Council of Alaska Producers

Comments on HB158 and funding for the Spill Prevention and Response Division, Alaska Department of Environmental Conservation

March 31, 2015

Representative Mark Neuman, Co-Chair
Representative Steve Thompson, Co-Chair
House Finance Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801

Dear Representative Neuman and Representative Thompson,

The Council of Alaska Producers (CAP) is writing to provide comment on HB158 as well as information about the Alaska Department of Environmental Conservation's Spill Response and Recovery (SPAR) activities in the metal mining sector.

CAP, a non-profit trade association formed in 1992, serves as a spokesperson for the large metal mines and major metal developmental projects in the state. Bringing together mining companies with interest in Alaska, the Council represents and informs members on legislative and regulatory issues, supports and advances the mining industry, educates members, the media, and the general public on mining related issues, and promotes economic opportunity and environmentally sound mining practices.

While the Council does not object to HB158, we question the amount of funding SPAR needs to fulfill its mandate. We would like to see the SPAR division undergo the same tough organizational and fiscal scrutiny as all other parts of state government. In addition to finding budget efficiencies, SPAR must improve the cost-recovery efforts for the services they provide.

As part of a regulated industry, the large metal mines in Alaska are closely monitored and are responsible for immediately reporting, monitoring and cleaning up any release. While the companies must also pay SPAR's costs for any involvement in administering and verifying cleanup, we have found that SPAR has not been consistent in sending invoices to recover those administrative costs.

According to presentations made by SPAR's Director, Kristin Ryan, most of SPAR's cleanup costs involve spills of home heating fuel, marine diesel, and hazardous substances at small businesses, yet there is little cost recovery from these incidents. The Council would like to see SPAR make more consistent cost recovery efforts for the spills that require the majority of SPAR's resources.

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The Council also recommends changes to SPAR's annual report which currently focuses entirely on the volume of spills rather than the amount of state resources that are expended per spill. Even the supporting documents SPAR has provided for HB158 focus on volume: the 2014 document indicates oil and gas production, exploration, refineries and mining accounted for 60% of spills by volume[1]. This implies incorrectly that regulated industries are a large part of SPAR's cleanup budget.

The SPAR reports should note whether the cleanup was managed by the state, what it cost and whether those costs were recovered. Since the issue is SPAR funding, information about the costs is essential to determine equitable funding solutions.

Sincerely,

KMatthias

Karen Matthias
Managing Consultant

[1] Supporting Documents Division of Spill Prevention and Response submitted to HFIN, March 25, 2015

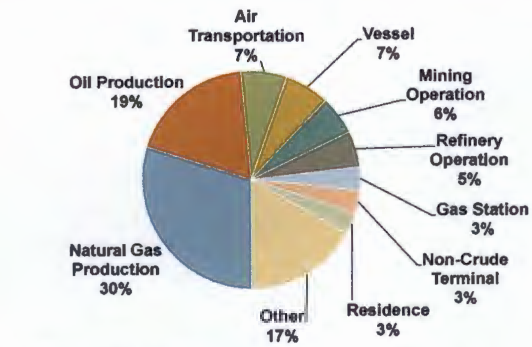
Alaska Department of Environmental Conservation

Spill Prevention and Response

All Products Spilled in FY 2014

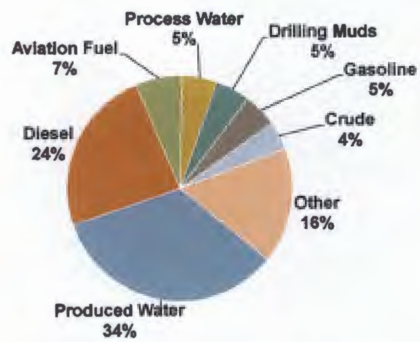
Number of Spills Reported	2,028
Total Gallons	284,729

Volume Released by Facility Type



'Other' includes facility categories comprising 3% or less of the total volume released.

Volume Released by Product

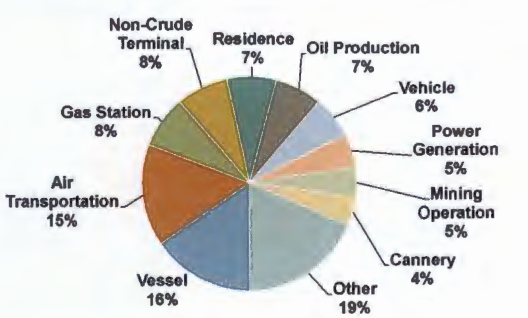


'Other' includes product categories comprising 3% or less of the total volume released.

Non-crude Oil or Refined Products Spilled in FY 2014

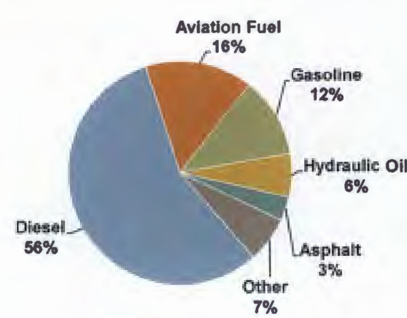
Number of Spills Reported	1,525
Total Gallons	121,517

Volume Released by Facility Type



'Other' includes facility categories comprising 4% or less of the total volume released.

Volume Released by Product



'Other' includes product categories comprising 2% or less of the total volume released.