated May 4 at 12:01 p.m. *The following corrected information has been added to this article: Because of an error by a source, the number of people employed by the Colorado coal industry was inaccurate. It has been corrected.*

TAGS: **CLIMATE CHANGE**

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Bruce Finley covers environment issues, the land air and water struggles shaping Colorado and the West. Finley grew up in Colorado, graduated from Stanford, then earned masters degrees in international relations as a Fulbright scholar in Britain and in journalism at Northwestern. He is also a lawyer and previously handled international news with on-site reporting in 40 countries.

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