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. “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.”