The Problem with Coal

Coal-fired power plants produce almost half of the energy consumed in the U.S. each year. Unfortunately, coal mining, along with coal-fired energy generation, have serious, long-term impacts on air and water quality. Water is involved at multiple parts of the production chain – it is used to extract, wash, and at times even transport coal.

Since 2008, members of ICCR have been engaging coal-mining company Alpha Natural Resources on its water management policies and practices, and the social and environmental impacts that its mining operations have on the surrounding Appalachian communities. Alpha is one of a number of coal mining companies practicing "mountain-top removal (MTR)" mining, where upper elevation forests are cleared and stripped of topsoil, and explosives are used to break up rocks to access coal. Excess rock is then pushed into adjacent valleys, where it buries existing streams and potentially releases heavy metals into waterways.

MTR is legal, but just barely. Mining companies must first seek a federal permit to discharge waste from their mining operations directly into streams and wetlands (i.e., "valley fill") and violations of the Clean Water Act due to pollution from cancer-causing heavy metals are so widespread they have become an accepted business risk. Though its provisional legality has been established, it would be difficult to argue that MTR is anything but destructive for the environment, for business, and importantly, for the communities where it is taking place.

Earlier this year, Alpha was charged and agreed to pay the largest penalty in history under Section 402 of the Clean Water Act for violating water pollution permits more than 6,000 times in the states of Pennsylvania, Kentucky, Tennessee, Virginia and West Virginia between 2006 and 2013. The fines total over $27 million and the company has further agreed to spend another $200 million in water remediation initiatives.

Tom McCaney, Director of Shareholder Advocacy for the Sisters of St. Francis of Philadelphia and leader of ICCR's shareholder engagement with the company remarked, "Our fear is that the coal mining industry views these huge EPA fines as the cost of doing 'business as usual' and these enormous environmental and social risks are assumed as part of their operational plans. If this is true, then it demonstrates a staggering disregard for the people who live in the Appalachian communities where they operate, and is a very sorry statement about the industry's commitment to corporate responsibility."

At the heart of this latest Alpha controversy are several public statements that the company has made about its environmental and water safety record – statements which cast Alpha's behavior in an altogether different light.

Back in December of 2013, ICCR members filed a shareholder proposal with Alpha, requesting reporting on the company's environmental and community impacts, including the water impacts of its business operations.

Upon receiving the shareholders' resolution, Alpha released a statement of opposition, which appears alongside the proposal on the proxy ballot, and cites several company claims that either strain credulity, intentionally obfuscate, or gloss over a clearly abysmal record, including:

- Almost 100% compliance with regulatory permits governing all water discharges
- A 2013 water compliance rate of 99.8%
- A company-wide violations per inspection rate of less than 1 per 100 inspection days

These company statements were made at the same time that Alpha was in settlement discussions with the EPA for repeated and egregious violations of the Clean Water Act.

"Alpha boasts of multiple 'green' initiatives which on the surface seem impressive, but when viewed in the context of current litigation, become highly suspect," continued McCaney. "The company's opposition to our shareholder proposal requesting improved measuring and reporting on environmental impacts was written at the same time it was negotiating an embarrassingly large settlement with the EPA for egregious environmental impacts. I'm sure no one will dispute that 6,287 citations for water pollution in five states over a nine year period is unacceptable and a clear sign that the company needs to reevaluate its environmental risk management protocols."

Accordingto Paul Corbit Brown, President of Keeper of the Mountains, a nonprofit committed to stopping MTR in Appalachia, "MTR is not only destroying thousands of acres across Central Appalachia but also destroying our way of life in these mountain communities. MTR has exacted an unfathomable toll on mountain communities that are paying dearly for the profits Alpha squeezes from these hills. In many cases, people are literally paying with their lives and the lives of future generations, as the long-term health impacts of MTR are only beginning to be understood. Soon after Alpha purchased Massey Energy, CEO Kevin Crutchfield promised me personally that Alpha was going to be a 'good actor and a good neighbor' in the communities where it mines coal. The irreversible poisoning and destruction of our water are not the actions of a good neighbor. Stripping us of clean water is tantamount to stripping us of our human dignity and is a gross violation of our human rights."

ICCR's resolutions, in fact, were prompted by several environmental assessments including a 2011 EPA report on The Effects of Mountaintop Mines and Valley Fills on Aquatic Ecosystems of the Central Appalachian Coalfields which found that mines employing mountain top removal have significant impacts on local waterways and aquatic life. As a result, ICCR's proposal calls for a report detailing "efforts to reduce environmental and community impacts associated with its Appalachian mining operations, and how those efforts may reduce legal, reputational and other risks to the company's finances."

While the EPA report only speaks to how Alpha's pollution has affected aquatic life, there are several studies cited in the proposal that point to potential human health impacts from sustained exposures to heavy metals including birth defects, circulatory, respiratory and central nervous conditions and cancer.

"We have been transparent about our intentions," said McCaney. "Our primary goal is to help our companies improve their environmental and social records because it is the right thing to do, but we also know that a company that chooses to ignore its social contract is much more exposed to legal, reputational and financial risk. Investors often end up paying for those risks when the share price falls. We are therefore deeply troubled by the discrepancies in the EPA's report versus Alpha's reporting to its shareholders on these critical metrics."

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