

SCOMM

77:71



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

TO: Mike Greeny, Director
Legislative Finance Division

Randy Welker, Legislative Auditor
Legislative Audit Division

FROM: Representative Max Gruenberg, Chair *Max Gruenberg*
House Special Committee on the Exxon Valdez Settlement

Representative Kay Brown, Chair *Kay Brown*
House DEC Budget Subcommittee

DATE: March 25, 1991

SUBJ: Accounting of Exxon Valdez Spill Related Expenditures

As you are perhaps aware, during recent meetings of the House Special Committee on the Exxon Valdez Oil Spill Settlement questions have been raised about the quantity and type of the total expenses incurred by the state in responding to the Exxon Valdez oil spill. These same questions have also been raised during the operating budget deliberations of the House Finance Committee.

In the proposed Exxon settlement, it is proposed that the state can recover up to \$72 million for reimbursement of the state's past spill expenses. At this point, however, we are not aware of any definitive accounting of the state's spill-related expenditures incurred to date. The purpose of this memorandum is to ask for your assistance in providing both the House Special Committee on the Exxon Valdez Oil Spill Settlement and the House Finance Committee with an accounting of state expenditures on the Exxon Valdez spill response, clean up and related activities such as legal costs.

Specific questions we would like addressed include the following:

1. What is the total amount of state expenditures in response to the Exxon Valdez oil spill, including response, clean up, damage assessment, restoration and litigation, accounted for by agency, by Fiscal Year, and by funding source (ie., general fund, Oil and Hazardous Substance Release Response Fund/470 Fund, program receipts, other)?

2. Which of these expenditures have been billed to Exxon or other parties? Which of these expenditures have been reimbursed by Exxon or other parties? Which of these expenditures, if any, are still potentially eligible for reimbursement from Exxon or other parties, apart from reimbursement as part of the proposed settlement (ie., is Exxon still in the process of reviewing expenditures for possible reimbursement apart from the proposed settlement)?

It is our understanding that the former Oil Spill Coordinating Office had been tracking the state's spill-related expenditures but we do not know what became of the materials or analysis developed by that office, or whether that information is still current. We also understand that Peterson and Associates, under subcontract to the Department of Law's contractor, Preston Thorgrimson in Seattle also prepared an analysis of these accounts under the direction of a Mr. Bob Grey. We would also note that Commissioner John Sandor indicated to the House Finance DEC Budget Subcommittee that the DEC had initiated an internal audit of the Oil and Hazardous Substance Release Response Fund (470 Fund). The status of this audit is not known, although it could presumably provide information relevant to the effort of accounting for total state spill related expenditures.

In order to expedite the work of the House Special Committee on the *Exxon Valdez* Oil Spill Settlement, we would appreciate a response to this request by April 18. We appreciate your assistance with this request. If you have questions concerning this matter, please let us know or contact our offices (Eric Myers in Representative Brown's office at 465-4998 or Andy Hemenway in Representative Gruenberg's office at 465-4968).

cc: Commissioner John Sandor
Attorney General Charlie Cole
Dick Pegues/Department of Law

What about 1st expenses in
3rd party cases... any bias?