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Neighbors vs. Neighbors

Under Alcoa's Cloud, Communities Battle Over Work, Land, Water, and Air

BY MICHAEL KING, JULY 27, 2001, NEWS

The community meeting, on a warm summer evening in late June, does not appear likely to strike fear in a distant corporate boardroom. About a hundred or so people -- young professionals, sunburned ranchers and workingmen, middle-aged homemakers, and a handful of children in the aisles -- are gathered in the assembly room of a small Elgin church. A state representative delivers a friendly, rambling talk on the progress of water district legislation at the Capitol, another water board official describes related technical matters, and there is a smattering of polite audience questions to a series of committee reports. The entertainment and fundraising highlight of the evening is a mock (but very successful) auction of preserves and handcrafts. All in all, it's a relaxed, informative, but pretty low-key event.

Yet thanks to persistence, solidarity, sheer doggedness, and a little bit of luck, the Central Texas community organization called Neighbors for Neighbors has latched onto the tail of mighty Alcoa Corp., the Pittsburgh-based multinational that dominates worldwide production of aluminum, and has given the behemoth a mighty yank. Documents discovered by the organization's volunteer researchers in the files of government agencies suggest that Alcoa's Rockdale aluminum smelter -- a major polluter of Texas air for decades -- may have been violating state and federal environmental regulations since the mid-Eighties. During that period, Alcoa completed extensive renovations on the lignite-fired boilers that power its aluminum smelters, and subsequently increased the amounts of toxic emissions (especially nitrogen oxide [NO_x] and sulfur dioxide [SO₂]) spewing from its smokestacks. Regulatory agencies now have to decide whether Alcoa violated the law by not applying for the emissions permits -- or installing the pollution-control equipment -- such changes presumably require.

With the help of a friendly environmental engineer who knew what to look for, members of Neighbors for Neighbors found documents in the files of the Texas

Natural Resource Conservation Commission (TNRCC) and Environmental Protection Agency (EPA), which confirm that in the decade from 1979 to 1989, Alcoa spent about \$45 million to renovate and upgrade all three of its boiler units. The researchers also diligently sought out published remarks by Alcoa personnel testifying to the extent of the work completed on the plant. "We've torn apart as much as we can without throwing the whole thing away," the plant's power supply supervisor told the weekly *Rockdale Reporter* in 1985.

Alcoa insists its work on the boilers was simply a "betterment project": "routine maintenance" to restore the system to its original standards, and that emissions subsequently increased only because of increases in operating hours. "Increased operating hours are exempt from the grandfathered pollution regulations," spokesman Jim Hodson told the *Chronicle*, "as are changes in the quality of the fuel, as long as it's from the same source."

The opponents counter that the work done by Alcoa was less than that done by similar companies elsewhere -- companies that were subsequently found by the EPA and the courts to have violated the federal Clean Air Act. "Labeling physical changes occurring once in a plant's 50-year lifetime as 'routine,'" Neighbors for Neighbors wrote to the TNRCC, "defies a common sense application of the phrase."

The TNRCC and the EPA say they are investigating the situation and have given Alcoa until August 1 to submit records concerning the power-plant renovations and the company's historical emissions. The agencies say they will complete their investigation as soon as possible thereafter.

Yet neither agency has been able to explain why it took a volunteer community organization to discover potentially incriminating materials on one of the most notorious state pollution situations sitting quietly in the agencies' files, apparently without official action, for more than a decade. Asked why the major modifications documents sat in TNRCC files for years without agency reaction, spokesman Patrick Crimmins replied, "That was an EPA survey document, and we were just copied on it." Asked why the EPA had not acted on the same information -- even if only to concur with Alcoa's insistence that the modifications were routine in nature -- EPA spokesman David Bary replied, "The TNRCC has the first responsibility on environmental enforcement."

The central enforcement issue is whether Alcoa violated federal and state Clean Air Act regulations under which the Rockdale plant enjoys "grandfathered" pollution exemptions on the installation of up-to-date emissions control equipment. Should the investigation confirm violations, Alcoa could be required to install such equipment and be subject to additional financial penalties. "If Alcoa should have

gotten a permit," TNRCC Executive Director Jeff Saitas told *The Dallas Morning News*, "then we are going to enforce against them and make them go back and do what they should have done in the first place. If that happens, the enforcement is going to require them to get a permit, make significant emissions reductions, and pay a penalty." In theory, such violations occurring over more than 15 years could result in fines of as much as \$10,000 a day at the state level, \$27,500 from the EPA.

Should all that occur, Neighbors for Neighbors will have accomplished what a generation of legislators, regulators, and statewide environmental organizations have not been able to manage in more than 30 years of work -- reining in Alcoa Rockdale, the single largest source of grandfathered air pollution in the state, at more than 100,000 tons a year. It would be a significant contribution to the air quality of Central and North Texas, and would make a dramatic impact on the more than 900,000 tons of grandfathered air pollution annually fouling the state's air.

Ironically, such a victory would be only a byproduct of Neighbors for Neighbors' primary goals. And in principle at least, the pollution reduction could also be accomplished without directly helping the organization achieve its own original purposes. Neighbors for Neighbors, comprising several hundred households in the Lee and Bastrop County area, east and northeast of Austin, is only secondarily an anti-pollution organization. The organization's primary purpose is to defend those communities from what it believes are Alcoa's more direct threats to the countryside and its people.

Neighbors for Neighbors wants to stop Alcoa's strip-mining operation, and scuttle its plans to export water.

Land and Water

Alcoa's Rockdale smelters are powered by lignite-fired boilers, and the company mines its lignite coal from its own Sandow mine, which stretches for several miles southwest from the Rockdale plant and just across the Lee County line toward Elgin. But the Sandow mine is nearly played out, and a little over two years ago, Alcoa accelerated plans to extend its strip-mining operations further southwest, on extensive mineral leases it owns in Lee and Bastrop counties. Alcoa's proposed 15,000-acre Three Oaks strip mine straddles State Highway 696 (a section of which the company intends to move) and the Lee/Bastrop County line, moving closer to Austin and farther away from the plant's home communities of Rockdale and Milam County. According to Alcoa spokesman Jim Hodson, the proposed Three Oaks mine, excavating the lignite under lands owned primarily by San Antonio City Public Service, would extend the working life of the smelter for 35 years. (For more

history on the mining plans, see "Coal Hard Cash," by Nate Blakeslee, austinchronicle.com/issues/dispatch/1999-09-03/pols_feature.html .)

Alcoa's plans for the new mine galvanized Neighbors for Neighbors two years ago, and organizers say membership has since swelled to some 850 households. Members directly in the path of Three Oaks stand to lose their land or their homesteads, and many more are worried about losing their groundwater from wells drilled into the abundant Carrizo-Wilcox Aquifer that underlies the entire area. In standard operation, the strip mine uses de-pressurizing wells to allow lignite excavation below the water table. But late in 1998, Alcoa also signed a contract with the San Antonio water utility, eventually to supply large amounts of water by pipeline to that city. The current contract technically calls for that water to come from the Sandow area -- but opponents point out that the aquifer source underlying both old and new mine sites is in fact contiguous, and the contract's potential requirements could approach the recharge limits of the aquifer. Alcoa insists there is plenty of water to go around, and the company says it will remediate and deepen any wells affected by its operations.

Area residents are unconvinced, and cite studies that suggest Alcoa's plans to market water "could dry up local water supplies over some 1,400 square miles." Alarmed by that prospect, local governments as far away as Smithville and Giddings have passed resolutions opposing or criticizing Alcoa's proposed new mine. Meanwhile, the Travis County Commissioners and Austin City Council have each asked for pollution reductions at the plant, whose emissions affect air quality not only in Austin but as far away as Dallas. The potential threat to land and water, combined with continuing opposition to Alcoa's grandfathered air pollution, has generated an unusual alliance of rural residents, state environmentalists, and local government officials, while Alcoa, its hundreds of employees and many residents of Milam County stoutly defend the company.

It seems an irreconcilable conflict. Alcoa insists it needs the new mine to continue its Rockdale operations, and its prospective neighbors insist they cannot live with the mine. Billie Woods, the current president of Neighbors for Neighbors, teaches piano and with her husband owns and operates a riding stable that would eventually be about a mile from the new mine. She says she speaks for many area residents in her opposition. "I don't object to Alcoa running its business, or to the workers who make their living from the plant," said Woods. "But I don't believe they have the right to expand their business and operations at the expense of my business and my home."

Neighbors for Neighbors insists that it is not asking Alcoa to close its Rockdale plant and take its investments and jobs elsewhere. "We've asked that the company switch

to natural gas for power, which would greatly reduce the amount of emissions, especially SO₂," says board member and spokesman Ron Giles. "It would also eliminate the need for the lignite mine and the plan to ship water to San Antonio."

Alcoa responds that it has thoroughly reviewed the possibility of using natural gas at the Rockdale plant and determined that the prospect is not economically feasible for the production of aluminum. The Rockdale plant is only competitive, Alcoa insists, because it owns its own fuel: lignite. Spokesman Hodson told the *Chronicle*, "You can't stay in business making aluminum in Texas using natural gas."

The View From Sandow

On a clear morning in late June, there is no dark satanic cloud hovering over the countryside to mark the location of Alcoa's Rockdale smokestacks. The plant itself is just southwest of the town, off Route 79 on a farm-to-market road that soon becomes Alcoa property ("No cameras allowed") and runs directly between the massive smelter operation and the three smokestacks that power it. (A fourth smokestack owned by utility company TxU, for which Alcoa supplies the lignite, is also part of the complex, adding its own fully permitted emissions to the Texas air.)

Just north of the complex is Alcoa Lake, a man-made lake used as a cooling facility for company generators, but also an apparently thriving body of water and wetlands that on this morning is host to a single duck. Beyond the company offices, signs mark the turn toward the mine, visible here only in the steady stream of crushed lignite heading toward the boilers on a conveyor belt that for a few hundred yards rolls right along the roadway. Opposite are the immense smokestacks and steadily rising mountains of black lignite, waiting to join the endless stream feeding the boilers and the stacks.

If you pass by here at the right hours -- especially after dark, some nearby residents say -- you will find the smokestacks spewing clouds of gray and black smoke, and visibly living up to their reputation as a major source of polluting emissions. But on this clear morning, even within the plant grounds, little is visible other than vented steam, rising dust, and heat waves so high above the ground as to be almost imaginary. (The highest stack stretches 528 feet -- a couple of hundred feet taller than the Capitol.) A credulous visitor could easily convince himself that opposition to Alcoa for its air pollution is a great deal of fuss about very little.

Yet there remains that staggering figure of 104,000 tons of emissions -- calculated from Alcoa's own estimates -- pouring annually over the countryside, including 40,000 tons of smog-producing NO_x and 60,000 tons of acid-rain-generating SO₂, to say nothing of highly toxic metals such as mercury, copper, lead, and others

eventually accumulating in Texas lakes and rivers, or of carbon dioxide, the principal source of global warming. Thanks to coal-fired sources of power like Alcoa and TxU, Texas is a national leader in all these categories, and this plant alone is no slouch, in the top 20% nationwide.

Adam Chambers, the young engineer and former power-plant inspector who helped Neighbors for Neighbors research the company's records, says that he at first could not believe the published pollution figures cited by his friends in Neighbors for Neighbors, until he confirmed them for himself. Chambers says Alcoa's annual emissions are greater than, for example, *all* the stationary sources in the state of Connecticut (about 80,000 tons). In fact, says Chambers, "if Alcoa were a state, it would rank 40th on the list of all U.S. states, for stationary-source emissions."

A few miles down the road from the Alcoa smokestacks, and beyond the fringe of trees that partly conceals the inexorable march of the mine, the stacks remain visible but the air still looks clean, and the small herds of wandering cattle are unconcerned. Yet even on this brilliantly clear morning, all around the countryside there remains a faint, intermittent mustiness in the air. It disappears momentarily with the wind, then suddenly starts again at the back of your throat, tightening your sinuses almost before you can smell it and just moments before you can identify it: the unmistakable, sulfurous flavor of burning coal.

No Mine, No Jobs

"I've worked at the facility [first for Texas Utilities and then Alcoa] for 20 years, come September. I'm 41 years old and I've got a wife and two teenage daughters," says Earl Schneebeli. "Nobody in my family has ever had any health problems from the pollution. I'm not saying people don't have problems, but I have not seen them in my family or for people I know." Schneebeli's family has lived here for three generations, and says his situation is typical of many of his coworkers. "A lot of people came to Alcoa out of high school and have worked here all their lives."

Alcoa's Rockdale plant employs 1,900 people, with an annual payroll of \$93 million. Schneebeli is the business manager of IBEW Local 2078, which represents four contracts and more than 300 workers at the plant; the rest of the workers are organized by the United Steel Workers. Although he's speaking officially for his union, on the issue of the proposed new mine Schneebeli believes the workers generally agree. Sitting in the modest IBEW hall on the highway a few miles west of Rockdale, Schneebeli explains patiently and at length the union's position on the proposed new mine. "It is critical to the survival of this location," he says. "Anyone who works there can tell you the Sandow mine is running out of fuel that can be reached economically. We've been pushing the boundaries since '96 or '97. It may

not be long until we're out of lignite -- and I'd like to work a little longer."

Schneebeli's arguments cannot simply be dismissed as the reflexive defenses of a company union. The IBEW has had an embattled history at the Rockdale plant -- in late 1997, he says, relations with the company had deteriorated to the point that Alcoa was threatening to close for that reason -- and contentious current negotiations over a new Alcoa contract with the USW were recently referred to arbitration. The union's activism has been rewarded, says Schneebeli. "These are good jobs -- \$13 to \$17.50 an hour, with incentives. It's a living wage, with medical benefits, life insurance, long-term disability. ... They're very good jobs. Most people will tell you they'd like to have them."

Based on his own experience and research, Schneebeli has come to agree with the company that those jobs are threatened by outside pressures to stop the new mine. He points to the low cost of manufacturing aluminum elsewhere in the world, and argues that the only factor keeping the Rockdale site in operation is the ready supply of low-cost fuel. The profit margin on making aluminum with lignite power, he says, is second only to hydroelectric. "They [Alcoa] have ways they measure us, and if we don't stack up [economically], we're gone."

On a nearby laptop, Schneebeli pulls up a map showing a grim row of former aluminum smelter locations in the southern United States, glowing red because they've been closed for economic reasons. Since 1981, Alcoa and other companies have closed more than 10 smelters across the South. "All those smelters were either using natural gas," Schneebeli says, "or buying power off the [electric utility] grid." The single, green-glowing exception is Rockdale, still in operation. "That's because here we use our own lignite," says Schneebeli, "and why we can't switch to natural gas. If there's no mine, there's no smelter. If there's no smelter, there's no jobs." Schneebeli adds that the entire infrastructure and economy of the community depends on Alcoa and ultimately on the lignite mine, including many other jobs outside the plant. "If these jobs go away, those people will have to move somewhere else."

(It's worth noting that it wasn't simply the "free market" that dictated Alcoa's facility decisions. As *The New York Times* reported July 17, "When Treasury Secretary Paul H. O'Neill was chief executive of Alcoa, the world's largest aluminum company, a glut of aluminum had flooded the market and profits were falling. His solution? In 1994, he almost single-handedly persuaded the major aluminum-making nations to produce less. Aluminum prices rose and have remained high, and Mr. O'Neill is seen as the savior of that industry." O'Neill, said the *Times*, is now being asked to apply similar methods to the international steel industry.)

Schneebeli is convinced that given new state laws and increased productivity, Alcoa is genuinely moving to get its air pollution under control while still using lignite and maintaining the plant's profitability. "We are trying to put the company here in the position so that corporate [Alcoa's corporate headquarters in Pittsburgh] will make the decision to install that equipment. It does not solve the problem," he argues, "to shut down the plant and move [the pollution] somewhere else."

On the question of water to be sold from Sandow, Schneebeli says, the union takes no position. "Our members are probably split 50-50 on the water issue. Some don't think it's a problem, others do." Right now, excess water from the Sandow mine flows down Yegua Creek to Lake Somerville, and Schneebeli says it hasn't caused a significant problem with nearby wells (a claim disputed by Neighbors for Neighbors).

The union leader says he's publicly declared that he's willing to meet with Neighbors for Neighbors to discuss these issues, but no one has approached him from the organization because, he believes, its main goal remains to "stop the mine."

"What's so bad about the mine?" he asks. "I live right near the mine, and my well hasn't gone dry. My trees haven't died." Neighbors for Neighbors say they're defending their community. Schneebeli and his coworkers say they're defending theirs. Schneebeli doesn't know where the middle ground -- between mine or no mine, Rockdale or Elgin, Milam or Lee and Bastrop -- might be.

Asked how the union's position differs from that of the company, Schneebeli pauses. "I'm out to save the people I represent, their jobs," he says. "The company has their own objectives. ... That's part of their objective, but not their whole objective. They're trying to make money."

Downtown at *The Rockdale Reporter* the response is much the same. "Alcoa has been the lifeblood of this community for 50 years," says Editor Mike Brown. "Milam County has been supportive of the company, and so far Bastrop has been opposed. But the company can't operate without power, and lignite is the reason Alcoa is here." What he misses in the opposition to Alcoa, he says, "is some empathy for the real people who live and work here."

Brown dismisses the suspicion that Alcoa violated the Clean Air Act with its power plant upgrades -- "There better be more to that story than 15-year-old newspaper quotes" -- and discounts the pollution charges now made by Neighbors for Neighbors. "I'm skeptical of anything Neighbors for Neighbors puts out," he says. "They're a political movement with a particular agenda -- not all of them, but the hard-core that show up at every public hearing. ... Anyway, who's to say how much air pollution is too much?" Brown believes the water question is a more serious

issue, but says even that has been overblown. "Alcoa has been depressurizing the Sandow mine for 10 years, and that water has just been going to Lake Somerville, helping the tourist industry. There's a UT Bureau of Economic Geology study that says the [Three Oaks] drawdown won't be a problem. But everybody draws their own conclusions" (see map of estimated water drawdowns, above).

Reporter Ken Esten Cooke is less dismissive of the pollution problem than Brown, and even published a recent column suggesting that it is time for Alcoa to take greater steps to reduce its air pollution. "It's not so much that the pollution is that big a problem," he says, "but Alcoa is getting pounded and the town is suffering for it." He described coal as "the new tobacco" -- an excuse to generate more lawsuits -- and that the public relations hit the company is taking isn't worth the savings on pollution control. When he describes the PR problem as "letting others define who you are," he's speaking of Alcoa, but in Rockdale the distinction between the company and town is a little uncertain.

"I'm not anti-Alcoa," Cooke reiterates. "I grew up here, and to me the company and its people are part of the town. And I don't see coal as a bad thing -- it's a viable energy source that needs to be part of the national picture.

"I think some people are worried about something that they just don't know. They hear 'strip mine' or 'smelter' and they think it's this terrible thing. Most of the time, you're not even aware of it."

Battles Far and Near

A very long way from downtown Rockdale, the European press has been hard on U.S President George W. Bush, especially opposing his infatuation with Star Wars ("national missile defense") and his low estimation of the problem of global warming. Both are considered direct threats to European security, and the administration's reflexive deference to the energy industry is in stark contrast to widespread support in Europe for international controls on greenhouse gas emissions.

It didn't take long for visiting reporters to discover Texas and Alcoa. Bush is routinely described as the "Toxic Texan," and Alcoa's reputation as a major point source of carbon dioxide is highlighted by former CEO Paul O'Neill's presence in the Bush Cabinet. (Ironically, until they were hushed by Bush, O'Neill joined new EPA Administrator Christine Todd Whitman in calling for a more serious administration response to global warming, and nationally Alcoa has called for greater controls on greenhouse emissions.)

The president as Toxic Texan was centrally featured in a recent story on global

warming broadcast on the BBC's *Money Programme*. The visiting camera crew was patient enough to get plenty of footage of billowing clouds of smoke from Alcoa's power plants. But however enthusiastic one might be about environmental protection, an unmediated dip into the BBC's version of Texas is almost enough to make you vote Republican. While a toy globe literally twirls in a cheesy pink cloud of poisonous gases, virtually all Texans blissfully go on guzzling gasoline, burning coal, and fouling the atmosphere, while a coal industry CEO cheerfully explains he's not worried about global warming because "I like hot weather."

In BBC-land, the heroic exceptions to the Texas rule are the grassroots battlers of Neighbors for Neighbors, who politely explain to the camera that Alcoa's grandfathered air pollution is too much, for too long, with too many worldwide consequences. It's a long step for the volunteer organization from small-town Texas -- but Ron Giles says this was the second British TV crew to visit Elgin on the Alcoa story, as well as reporters from a couple of English newspapers. Earlier this year in the London *Independent*, a story that blasted the Bush Administration on global warming and mentioned the Rockdale plant featured a snarling photo of Bush under the headline: "President George W. Bush, polluter of the free world."

Neighbors for Neighbors is not shy of publicity, and they don't intend to wait for October, when the EPA and the TNRCC say they hope to decide whether Alcoa has violated clean air laws. Earlier this year, Giles attended Alcoa's stockholders meeting in Pittsburgh, informing the gathering that the Rockdale plant is giving the company a worldwide "black eye" and that the bad news will continue until the company agrees to switch to natural gas. On July 10, Billie Woods traveled to Cincinnati to testify before the EPA's first of four recent hearings on "new source review" (of pollution investigations) to press the case against Alcoa, and the group is searching for other national venues to spread its message. They have hired an Austin law firm to help them plead their case before government regulators, and are considering court action if necessary. Perhaps it is not coincidence that, on July 6, Alcoa announced its own new plans to reduce air pollution at the Rockdale facility (see "Progress or PR?," p.24).

In Austin, the next official fight is likely to be at the Railroad Commission, where Alcoa will soon defend its pending mining permit application for the Three Oaks mine. Neighbors for Neighbors will be there to object. An earlier hearing on an "unsuitability" petition against the mine met with defeat, and Neighbors board member Michele Gangnes is not overly optimistic -- "to our knowledge, the RRC has never turned down a mine permit" -- but she believes the residents have a strong case for rejection. "They need to look at the cumulative impact of this second mine, especially on the water. Thus far they have refused to treat the two mines as one

extended project, although the underground water source is the same."

Alcoa has responded with its own publicity, mostly aimed at the small-town newspapers in the three-county area, where full-page ads defend the company's safety, environmental record, and community involvement. Spokesman Hodson says the company expects to continue mining lignite and producing aluminum in Rockdale for many years, and that it intends to comply with just-passed state regulations requiring newer pollution controls (by then, 17-year-old technology) by 2007. "We can comply with that law and be competitive," Hodson says, "and still use the new mine."

Hodson says the company remains conciliatory to the area's residents and willing to work with Neighbors for Neighbors. "I think we have a great support by the community where we have been mining since 1952," he adds, "and people who live around the mine support us. In the new area, a part of that [opposition] is that they're unfamiliar with us, and with mining. I'm hopeful that we can continue to talk with them, and deal with their issues, and that they would be less concerned."

The organizers of Neighbors for Neighbors remain unimpressed by Alcoa's reassurances, and they reject the company's insistence that it can't make a profit at Rockdale without lignite. "Alcoa's emptied out the countryside for miles around Sandow, and strip-mining is devastating the land," says Ron Giles. "Now there's this new threat [of Three Oaks]. This is not about making a fair profit -- which would still be possible with natural gas -- but about maximizing profits at the expense of the company's neighbors. Corporations need to back away from that." He says the switch to natural gas would help clean the air yet preserve the industry and its jobs. "Only a small percentage of the Rockdale workers are employed in the mine."

With an energy-industry Texan in the White House, the EPA facing budget cuts, and Alcoa's history of getting pretty much whatever it wants in Austin, the odds against Neighbors for Neighbors seem pretty long. But Giles insists the group is undaunted, and the enthusiasm at the Elgin church meeting -- where a jar of preserves sold "at auction" for \$75 and an audience conspicuously lacking in high rollers contributed a couple of thousand dollars to the cause -- supports his optimism. The group's recent discovery of the potential pollution violations in TNRCC files has given members renewed hope of eventual victory. Although the air pollution is not the only issue, Giles said, "We realize that at this point, that's where the company is most vulnerable."

"The major modifications information came as a real help," Giles said. "It's gratifying to strike a blow -- to sting them a bit, anyway." He says Neighbors for Neighbors has always viewed its struggle as a three-issue fight -- against the mine,

the water sales, and the air pollution -- and they believe that they have the determination and ability to make Alcoa do what the company insists it will never do.

"I don't view the new mine as inexorable, or believe that Alcoa is unstoppable. I have seen miracles happen. I read a lot of history, about the civil rights movement and other things. And I believe that if you work hard and do the right thing, sometimes the forces of light work in your favor." end story

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