

**SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 540 (O&G)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION**

BY THE SENATE OIL AND GAS COMMITTEE

**Offered: 5/12/91
Referred: Judiciary**

Sponsor(s): REPRESENTATIVES HUDSON, Navarre, G.Phillips, Taylor, Zawacki, Grussendorf, C.Davis, Carney, Parnell, Foster, Baker, Choquette, Gonzales, Hanley, Leman, Martin, M.A.Miller, M.W.Miller, R.Phillips, Sharp, Ivan

A BILL

FOR AN ACT ENTITLED

**1 "An Act relating to liability for release or threatened release of a hazardous substance;
2 relating to the liability of an oil spill response action contractor for release or threatened
3 release of a hazardous substance; relating to contracts by and obligations of the common
4 operating agent for the holders and lessees of the right-of-way agreement for the Trans
5 Alaska Pipeline System to provide initial response services to vessels; relating to financial
6 responsibility requirements, charges, and contract terms imposed on or for vessels; relating
7 to oil discharge and contingency plans; relating to registration of an oil spill response
8 action contractor; repealing secs. 2, 5, 7, 10, and 12 of ch. 92, SLA 1991; and providing
9 for an effective date."**

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

**11 * Section 1. PURPOSE. It is not the purpose of this Act to affect duties and responsibilities of
12 Alyeska Pipeline Service Company and its owners arising under the state and federal Trans Alaska**

1 Pipeline System agreements.

2 * Sec. 2. AS 46.03.822(a) is amended to read:

3 (a) Notwithstanding any other provision or rule of law and subject only to the defenses
4 set out in (b) of this section, [AND] the exception set out in (i) of this section, and the
5 limitation on liability provided under AS 46.03.825, the following persons are strictly liable,
6 jointly and severally, for damages, for the costs of response, containment, removal, or remedial
7 action incurred by the state, a municipality, or a village, and for the additional costs of a function
8 or service, including administrative expenses for the incremental costs of providing the function
9 or service, that are incurred by the state, a municipality, or a village, and the costs of projects
10 or activities that are delayed or lost because of the efforts of the state, the municipality, or the
11 village, resulting from an unpermitted release of a hazardous substance or, with respect to
12 response costs, the substantial threat of an unpermitted release of a hazardous substance:

13 (1) the owner of, and the person having control over, the hazardous substance at
14 the time of the release or threatened release; this paragraph does not apply to a consumer product
15 in consumer use;

16 (2) the owner and the operator of a vessel or facility, from which there is a
17 release, or a threatened release that causes the incurrence of response costs, of a hazardous
18 substance;

19 (3) any person who at the time of disposal of any hazardous substance owned or
20 operated any facility or vessel at which the hazardous substances were disposed of, from which
21 there is a release, or a threatened release that causes the incurrence of response costs, of a
22 hazardous substance;

23 (4) any person who by contract, agreement, or otherwise arranged for disposal or
24 treatment, or arranged with a transporter for transport for disposal or treatment, of hazardous
25 substances owned or possessed by the person, other than domestic sewage, or by any other party
26 or entity, at any facility or vessel owned or operated by another party or entity and containing
27 hazardous substances, from which there is a release, or a threatened release that causes the
28 incurrence of response costs, of a hazardous substance;

29 (5) any person who accepts or accepted any hazardous substances, other than
30 refined oil, for transport to disposal or treatment facilities, vessels or sites selected by the person,
31 from which there is a release, or a threatened release that causes the incurrence of response costs,

1 of a hazardous substance.

2 * Sec. 3. AS 46.03.822(b) is amended to read:

3 (b) In an action to recover damages or costs, a person otherwise liable under this section
4 is relieved from liability under this section if the person proves

5 (1) that the release or threatened release of the hazardous substance to which the
6 damages relate occurred solely as a result of

7 (A) an act of war;

8 (B) except as provided under AS 46.03.823(c) and 46.03.825(e), an
9 intentional or negligent act or omission of a third party, other than a party or its agents
10 in privity of contract with, or employed by, the person, and that the person

11 (i) exercised due care with respect to the hazardous substance; and

12 (ii) took reasonable precautions against the act or omission of the
13 third party and against the consequences of the act or omission; or

14 (C) an act of God; and

15 (2) in relation to (1)(B) or (C) of this subsection, that the person, within a
16 reasonable period of time after the act occurred,

17 (A) discovered the release or threatened release of the hazardous
18 substance; and

19 (B) began operations to contain and clean up the hazardous substance.

20 * Sec. 4. AS 46.03.822(h) is amended to read:

21 (h) The state, a municipality, [OR] a village, a person who acts as a volunteer and is
22 engaged in a response action under the direction of the federal or state on-scene
23 coordinator, and a vessel of opportunity engaged in a response action under the direction
24 of the federal or state on-scene coordinator are [IS] not liable under this section for costs or
25 damages as a result of actions taken in response to an emergency created by a release or
26 threatened release of a hazardous substance generated by or from a facility or vessel owned by
27 another person unless the actions taken by the state, the municipality, [OR] the village, the
28 volunteer, or the vessel constitute gross negligence or intentional misconduct.

29 * Sec. 5. AS 46.03.822(k) is amended to read:

30 (k) In this section, "damages" has the meaning given in AS 46.03.824 and includes
31 [INCLUDE] damage to persons or to public or private property, damage to the natural resources

1 of the state or a municipality, and damage caused by acts or omissions of a response action
2 contractor for which the response action contractor is not liable under AS 46.03.823 or 46.03.825.

3 * Sec. 6. AS 46.03.825(a) is repealed and reenacted to read:

4 (a) A response action contractor who responds to a release or threatened release of oil
5 is not civilly liable for removal costs or damages that result from an act or omission in the course
6 of providing care, assistance, or advice

7 (1) consistent with a contingency plan

8 (A) approved under AS 46.04.030 if the response action contractor is listed
9 in the contingency plan; or

10 (B) prepared under AS 46.04.200, 46.04.210, or 33 U.S.C. 1321(d) if the
11 response action contractor is not listed in the contingency plan; or

12 (2) as otherwise directed by the federal or state on-scene coordinator.

13 * Sec. 7. AS 46.03.825(b) is amended to read:

14 (b) The limitation on liability contained in (a) of this section does not apply to

15 (1) an action for personal injury or death or;

16 (2) a response action contractor who

17 (A) would otherwise have been liable for the release or threatened
18 release under AS 46.03.822;

19 (B) acts with gross negligence or intentional misconduct or;

20 (C) has agreed in writing to be listed as a primary response action
21 contractor, who is listed as a primary response action contractor in a contingency
22 plan approved under AS 46.04.030, and who fails to respond to a release or
23 threatened release of oil that the primary response action contractor was required
24 to respond to under its contract with the applicable contingency plan holder; this
25 subparagraph does not apply to a primary response action contractor if the failure
26 to respond to a release or threatened release of oil results from a prior and ongoing
27 response under another contingency plan approved under AS 46.04.030 in which the
28 primary response action contractor has the primary duty to respond and a
29 significant portion of the response action contractor's oil spill cleanup equipment
30 listed in the contingency plan approved under AS 46.04.030 is in use [AN ACTION
31 FOR DAMAGES TO TANGIBLE PERSONAL PROPERTY NOT CAUSED BY OIL;

1 OR

2 (3) AN ACT OR OMISSION THAT OCCURS MORE THAN 15 DAYS AFTER
3 THE RELEASE].

4 * Sec. 8. AS 46.03.825(d) is amended to read:

5 (d) In this section,

6 (1) "consistent" means in substantial compliance with a contingency plan;

7 (2) "primary response action contractor" has the meaning given in

8 AS 46.04.035:

9 (3) "registered" means registered under AS 46.04.035;

10 (4) "response action" means an action taken to respond to a release or threatened
11 release of oil, including [BUT NOT LIMITED TO] mitigation, clean up, marine salvage, or
12 removal of a release or threatened release of oil.

13 * Sec. 9. AS 46.03.825 is amended by adding new subsections to read:

14 (e) The defense provided in AS 46.03.822(b)(1)(B) is not available to a potentially liable
15 person with respect to costs or damages caused by an act or omission of a response action
16 contractor.

17 (f) Except as provided in (e) of this section, this section does not affect the liability under
18 this chapter or under any other state law of a person other than a response action contractor.

19 (g) Nothing in this section is intended to amend AS 46.04.030(1) or to create a cleanup
20 or performance standard that must be met by a holder of a contingency plan or by a primary
21 response action contractor.

22 * Sec. 10. AS 46.04.020 is amended by adding new subsections to read:

23 (g) In addition to existing obligations under state and federal law, and the provisions of
24 the state and federal Trans Alaska Pipeline System right-of-way agreements, the common
25 operating agent for the holder and lessees of the right-of-way agreement for the trans Alaska
26 pipeline shall (1) immediately contain and clean up a discharge or threatened discharge of oil
27 transported by or due to the operation of the Trans Alaska Pipeline System or due to related
28 activities, including activities related to a vessel en route to, berthed at, or transiting from the
29 Trans Alaska Pipeline System marine terminal or traveling on waters within Prince William
30 Sound; and (2) provide services required in a response action under contract terms as provided
31 under AS 46.04.030(r). The obligations imposed under this subsection do not affect the response

1 action duties of another person or the liability of another person for a discharge or threatened
2 discharge. Upon the request of the person required to respond to a discharge or threatened
3 discharge under this subsection, the obligation imposed by this subsection may be transferred to
4 another person required by law to respond to the discharge or threatened discharge if the transfer
5 is approved by the federal and state on-scene coordinators. In this subsection, "Prince William
6 Sound" has the meaning given in AS 46.04.030(r).

7 (h) A charge, contract term, or financial responsibility requirement imposed by the
8 holders and lessees of the right-of-way agreement for the Trans Alaska Pipeline System, the
9 holders and lessees' common operating agent, or the agent or representative of either the holders
10 and lessees, or their common operating agent, on or for a vessel traveling from a marine terminal
11 and related to containing and cleaning up a discharge or threatened discharge of oil or the
12 obligations imposed under (g) of this section

13 (1) must be fair, reasonable, and nondiscriminatory; and

14 (2) with respect to a financial responsibility requirement in excess of \$10,000,000,
15 must

16 (A) not exceed the potential cost of containment and cleanup as provided
17 in the applicable contingency plan under AS 46.04.030 that the agent may reasonably be
18 expected to incur from a discharge or threatened discharge of oil from that vessel before
19 the transfer of cleanup and containment management and control to the responsible party;
20 in establishing the financial responsibility requirement, the common operating agent shall
21 assume that transfer of management and control will occur at the earliest practicable time
22 following the discharge or threat of discharge; and

23 (B) vary among each vessel in proportion to the volume of oil carried by
24 each vessel per voyage from a marine terminal; for purposes of this subparagraph, the
25 volume of oil carried by the vessel must be reduced by the percentage of spill reduction
26 credits granted that vessel under regulations adopted by the department.

27 (i) The superior court and, with respect to intrastate voyages, the Alaska Public Utilities
28 Commission, under AS 42.05.361 - 42.05.431, have concurrent jurisdiction to review and enjoin
29 a charge, contract term, or financial responsibility requirement described under (h) of this section
30 at the request of a vessel owner, operator, or charterer. Except as provided in this subsection,
31 nothing in this section affects the jurisdiction of the Alaska Public Utilities Commission.

1 * Sec. 11. AS 46.04.030(e) is amended to read:

2 (e) The department may attach reasonable terms and conditions to its approval or
3 modification of a contingency plan that the department determines are necessary to ensure that
4 the applicant for a contingency plan has access to sufficient resources to protect environmentally
5 sensitive areas and to contain, clean up, and mitigate potential oil discharges from the facility or
6 vessel as provided in (k) of this section, and to ensure that the applicant complies with the
7 contingency plan. If a contingency plan submitted to the department for approval relies on
8 the services of an oil spill primary response action contractor, the department may not
9 approve the contingency plan unless the primary response action contractor is registered
10 and approved under AS 46.04.035. The contingency plan must provide for the use by the
11 applicant of the best technology that was available at the time the contingency plan was
12 submitted or renewed. The department may require an applicant or holder of an approved
13 contingency plan to take steps necessary to demonstrate its ability to carry out the contingency
14 plan, including

15 (1) periodic training;

16 (2) response team exercises; and

17 (3) verifying access to inventories of equipment, supplies, and personnel identified
18 as available in the approved contingency plan.

19 * Sec. 12. AS 46.04.030 is amended by adding new subsections to read:

20 (r) Except as provided in (n) of this section and in order to receive approval from the
21 department for an oil discharge prevention and contingency plan submitted under this section,
22 the owner, operator, or charterer of a vessel that intends to carry oil that has been transported by
23 the Trans Alaska Pipeline System shall obtain by contract the services required in a response
24 action from the common operating agent for the holders and lessees of the right-of-way
25 agreement for the Trans Alaska Pipeline System. The contract must contain the following
26 provisions: (1) the common operating agent, as a primary response action contractor shall, unless
27 services required in a response action are transferred as provided in (3) of this subsection, provide
28 services required in a response action for a discharge or a threatened discharge of oil to the
29 owner, operator, or charterer of the vessel while the vessel is berthed at, en route to, or transiting
30 from the Trans Alaska Pipeline System marine terminal or traveling on waters within Prince
31 William Sound; (2) that its coverage for any particular vessel may not be terminated by the

1 common operating agent while that vessel is within Prince William Sound; this provision may
2 not be interpreted to limit the department's authority to revoke approval under this section for
3 an oil discharge prevention and contingency plan submitted by the owner, operator, or charterer
4 of a vessel; and (3) the owner, operator, or charterer of the vessel shall accept a transfer of the
5 services required in a response action to a discharge or threatened discharge, after receiving not
6 less than 72 hours of advance notice and after the transfer has been approved by the federal and
7 state on-scene coordinators. In addition to the requirements of this subsection, the department
8 may require individual vessels to submit additional contingency plans to cover specific vessel
9 response, prevention equipment, and procedures. Nothing in this subsection is intended to
10 preclude the federal or state government from assuming management and control of an oil spill
11 response to a discharge or threatened discharge from a vessel under appropriate circumstances.
12 In this subsection, "Prince William Sound" means all marine waters within the boundary line
13 established at Cape Puget, southeasterly to Cape Cleare, along Montigue Island to Zaikof Point,
14 easterly to Cape Hinchinbrook, along Hinchinbrook Island to Point Bintinck, and easterly to Point
15 Whitshed.

16 * Sec. 13. AS 46.04 is amended by adding a new section to read:

17 Sec. 46.04.035. REGISTRATION OF OIL SPILL RESPONSE ACTION
18 CONTRACTORS. (a) A person may apply to the department for registration as an oil spill
19 primary response action contractor. The department shall adopt regulations governing the
20 registration and approval of oil spill primary response action contractors. Regulations adopted
21 by the department under this section must include

- 22 (1) minimum training standards for personnel;
- 23 (2) verification requirements that ensure the existence of resources, including
24 personnel, equipment, services, and an adequate deployment plan necessary to a response action
25 or as required by a contingency plan in which the contractor has agreed in writing to be listed
26 and is listed;
- 27 (3) minimum professional response action standards and practices; and
- 28 (4) minimum planning standards for oil spill primary response action contractors
29 listed in an oil spill contingency plan approved under AS 46.04.030.

30 (b) Notwithstanding (a) of this section, the department may substitute a primary response
31 action contractor approval program, and a subsequent process to approve primary response action

1 contractors who agree to be listed in a contingency plan approved under AS 46.04.030, for
2 regulations required under (a)(1) - (3) of this section if the approval program and subsequent
3 process are developed by the United States Coast Guard.

4 (c) The department shall establish fees applicable to registration under this section in an
5 amount necessary to cover the costs of the registration program. The fees shall be collected by
6 the department.

7 (d) The Administrative Procedure Act (AS 44.62) applies to regulations and registrations
8 under this section.

9 (e) The department shall develop and maintain a list of oil spill primary response action
10 contractors registered under this section. The department shall provide the list on request to
11 interested persons.

12 (f) A primary response action contractor registered under this section shall annually
13 provide to the department a list of all contingency plans approved under AS 46.04.030 in which
14 the primary response action contractor has agreed in writing to be listed as a responder.

15 (g) Nothing in this section is intended to amend AS 46.04.030(1) or to create a cleanup
16 or performance standard that must be met by a holder of a contingency plan or a response action
17 contractor.

18 (h) In this section,

19 (1) "oil" has the meaning given in AS 46.03.826;

20 (2) "primary response action contractor" means a person who enters into a
21 response action contract with respect to a release or threatened release of oil and who is carrying
22 out the contract, including a cooperative organization formed to maintain and supply response
23 equipment and materials that enters into a response action contract relating to a release or
24 threatened release of oil.

25 * Sec. 14. AS 46.04.900 is amended by adding a new paragraph to read:

26 (22) "response action" means an action taken to respond to a release or threatened
27 release of oil, including mitigation, cleanup, or removal.

28 * Sec. 15. Sections 2, 5, 7, 10, and 12 of ch. 92, SLA 1991, are repealed.

29 * Sec. 16. TRANSITION. The Department of Environmental Conservation shall adopt regulations
30 to implement AS 46.04.035(a), enacted in sec. 13 of this Act, on or before July 1, 1993.

31 * Sec. 17. If sec. 15 of this Act takes effect after June 30, 1992, sec. 15 of this Act is retroactive to

1 June 30, 1992.

2 * **Sec. 18. APPLICABILITY.** (a) The amendments to AS 46.03.822 and 46.03.825, made by secs.
3 2 - 9 of this Act, apply only to causes of action accruing on or after the effective date of secs. 2 - 9 of
4 this Act.

5 * **Sec. 19.** Section 11 of this Act takes effect January 1, 1994.

6 * **Sec. 20.** Except as provided in sec. 19 of this Act, this Act takes effect immediately under
7 AS 01.10.070(c).