



Department of Environmental Conservation

Division of Spill Prevention & Response (SPAR)

April 11, 2023

Commissioner Brune

Tiffany Larson, Director



SPAR's Mission

Prevent spills of oil and hazardous substances, prepare for when a spill occurs, and respond rapidly to protect human health and the environment.





Core Services

- ▶ Protect public health and the environment:
 - ▶ ensure that producers, transporters, and distributors prevent spills of crude oil and refined oil products and are fully prepared to clean up spills
 - ▶ respond to spills of petroleum and hazardous substances
 - ▶ identify, oversee, and conduct the cleanup of contaminated sites in Alaska, returning properties to safe and productive re-use



Statutory Authorities

It is the intent of the Legislature and declared to be the public policy of the State that funds for the abatement of a release of oil or a hazardous substance will always be available (A.S. 46.08.030)





Statutory Authorities

- ▶ Funds from the **Response Account** are used to respond to spills or threats of spills that pose an imminent and substantial threat to Alaska (AS 46.08.040(1)(A))
- ▶ Funds from the **Prevention Account** are used to:
 - ▶ Respond, contain, cleanup, and monitor spills (AS 46.08.040(2)(A))
 - ▶ Address existing contamination (AS 46.08.040(2)(K))
 - ▶ Pay for the operating costs of the Division (AS 46.08.040(2)(B))



Prevention Account

- ▶ Prevention Account is funded by:
 - ▶ \$0.04 per barrel of crude oil produced
 - ▶ \$0.0095 per gallon of refined fuel
- ▶ Refined Fuel Surcharge was implemented in 2015 to address the decreasing balance
- ▶ The Surcharge brings in \$1 million less per year than anticipated, in part due to exemptions for fuel purchases by municipalities and electric cooperatives



Prevention Account Revenue Shortfall

- ▶ Prevention Account annual expenditures exceed the annual revenue
- ▶ Balance has been decreasing for years and its solvency has been extended by addition of General Funds
- ▶ Prevention Account projected to run a deficit as early as FY2030



Prevention Account Projection

FY 2023 – FY 2032

*in Thousands

DEPARTMENT OF ENVIRONMENTAL CONSERVATION PREVENTION ACCOUNT REVENUES, EXPENDITURES, AND BALANCE PROJECTION

Actual Revenue FY2023, FY2024-2032 based on Fall Revenue Sources Book

Projected expenditures reflect 1% growth FY2025-FY2032

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
REVENUE to PREVENTION ACCOUNT											
Surcharge Revenue: Oil	6,330.1	6,233.6	6,560.0	6,480.0	6,480.0	6,640.0	7,120.0	6,880.0	6,640.0	6,560.0	6,960.0
Surcharge Revenue: Refined Fuels	6,405.5	6,405.7	6,400.0	6,300.0	6,300.0	6,300.0	6,300.0	6,300.0	6,300.0	6,300.0	6,300.0
Cost Recovery	724.3	739.2	739.2	739.2	739.2	739.2	739.2	739.2	739.2	739.2	739.2
Fines/Settlements/Penalties	454.2	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Investment Income	52.6	(962.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Annual Revenue	13,966.7	12,425.4	13,708.9	13,528.9	13,528.9	13,688.9	14,168.9	13,928.9	13,688.9	13,608.9	14,008.9
EXPENSES from PREVENTION ACCOUNT											
Total Annual Expenses	15,281.8	14,147.8	15,148.3	14,542.3	14,687.7	14,834.6	14,982.9	15,132.8	15,284.1	15,436.9	15,591.3
Draw from the Prevention Account Balance	1,315.1	1,722.4	1,439.4	1,013.4	1,158.8	1,145.7	814.0	1,203.9	1,595.2	1,828.0	1,582.4
Unobligated Ending Balance	8,452.0	6,729.6	4,540.2	3,526.8	2,368.0	1,222.4	408.3	(795.5)	(2,390.7)	(4,218.7)	(5,801.1)



Questions?

Legislative Liaison

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