

**HB**

**377**

HB 377

TONY KNOWLES  
Governor  
Office of the Governor  
Juneau, Alaska

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

Director  
Office of the Governor  
Juneau, Alaska

February 12, 2000

The Honorable Brian Porter  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Porter:

Recent major oil spills on the Alaska Railroad and from a large fishing vessel in Dutch Harbor illustrate the need to mend Alaska's oil spill prevention and response safety net. Alaska has arguably the world's best spill prevention and response program, but only for vessels that carry oil as cargo (tank vessels), and for land-based oil facilities such as oil wells, pipelines, refineries and large tank farms. That safety net does not exist for any other oil carrier, including larger fishing boats, container and cruise ships, or the Alaska Railroad, regardless of the volumes they may carry and the fact they travel in some of the most pristine and resource-rich areas of the state.

Most of Alaska's oil spills come from carriers that are not required to prepare for spill response. Since 1995, 93 spills totaling 5,286 gallons of oil came from regulated vessels and facilities. During this same period, 945 spills totaling 258,000 gallons of oil pollution came from unregulated carriers.

This bill strengthens Alaska's safety net by extending the oil discharge prevention and contingency plan requirements and proof of financial responsibility requirements to larger non-tank vessels, and to railroads transporting oil in bulk.

Specifically, the non-tank vessels covered by this bill are defined as any watercraft of 300 or greater gross registered tons with an oil storage capacity of more than 6,000 gallons. These vessels include larger cargo and cruise ships, fish processors, and public vessels engaged in commerce, such as the Alaska State Ferries. The bill requires these vessels to plan to respond within 48 hours to an oil spill of 15% of its maximum oil storage capacity, and clean up the discharge as quickly as possible with minimal damage to the environment. Vessel operators must also be financially able to respond to damages resulting from a spill.

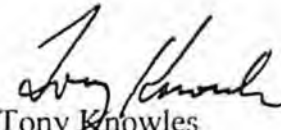
The Honorable Brian Porter  
February 12, 2000  
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Similarly, a railroad transporting oil as cargo would be required to plan to contain and control 15% of the oil storage capacity of the largest train within 48 hours and to clean up the spill as fast as possible. Railroads must demonstrate the financial ability to respond to damages based on the amount and type of oil transported.

The contingency plan requirements of the bill take effect June 1, 2001, allowing time to implement regulations with comments from the public and affected oil carriers. The new financial responsibility requirements take effect September 1, 2000.

Alaska is the only state on the West Coast that has not extended its contingency plan and financial responsibility laws to include these vessels. In light of recent spills from these vessels in our waters, and from the railroad on our land, it is time we act to strengthen our laws. Prevention and response preparedness do make a significant difference in the number and consequences of oil spills.

Sincerely,



Tony Knowles  
Governor

# FISCAL NOTE

Bill Version: HB 377

(H) Publish Date: 2/16/00

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected DOT&PF  
 Title Spill Response for Non-Tanker Vessels BRU Alaska Marine Highway System  
 Component Southeast & Southwest Vessel Operatio  
 Sponsor Rules Committee  
 Requester Governor Component No. \_\_\_\_\_

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual	125.0	125.0	125.0	125.0	125.0	125.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other Oil Spill Response Fund	125.0	125.0	125.0	125.0	125.0	125.0
<b>TOTAL</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>

Estimate of any current year (FY2000) cost: \_\_\_\_\_

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This represents the estimated cost to the Alaska Marine Highway System to contract for oil spill response services to meet the requirements of this bill.

Prepared by: Dennis Poshard, Special Assistant to the Commissioner Phone 465-3904  
 Division Commissioner's Office Date/Time 2/10/00 4:20 PM  
 Approved by Commissioner Joseph L. Perkins Date \_\_\_\_\_  
 Agency Joseph L. Perkins, DOT&PF

# FISCAL NOTE

No: 1

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

Bill Version: HB 377  
(H) Publish Date: 2/16/00

Revision Date/Time (Note if correction) _____	Dept. Affected: <u>Environmental Conservation</u>
Title <u>"An Act requiring oil discharge prevention and contingency plans...for non-tank vessels and railroad..."</u>	BRU <u>Spill Prevention &amp; Response</u>
Sponsor <u>Rules Committee</u>	Component <u>Industry Preparedness &amp; Pipeline Program</u>
Requester <u>Governor</u>	Component No. <u>1922</u>

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	168.5	168.5	168.5	168.5	168.5	168.5
Travel	19.8	19.8	19.8	19.8	19.8	19.8
Contractual	127.7	37.7	37.7	37.7	37.7	37.7
Supplies	3.3	3.3	3.3	3.3	3.3	3.3
Equipment	19.5	3.7	3.7	3.7	3.7	3.7
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>338.8</b>	<b>233.0</b>	<b>233.0</b>	<b>233.0</b>	<b>233.0</b>	<b>233.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type) 1052 Oil/Haz FD	338.8	233.0	233.0	233.0	233.0	233.0
<b>TOTAL</b>	<b>338.8</b>	<b>233.0</b>	<b>233.0</b>	<b>233.0</b>	<b>233.0</b>	<b>233.0</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time	3	3	3	3	3	3
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

**Fiscal Impact:** Three (3) full time positions will be required to draft and administer regulations for approximately 50 new nontank vessel operators and railroads. Two Environmental Specialists III will be located in Anchorage to initially develop regulations, and will then subsequently review and approve individual oil discharge prevention and contingency plans, inspect vessels and railroad facilities, and conduct and evaluate spill response drills. One Environmental Specialist II in Juneau will initially assist in developing regulations, and will subsequently review financial responsibility documentation and maintain the associated database, and conduct southeast vessel inspections. During the first year, \$90.0 for professional services contracts is included to assist in the negotiated rule making process and technical issues associated with the regulations. Other contractual funds cover position support costs and technical assistance with inspections and spill response drills.

**Economic Impact:** This bill will require some operators to incur additional costs for oil spill response equipment, contracts with spill response organizations if they are not already voluntarily meeting the regulatory standard, and costs to obtain and demonstrate proof of financial responsibility.

Prepared by: Larry Dietrick  
 Division: SPAR  
 Approved by: Commissioner *K. J. Fisher*  
 Agency: Department of Environmental Conservation

Phone 465-5250  
 Date/Time 2/9/00 4:59 PM  
 Date 2-10-00

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# Personal Services Component Summary

FY: 2001

Scenario: FY2001 Legislative Fiscal Note Info  
 Department: Environ Conservation

BRU: Spill Prevention and Response  
 Component: Industry Prep. & Pipeline Op. (1922)

**Line 100 Summary:**

Salaries:	125,796
Benefits:	42,711
Premium Pay:	0
COLA:	0
Pre-vacancy total:	168,507
Minus 0.00% vacancy:	(0)
Post-vacancy total:	168,507
Lump sum prem. pay:	0
<b>Total Line 100:</b>	<b>168,507</b>

Change Record Total: 0.0

Total Component Months: 36.0

**Active Positions:**

	Existing	New	Transferred In	Total Positions
Full Time:	0	3	0	3
Part Time:	0	0	0	0
Non-Perm:	0	0	0	0
<b>Total:</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>3</b>

**Inactive Positions:**

	Deleted	Transferred Out
Full Time:	0	0
Part Time:	0	0
Non-Perm:	0	0
<b>Total:</b>	<b>0</b>	<b>0</b>

**Split Positions:**

	Counted	Not Counted	Total Splits
Full Time:	0	0	0
Part Time:	0	0	0
Non-Perm:	0	0	0
<b>Total:</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Component PCN Funding Summary:**

	Amount	w/Vacancy
1004 General Fund Receipts	168,507	168,507
	168,507	168,507

**Component PCN Summary:**

PCN	Status	Job Title	Rng	Stp	BU	Pos	Split	Location	Mths	Salary	Prem	COLA	Benes	Total
18-#004	N	[No job title provided]	18	A	GG	FT		Anchorage	12.0	43,860	0	0	14,617	58,477
18-#005	N	[No job title provided]	16	A	GG	FT		Juneau	12.0	38,076	0	0	13,477	51,553
18-#006	N	[No job title provided]	18	A	GG	FT		Anchorage	12.0	43,860	0	0	14,617	58,477

Status Key: N=New D=Deleted TI=Transferred-in TO=Transferred-out

**Personal Services Detail For PCN 18-#004**

FY: 2001

Scenario: FY2001 Legislative Fiscal Note Info (890)  
 Department: Environ Conservation

BRU: Spill Prevention and Response  
 Component: Industry Prep. & Pipeline Op. (1922)

**Position Detail:**

Position Status: New  
 Bargaining Unit: GG General Gov't Employees  
 Class: #0018 [No Job Title Provided]  
 Location: EBA Anchorage  
 Position Type: FACL Full Time  
 Retirement: A PERS Other  
 Salary Schedule: 1A BASE  
 Strike C... .. I  
 Overtime Eligible: Yes  
 Position Frozen: No  
 Position Split: No  
 Project:  
 Region:

Budgeted Months: 12.0  
 Component Months: 12.0  
 Merit Date: none  
 Salary Change Date: none  
 Calculation Method: Monthly - Steps and Months  
 Range / Step 1: 18 A 3,655.00/mth. for 12.0 mths.  
 Range / Step 2:  
 Total Salary: 43,860  
 Total Premium Pay: 0  
 Total Benefits: 14,617  
 Total COLA: 0  
 Total Position Cost: 58,477

**Premium Pay:**

Overtime Pay: 0.00	Hours: 0.00	Higher Class Pay: 0.00
Graveyard Pay: 0.00	Mths: 0.00	Standby Pay: 0.00
Swing Shift Pay: 0.00	Mths: 0.00	Subsistence Pay: 0.00
Hazardous Pay: 0.00		Additional Pay: 0.00
Seaduty Pay: 0.00		Total Premium Pay: 0

**Benefits:**

<u>Department Benefits:</u>	<b>FULL</b>	
Leave Cash-In:	1.36% =	596.50
Risk Management:	0.82% =	359.65
Unemployment Insurance:	0.42% =	184.21
Term Leave:	1.88% =	824.57
Short Term Non Perm:	0.00% =	0.00
Unique Rate:	0.00% =	0.00
Bargaining Unit Override Rate:	0.00% =	0.00
<b>Total Department Benefits:</b>	<b>4.48% =</b>	<b>1,964.93</b>
<u>Retirement Benefit:</u>	<b>FULL</b>	
Retirement Benefit:	8.09% =	3,548.27

<u>Statewide Benefits:</u>	<b>FULL</b>	
Health Insurance:	488.50 / Mth =	5,862.00 / Yr.
Life Insurance:	1.54 / Mth =	18.48 / Yr.
Legal Trust Fund:	8.00 / Mth =	96.00 / Yr.
<b>Total Statewide Benefits:</b>	<b>498.04 / Mth =</b>	<b>5,976.48 / Yr.</b>
<u>SBS Benefits:</u>	<b>FULL</b>	
Supplement Benefits:	6.13% =	2,688.62
<u>Medicare Deduction:</u>	<b>FULL</b>	
Medicare Cost:	1.00% =	438.60
<b>Total Benefits:</b>		<b>14,617</b>

Notes: [none]

**Position Justification:**

**Funding Detail:**

	Percent	Amount
1004 General Fund Receipts	100.00%	58,477.00
<b>Total Funding:</b>	<b>100.00%</b>	<b>58,477.00</b>

## Personal Services Detail For PCN 18-#005

FY: 2001

Scenario: FY2001 Legislative Fiscal Note Info (890)  
 Department: Environ Conservation

BRU: Spill Prevention and Response  
 Component: Industry Prep. & Pipeline Op. (1922)

**Position Detail:**

Position Status: New	Budgeted Months: 12.0
Bargaining Unit: GG General Gov't Employees	Component Months: 12.0
Class: #0016 [No Job Title Provided]	Merit Date: none
Location: AWA Juneau	Salary Change Date: none
Position Type: FACL Full Time	Calculation Method: Monthly - Steps and Months
Retirement: A PERS Other	Range / Step 1: 16 A 3,173.00/mth, for 12.0 mths.
Salary Schedule: 1A BASE	Range / Step 2:
Strike Class: 1	
Overtime Eligible: Yes	Total Salary: 38,076
Position Frozen: No	Total Premium Pay: 0
Position Split: No	Total Benefits: 13,477
Project:	Total COLA: 0
Region:	Total Position Cost: 51,553

**Premium Pay:**

Overtime Pay: 0.00 Hours: 0.00	Higher Class Pay: 0.00
Graveyard Pay: 0.00 Mths: 0.00	Standby Pay: 0.00
Swing Shift Pay: 0.00 Mths: 0.00	Subsistence Pay: 0.00
Hazardous Pay: 0.00	Additional Pay: 0.00
Seaduty Pay: 0.00	Total Premium Pay: 0

**Benefits:**

<table style="width: 100%; border: none;"> <tr> <td style="border-bottom: 1px solid black;"><u>Department Benefits:</u></td> <td style="border: 1px solid black; text-align: center;">FULL</td> </tr> <tr> <td>Leave Cash-In: 1.36% =</td> <td style="text-align: right;">517.83</td> </tr> <tr> <td>Risk Management: 0.82% =</td> <td style="text-align: right;">312.22</td> </tr> <tr> <td>Unemployment Insurance: 0.42% =</td> <td style="text-align: right;">159.92</td> </tr> <tr> <td>Term Leave: 1.88% =</td> <td style="text-align: right;">715.83</td> </tr> <tr> <td>Short Term Non Perm: 0.00% =</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td>Unique Rate: 0.00% =</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td>Bargaining Unit Override Rate: 0.00% =</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td style="border-top: 1px solid black;">Total Department Benefits: 4.48% =</td> <td style="border-top: 1px solid black; text-align: right;">1,705.80</td> </tr> <tr> <td style="border-bottom: 1px solid black;"><u>Retirement Benefit:</u></td> <td style="border: 1px solid black; text-align: center;">FULL</td> </tr> <tr> <td>Retirement Benefit: 8.09% =</td> <td style="text-align: right;">3,080.35</td> </tr> </table>	<u>Department Benefits:</u>	FULL	Leave Cash-In: 1.36% =	517.83	Risk Management: 0.82% =	312.22	Unemployment Insurance: 0.42% =	159.92	Term Leave: 1.88% =	715.83	Short Term Non Perm: 0.00% =	0.00	Unique Rate: 0.00% =	0.00	Bargaining Unit Override Rate: 0.00% =	0.00	Total Department Benefits: 4.48% =	1,705.80	<u>Retirement Benefit:</u>	FULL	Retirement Benefit: 8.09% =	3,080.35	<table style="width: 100%; border: none;"> <tr> <td style="border-bottom: 1px solid black;"><u>Statewide Benefits:</u></td> <td style="border: 1px solid black; text-align: center;">FULL</td> </tr> <tr> <td>Health Insurance: 488.50 / Mth.=</td> <td style="text-align: right;">5,862.00 / Yr.</td> </tr> <tr> <td>Life Insurance: 1.54 / Mth.=</td> <td style="text-align: right;">18.48 / Yr.</td> </tr> <tr> <td>Legal Trust Fund: 8.00 / Mth.=</td> <td style="text-align: right;">96.00 / Yr.</td> </tr> <tr> <td style="border-top: 1px solid black;">Total Statewide Benefits: 498.04 / Mth.=</td> <td style="border-top: 1px solid black; text-align: right;">5,976.48 / Yr.</td> </tr> <tr> <td style="border-bottom: 1px solid black;"><u>SBS Benefits:</u></td> <td style="border: 1px solid black; text-align: center;">FULL</td> </tr> <tr> <td>Supplement Benefits: 6.13% =</td> <td style="text-align: right;">2,334.06</td> </tr> <tr> <td style="border-bottom: 1px solid black;"><u>Medicare Deduction:</u></td> <td style="border: 1px solid black; text-align: center;">FULL</td> </tr> <tr> <td>Medicare Cost: 1.00% =</td> <td style="text-align: right;">380.76</td> </tr> <tr> <td style="border-top: 1px solid black;">Total Benefits:</td> <td style="border-top: 1px solid black; text-align: right;">13,477</td> </tr> </table>	<u>Statewide Benefits:</u>	FULL	Health Insurance: 488.50 / Mth.=	5,862.00 / Yr.	Life Insurance: 1.54 / Mth.=	18.48 / Yr.	Legal Trust Fund: 8.00 / Mth.=	96.00 / Yr.	Total Statewide Benefits: 498.04 / Mth.=	5,976.48 / Yr.	<u>SBS Benefits:</u>	FULL	Supplement Benefits: 6.13% =	2,334.06	<u>Medicare Deduction:</u>	FULL	Medicare Cost: 1.00% =	380.76	Total Benefits:	13,477
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Notes: [none]

**Position Justification:**

Funding Detail:	Percent	Amount
1004 General Fund Receipts	100.00%	51,553.00
Total Funding:	100.00%	51,553.00

## Personal Services Detail For PCN 18-#006

FY: 2001

Scenario: FY2001 Legislative Fiscal Note Info (890)

Department: Environ Conservation

BRU: Spill Prevention and Response

Component: Industry Prep. & Pipeline Op. (1922)

**Position Detail:**

Position Status: New	Budgeted Months: 12.0
Bargaining Unit: GG General Gov't Employees	Component Months: 12.0
Class: #0018 [No Job Title Provided]	Merit Date: none
Location: EBA Anchorage	Salary Change Date: none
Position Type: FACL Full Time	Calculation Method: Monthly - Steps and Months
Retirement: A PERS Other	Range / Step 1: 18 A 3,655.00/mth. for 12.0 mths.
Salary Schedule: 1A BASE	Range / Step 2:
Strike Class: 1	
Overtime Eligible: Yes	Total Salary: 43,860
Position Frozen: No	Total Premium Pay: 0
Position Split: No	Total Benefits: 14,617
Project:	Total COLA: 0
Region:	Total Position Cost: 58,477

**Premium Pay:**

Overtime Pay: 0.00 Hours: 0.00	Higher Class Pay: 0.00
Graveyard Pay: 0.00 Mths: 0.00	Standby Pay: 0.00
Swing Shift Pay: 0.00 Mths: 0.00	Subsistence Pay: 0.00
Hazardous Pay: 0.00	Additional Pay: 0.00
Seaduty Pay: 0.00	Total Premium Pay: 0

**Benefits:**

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Notes: [none]

**Position Justification:**

**Funding Detail:**

	Percent	Amount
1004 General Fund Receipts	100.00%	58,477.00
<b>Total Funding:</b>	<b>100.00%</b>	<b>58,477.00</b>

District 18

Representative Brian Porter  
Speaker of the House of Representatives  
21st Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

February 12, 2000


Dear Representative Porter

I am a retired Department of Fish and Game fisheries biologist and a 40 year resident of Alaska. The recent major spills of jet fuel by the Alaska Railroad near the Susitna River prompted a closer examination of this issue. I was astonished to learn of the tremendous quantity of jet fuel being transported over a railroad that suffers from a myriad of engineering problems, especially during the winter.

Hopefully the attached information that I have assembled will provide some useful perspective regarding this issue. This response is triggered by my love for sportfishing and concern over the environmental threat to important fishery and other aquatic resources traversed by the railroad.

I applaud the efforts of the administration and legislature to insure that the Alaska Railroad Corporation develops the necessary fuel prevention and cleanup response plans with oversight and enforcement by the appropriate State agencies.

Sincerely

  
Ron Regnart  
9601 Hillside Drive  
Anchorage, AK 99516

The 470 mile Alaska Railroad that runs between Seward and Fairbanks crosses two major mountain ranges and the Yukon, Susitna and Kenai Rivers, three of the most important salmon producing systems in the State. When construction of the federally owned railroad began in 1915, little concern was given to the effect that railroad operations might have on the area's fish and wildlife resources. Of course very little information was known about the distribution, abundance or biology associated with these resources, especially the fishery resources. Since that time much of this resource information has been obtained, major sport fisheries have developed along the railroad route and powerful locomotives carry long strings of tank cars carrying millions of gallons of petroleum products daily between Fairbanks and Anchorage. The risk of environmental damage associated with these large fuel shipments has been highlighted in recent months by train derailments and resultant major fuel spills near the Susitna River.

This discussion focuses on railway operations north of Anchorage due to the environmental threat associated with the transportation of large volumes of jet fuel. This is not meant to diminish the concern over fishery and other aquatic resources along the route south of Anchorage. There are approximately 36 railway crossings of anadromous fish (migrating from the ocean to spawn in fresh water) streams between Anchorage and Seward that include headwater lakes and streams of the Kenai River system. The valuable sport fisheries for salmon and trout in the Kenai River system account for 25 % of the sport fishing effort in Alaska. The railroad is located within a few hundred feet of portions of Turnagain Arm, Upper and Lower Trail Lakes and Kenai Lake. Until the ARC discloses the kinds and amounts of hazardous substances being transported along this route, the environmental threat is largely unknown.

Legislation establishing the quasi-public Alaska Railroad Corporation (ARC) and its seven member board of directors was signed by Governor Sheffield (currently President of ARC) in 1984 and a year later the railroad became the property of the State of Alaska. According to reports by ARC, the transportation of jet fuel between the North Pole oil refinery near Fairbanks and Anchorage began in 1977. In that year a total of 417 million gallons of jet fuel was transported and was the largest money maker for the railroad accounting for \$21 million in net earnings. It still is the single largest revenue item accounting for about one-third of all freight revenues.

Recent news articles in the Anchorage Daily News stated that at least 76 tank cars, each holding 22,000 gallons of jet fuel, are currently transported to Anchorage each day. This amounts to 1.7 million gallons shipped daily and 610 million gallons shipped yearly.

There are a minimum of 92 railway stream crossings between the North Pole Refinery and Anchorage and at least 51 of these are designated by the Alaska Department of Fish and Game (ADFG) as important for the spawning, rearing or migration of salmon and other species of anadromous fish. Also the majority of the major streams crossed by the railroad contain populations of resident fish species including rainbow trout, Arctic grayling, Dolly Varden, whitefish and burbot.

In addition to these major stream crossings, the railroad travels over many smaller culverted drainages originating from springs, intermittent creeks, beaver ponds and various wetlands. The railroad closely follows the active channels of the Susitna River and one of its major tributaries, the Chulitna River. North of Talkeetna the railroad is often within a few hundred feet from active channels or side sloughs of these rivers.

Streams traversed by the railroad north of Anchorage that support important sport fisheries include the Chena River (Yukon River), Susitna River, Little Susitna River and several streams flowing into Knik Arm. The ADFG estimates that sport fishing effort in the Susitna and Little Susitna River systems average over 250,000 angler days annually. Sport fishermen harvest more than 100,000 salmon (mostly kings and cohos) and 12,000 resident fish species (mostly rainbow trout and grayling) during some years in these two river systems. The economic value of just the king and coho salmon fisheries in these two rivers in 1986 was estimated to be nearly \$8 million. Salmon migrating to streams traversed by the railroad are also harvested by commercial and subsistence fishermen in the Yukon River and Cook Inlet.

The Susitna River king salmon run is considered to be the fourth largest in the State. Based on a variety of counting methods, the total run probably exceeds 100,000 fish some years. Aerial survey counts of as many as 36,000 and 39,000 spawning king salmon have been obtained for the eastside and westside Susitna tributaries, respectively. Annual sonar counts as high as 340,000 and weir counts of 85,000 sockeye salmon have been made in the Yetna and Chelatna Rivers, respectively, which are westside Susitna tributaries.

Two of the recent jet fuel spills, 8500 gallons on October 31 and 126,000 gallons on December 22 of last year, occurred in one of the remotest sections of the railroad about 40 miles north of Talkeetna. The cause of the October 31 train derailment and spill was reported to be due to the use of undersized locomotive hitches. Several dead juvenile coho salmon were found in a beaver pond which was covered by jet fuel. This pond is a tributary of Indian River, an important salmon spawning stream. As reported in the Anchorage Daily News, the larger December 3rd Gold Creek spill near the Susitna River was caused by an ice berm that derailed three locomotives and 15 tank cars. A more recent spill of 2,300 gallons of diesel fuel occurred February 1 in the Anchorage maintenance yard and was caused by human error.

Earlier documented spills include 50,000 gallons of jet fuel in 1982 and 100,000 gallons of diesel fuel in 1990 between Fairbanks and Nenana. The record of railroad spills of hazardous substances is incomplete but many spills ranging from 5 to 1,800 gallons of gasoline, diesel fuel and lubricating oil are documented.

The ARC has demonstrated its inability to promptly and successfully cleanup major spills. After the 126,000 gallon spill near Gold Creek it took cleanup crews 2 days to reach the site, removal of contaminated snow was not begun until 14 days after the spill and after 16 days only about 20 gallons of fuel had been pumped into recovery tanks. Drilled recovery holes revealed that the fuel had penetrated 30 feet of soil to the underground water table.

A 1986 report by the Alaska Department of Natural Resources cited permafrost and engineering problems facing the railroad between Fairbanks and Anchorage. Over one-half of this rail segment lies within the discontinuous permafrost zone. Permafrost melting can cause weakening or slumping of the track roadbed. Frequent frost heaving due to excessive underlying ground water requires portions of the track to be heavily shimmed. Track icings can suddenly occur requiring prompt attention as icings of only one or two inches can cause train derailments. Floods caused by high stream discharges or culvert blockages by beaver dams can erode or wash out the roadbed. Snow and rock avalanches are other railroad hazards. Although the railway system has been substantially upgraded by the ARC in recent years, the recent derailments and fuel spills indicate that some of these engineering problems persist. A small-diameter conventional pipeline, similar to the one proposed by the Denali Pipeline Company in 1983, might have been a better alternative for transporting petroleum products over this long and hazardous route.

Studies conducted by ADFG during the 1980's in conjunction with a proposed hydroelectric project established the importance of the mainstem Susitna as fish habitat. Salmon were found spawning in the main Susitna River channels and side sloughs upstream of Talkeetna. Several spawning sites occurred in the immediate vicinity and downstream of the Gold Creek spill. These studies also revealed that the drastic stream flow reductions in the fall trigger the downstream movement of fish from tributary streams into the main river channels and sloughs. Over 40 years of stream gauge information on the Susitna River at Gold Creek shows that the mean monthly summer (June-August) flows of 21,000 - 27,000 cubic ft. per second (cfs) decline to 1,300 - 1,900 cfs during winter (December-April). The low, but stable flows, in the main river channels and sloughs, which often is enhanced by warmer upwelling ground water, constitutes vital winter habitat for incubating salmon eggs in addition to juvenile king and coho salmon and several species of resident fish including rainbow trout and Arctic grayling. Due to cold temperatures, low stream flows, low oxygen levels and diminished feeding, fish become stressed and are probably more susceptible to pollution during the winter. Also fish sometimes become concentrated and confined to small discontinuous water bodies during low flows which limits their movements and ability to avoid pollutants.

Undeniably the ARC is an important transportation link and a valuable asset for the State of Alaska. But it needs to do a much better job in preventing the discharge of petroleum products and other hazardous substances. The railroad has become a rolling pipeline and, because of its close proximity to streams and lakes, spills of hazardous petroleum products have a high probability of reaching aquatic habitats even when the most efficient and prompt recovery efforts are made. Once hazardous hydrocarbons are in the ground or water the damage is already done. Cleanup is slow, costly and rarely complete. While improved recovery efforts must be made, prevention is the key to protecting water quality and aquatic environments. It is painfully ironic that while showcasing Alaska's wonderful scenery and rich natural resources for thousands of visiting tourists, the ARC is polluting the environment over which it travels.

The ARC should provide a public accounting of the volumes and types of petroleum and

other hazardous substances it transports along with projections of future transports. Unknown quantities of hazardous chemicals carried by the railroad include cyanide, lime and ammonium nitrate. Past spills and recovery efforts need to be documented. Immediate and positive steps need to be taken to halt spills including regular inspections of tracks and equipment to avoid derailments. The ARC needs a better response plan with trained personnel and recovery equipment ready to be immediately moved to a spill site. Spill prevention and recovery procedures need public scrutiny in addition to the approval and enforcement by appropriate State regulatory agencies. Finally, the ARC should take an active role in assisting with the monitoring of water quality and the health of fish and aquatic resources that are affected by its operations.



HB 377

TONY KNOWLES  
GOVERNOR  
2000-2002

OFFICE OF THE GOVERNOR  
1000 W. WARD  
JUNEAU, ALASKA 99801-1182  
PHONE: 907-586-3000  
FAX: 907-586-3001

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 12, 2000

The Honorable Brian Porter  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Porter:

Recent major oil spills on the Alaska Railroad and from a large fishing vessel in Dutch Harbor illustrate the need to mend Alaska's oil spill prevention and response safety net. Alaska has arguably the world's best spill prevention and response program, but only for vessels that carry oil as cargo (tank vessels), and for land-based oil facilities such as oil wells, pipelines, refineries and large tank farms. That safety net does not exist for any other oil carrier, including larger fishing boats, container and cruise ships, or the Alaska Railroad, regardless of the volumes they may carry and the fact they travel in some of the most pristine and resource-rich areas of the state.

Most of Alaska's oil spills come from carriers that are not required to prepare for spill response. Since 1995, 93 spills totaling 5,286 gallons of oil came from regulated vessels and facilities. During this same period, 945 spills totaling 258,000 gallons of oil pollution came from unregulated carriers.

This bill strengthens Alaska's safety net by extending the oil discharge prevention and contingency plan requirements and proof of financial responsibility requirements to larger non-tank vessels, and to railroads transporting oil in bulk.

Specifically, the non-tank vessels covered by this bill are defined as any watercraft of 300 or greater gross registered tons with an oil storage capacity of more than 6,000 gallons. These vessels include larger cargo and cruise ships, fish processors, and public vessels engaged in commerce, such as the Alaska State Ferries. The bill requires these vessels to plan to respond within 48 hours to an oil spill of 15% of its maximum oil storage capacity, and clean up the discharge as quickly as possible with minimal damage to the environment. Vessel operators must also be financially able to respond to damages resulting from a spill.

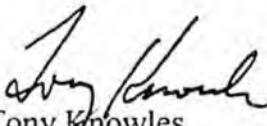
The Honorable Brian Porter  
February 12, 2000  
Page 2

Similarly, a railroad transporting oil as cargo would be required to plan to contain and control 15% of the oil storage capacity of the largest train within 48 hours and to clean up the spill as fast as possible. Railroads must demonstrate the financial ability to respond to damages based on the amount and type of oil transported.

The contingency plan requirements of the bill take effect June 1, 2001, allowing time to implement regulations with comments from the public and affected oil carriers. The new financial responsibility requirements take effect September 1, 2000.

Alaska is the only state on the West Coast that has not extended its contingency plan and financial responsibility laws to include these vessels. In light of recent spills from these vessels in our waters, and from the railroad on our land, it is time we act to strengthen our laws. Prevention and response preparedness do make a significant difference in the number and consequences of oil spills.

Sincerely,



Tony Knowles  
Governor

**Subject: SB 237 --- ISSUES FOR EVALUATION**

**Date: Mon, 28 Feb 2000 02:16:23 EST**

**From: AEQUUS@aol.com**

**To: AEQUUS@aol.com, jgilmore@atsea.org, jim\_keough@csxlines.com, Michael\_M\_Murphy@ccgate.apl.com, amydaugherty@gci.net, sharigross@compuserve.com, mikeszymanski@csi.com, glennr@pspafish.net, ROBSEII@yahoo.com, Pat\_Carter@legis.state.ak.us, mikej@specialexpeditions.com, claa@ktn.net, smadsen@pspafish.net, smj@gensteam.com, rmagee@totemocean.com, hmccarty@atsea.org, ti.rich@accessone.com, Tom\_Hoguc@ccgate.apl.com, tom\_cowan@csxlines.com, rtay\_fismarine.com, StanBarer@aol.com, rgriffith@totemocean.com, mark@saltchuk.com, tim\_perry@ccgate.apl.com, npfvoa@halcyon.com, seapilot@ilovejesus.com, Juli\_Lucky@legis.state.ak.us, Kevin\_Hand@legis.state.ak.us, Representative\_Andrew\_Halcro@legis.state.ak.us, seapa@ktn.net, Pssoaxd@aol.com, gauvin@msn.com, johnjehn@msn.com, MAREXPS@aol.com**

February 27, 2000

MEMORANDUM

TO: Interested Alaska Vessel Operators  
FROM: Randy Ray  
AEQUUS Corporation

RE: SB 237 --- ISSUES FOR EVALUATION

**ASSESSMENT OF RESPONSE RESOURCES and VESSELS**

Assessment of coverage of existing spill responders.

Geographic area

Ability to meet SB 273 standards in all areas.

Gaps of existing responders

Cost estimates for filling gaps

Time estimates for filling gaps

Assessment of ability to meet containment and control of 15% of the maximum oil capacity of non-tank vessels within 48 hours by responders.

What is the number of affected non-tank vessels over 300 grt and where all do they transit and call that resources will be needed? (I have asked the fishing industry s and the USCG to provide numbers.)

**STATEWIDE or REGIONAL COVERAGE**

WA State maritime industry created a statewide default system for all non-tank vessel operators. Oregon did as well. Both states spread the cost among all vessels and provide coverage for small ports at no extra charge.

California set up a system where large ports and large vessels have carved out areas, and left small vessels and ports to fend for themselves.

Proposed Legislation for Alaska seems to follow California. Is that the intent?

**IDENTIFICATION OF VESSEL ENTRY AND COMMUNICATION**

In Washington State, a radar system manned by the USCG Vessel Traffic System overlays Puget Sound monitoring all cargo vessels over 300 gross tons and fishing vessels over 1600 grt. For all vessels who do not fall in to these categories, the Marine Exchange of Puget Sound tracks vessels for identification, enrollment into WSMC, central communication headquarters, and billing purposes for WA State Maritime Commission.

No such systems exist in Alaska. The USCG does not have radar outside of select areas. Many vessels are not even required to report into the USCG.

There is no central private marine communication center, and radio communication is very spotty in some areas.

For enforcement and response reasons, how will one create a tracking and communications system? How will one identify stray vessels?

#### FISCAL IMPACT

This Legislation will increase ADEC's administrative role. To properly oversee the program, new funds will be needed. What is the expected costs and source of income?

What is the most affordable method for the Maritime fleet for this Legislation? Oil companies have a better ability to absorb costs than a fishing vessel or cargo operator. Cost is a factor for this industry. Trade can move elsewhere, or fish bought from other places on the planet. How do we accomplish the goal of the sponsors in a cost effective manner?

#### QUESTIONS OF VESSEL INSPECTION

Essentially, the existing law gives ADEC the ability to inspect all aspects of a tank vessel or tank barge operations, including "operating and mechanical systems". Does ADEC now propose to inspect processing lines, fish gear, container operations, or should inspections be limited to oil issues?

#### CONCLUSION

These are the issues identified to date, more are likely to arise. Yet, answers to these questions will help us all create an effective and affordable response system for all vessels operators in Alaska and help protect Alaska's pristine environment for Alaskans and the world .

State of Alaska  
**Office of the Governor**

**Tony Knowles**  
Governor  
P.O. Box 110001  
Juneau, Alaska 99811-0001  
**NEWS RELEASE**



**Bob King**  
Press Secretary  
**Claire Richardson**  
Deputy Press Secretary  
907-465-3500  
FAX: 907-465-3533

FOR IMMEDIATE RELEASE: February 12, 2000

00-052

**KNOWLES' BILL STRENGTHENS SPILL PREVENTION & RESPONSE**  
*Railroad, Cruise Ships, Large Fishing Vessels Included in Expanded Safety Net*

Governor Tony Knowles today transmitted legislation to the Alaska House of Representatives which expands the spill prevention and response safety net to include the Alaska Railroad and vessels such as cruise ships, cargo ships and large fish processors.

"Recent major oil spills on the Alaska Railroad and from a large vessel in Dutch Harbor illustrate the need to mend Alaska's oil spill prevention and response safety net," Knowles said. "Alaska has arguably the world's best spill prevention and response program, but only for vessels that carry oil as cargo, and for land-based oil facilities."

"Our current safety net does not extend to other oil carriers, such as larger fishing boats, container and cruise ships, or the Alaska Railroad, regardless of the volumes they carry and the fact that they travel in some of the most pristine and resource-rich areas of the state," said Michele Brown, commissioner of the Alaska Department of Environmental Conservation (DEC). "This bill will strengthen a weak link in the Alaska spill prevention and response safety net."

Most of Alaska's oil spills come from carriers that are not required to prepare for spill response. Since 1995, 93 spills totaling 5,286 gallons of oil came from regulated vessels and facilities. During this same period, 945 spills totaling 258,000 gallons of oil came from unregulated carriers.

Specifically, the non-tank vessels covered by this bill are defined as any watercraft of 300 or greater gross registered tons with an oil storage capacity of more than 6,000 gallons. These vessels include larger cargo and cruise ships, fish processors, and public vessels engaged in commerce, such as the Alaska State Ferries.

The bill requires these vessels to plan to respond within 48 hours to an oil spill of 15% of its maximum oil storage capacity, and clean up the discharge as quickly as possible with minimal damage to the environment. Vessel operators must also be financially able to respond to damages resulting from a spill.

Oil Spill Response Bill

-2-

February 12, 2000

Similarly, a railroad transporting oil as cargo would be required to plan to contain and control 15 percent of the oil storage capacity of the largest train within 48 hours and to clean up the spill as fast as possible. Railroads must demonstrate the financial ability to respond to damages based on the amount and type of oil transported.

The bill also requires the parties demonstrate the financial ability to respond to damages resulting from a spill.

The bill authorizes DEC to engage in a negotiated regulation making process that will identify innovative, efficient ways to meet these requirements. The contingency plan requirements of the bill would not take effect until June 1, 2001 to allow time for completion of the negotiated regulation making process.

The new financial responsibility requirements would take effect on September 1, 2000.

"Alaska is the only state on the West Coast that has not extended its contingency plan and financial responsibility laws to include these vessels," Brown noted. "Given recent spills from these vessels in our waters, it is time that we act to strengthen our laws as well."

-30-

For more information contact Charles Fedullo at 907-269-3784.