

SCOMM

123:3

TASK FORCE ON MOTORIZED OIL TRANSPORT

INITIAL MEETING

July 11, 2000

1:00 P.M.

Held at
Legislative Information Office
716 West Fourth Avenue, 2nd Floor
Anchorage, Alaska

Steering Committee:

Senator Drue Pearce
Representative Pete Kott
Commissioner Michele Brown, Chair

Task Force members present:

Ed Page
Bob Heavilin
David Owings
Doug Lentsch
Lee Egland
Jeff Thompson
Paul Fuhs
Charlotte MacCay
Rick Harris
Scott Carter
Kris Mullan
Stephanie Madsen
Gene Burden
Simon Lisiecki
John Hansen
Mike O'Hara
Jim Carter
Ernie Piper
Russell Dick
Trevor McCabe

Ex Officio:

Kevin Hand (for Representative Andrew Halcro)
Gretchen Keiser (for Representative Beth Kerttula)
Representative Eldon Mulder

ANCHORAGE, ALASKA; JULY 11, 2000

DEC TASK FORCE ON MOTORIZED OIL TRANSPORT

-ooo-

COMMISSIONER MICHELE BROWN: I'd like to call this meeting to order if I could. I'm Michele Brown, Commissioner of the Department of Environmental Conservation. I think we're still okay on seating back here. We've got quite a lot of people in the audience, and our Task Force members are all here.

I'd like to welcome all of you who are here at the LIO and also those of you on phone lines. Thank you very much for participating in what I hope will become an energetic, open and focused discussion of spill work prevention and response measures for nontank vessels and railroad cars.

For those of you who participated last session, we certainly had a spirited discussion then, and I expect that it will continue. We are all here because we share the goal of protecting Alaska's resources and its environment. We all revere and depend on our resources for subsistence and for our economy, and we're here today to build a stronger safety net to protect those resources.

I'm very grateful to all of you who are here who are willing to spend your time on this Task Force. I know that being on a Task Force, and for some of you your third or fourth Task Force, is probably not how you

would have listed your first choice for spending your summer, but your commitment will give us a common foundation to accomplish our task here.

I also very much appreciate the high level of interest expressed by others who are not actually on the Task Force. There's been a very strong showing of a commitment to work on these issues and assure a good outcome for this process.

The selection of the Task Force members was not easy, given how many people were interested in participating, but we did feel that it was necessary to limit the size so that we could have a good, productive discussion. But we do strongly encourage people who are not on the Task Force to participate in various ways that I'll describe a little later on.

I'd like to introduce here, Senator Drue Pearce. Senator Pearce, as we all know, is the sponsor of the legislation, SB273, that formally created the Task Force that we're working on today. She's also the designated Senate representative.

Representative Pete Kott is the designated representative from the Alaska House. We three have been working together as the steering committee to go about selection of the Task Force members, setting the agenda, getting things organized, and I very much appreciate the time and energy that both of them and their staffs have already put into this issue.

We also have some ex officio legislative

members who are keenly interested in this subject. Is Representative Green here? I know he said he was planning to be here. He's had a very strong interest in this topic.

Is Kevin Hand here? Okay. Kevin Hand is here representing Representative Andrew Halcro. And on the phone is Gretchen Keiser, who is representing Representative Beth Kerttula. And we've also been joined by Representative Eldon Mulder, and so he gets to be an ex officio member as well. Thank you.

What I'd like to do now is go around the table and do some self-introductions. Since this is our initial organizational meeting, I think it's good for us to learn a little bit about each other. So I will ask each of you to state your name. You can refrain from your rank and serial number. Indicate your affiliation -- except for Captain Page. You can indicate your affiliation, please, and who else you might be representing as you sit on the Task Force, and to share your interest and why you're here on the Task Force.

Following that, I would like to make some brief introductory remarks on the course of events today, and then also turn the floor over to Senator Pearce and Representative Kott to do the same. We'll then start going into details of what our mission is, what our schedule is, what our anticipated products are, and then we'll open it for discussion of how people see we should best pursue that mission and accomplishing those

products.

So I'd like to -- why don't we just start right here.

TREVOR McCABE: I'm Trevor McCabe, I'm standing in for Heather McCarty on behalf of the At-sea Processors Association. We're the seven companies that operate catcher-processors in the Bering Sea pollock fishery. Our boats are between about 200 feet and 400 feet in length overall, and just over the 400-ton threshold that we're considering. And we carry nonpersistent fuel for the boats, primarily. And we're glad to be here.

STEPHANIE MADSEN: I'm Stephanie Madsen. I'm vice president for Pacific Seafood Processors Association. We're a trade association of on-shore seafood processors and the three mother ships that conduct operations in the Bering Sea, as well as floating processor vessels that operate throughout the state. And we have a mix of persistent and nonpersistent.

JEFF THOMPSON: I'm Jeff Thompson with the Alaska Maritime Agencies. Alaska Maritime Agencies represents a spectrum of international ship owner and operating interests. We represent those interests here in the state of Alaska. I'm also here representing the Alaska Steamship Association. Glad to be here. Thank you.

GENE BURDEN: Hi, I'm Gene Burden, and I'm with

Tesoro Petroleum. And I'm here representing the noncrude oil shipping interests in Alaska, predominantly nonpersistent oil shippers, and have in past years spent a considerable amount of time on response issues, both from organizational and also from planning standpoint.

RUSSELL DICK: My name is Russell Dick, I'm from SeaAlaska Corporation here on behalf of Mr. Rick Harris, our senior vice president of natural resources. Good to be here today. Basically sitting in, representing the timber industry interests and high volume logging operations and log carrying capacities over to Asia.

MIKE O'HARA: My name is Mike O'Hara, I'm a ship pilot from the Cook Inlet, Prince William Sound region. I represent pilots throughout the state. We handle ships to and from the docks in and out of waters of Alaska.

LEE EGLAND: Good afternoon. My name is Lee Egland. I work for Crowley Marine Services out of Seattle. I'm here today representing the Alaska Petroleum Distributors & Transporters, which is an ad hoc working group that I helped co-found and put together back in the early '90s when we had to address, as tank barge operators, putting together an alternative compliance for operating our vessels in the state of Alaska. And I was asked to sit in on the work group to maybe share some of the experiences that we experienced as we went through that process and for the last nine years.

SIMON LISIECKI: My name is Simon Lisiecki from BP Amoco Shipping. I've been asked to represent the crude industry here, and likewise to help share our experiences that we had in the last years in the '90s. I'm here to offer any help, and use me as a resource.

JOHN HANSEN: Good afternoon. My name is John Hansen. I'm with the Northwest Cruise Ship Association, which is an association of nine cruise lines that operate to Alaska. And we, as many of you know, have over the last couple of years been actively involved in developing a response program together with SEAPRO in Southeast Alaska, and we're really happy with the progress we're making on that.

DOUG LENTSCH: My name is Doug Lentsch, I'm the general manager for Cook Inlet Spill Prevention & Response, Incorporated. We represent 12 oil companies that come in and out of Cook Inlet, and we'll probably be one of the folks that's called upon to respond in the event that some of the nontank vessels have a spill.

ERNIE PIPER: I'm Ernie Piper, Alaska Railroad Corporation. I guess I represent not only the railroad, but by default the whole industry. Our HAZMAT profile is about 95 percent nonpersistent product, and then some chemicals. Mostly fuel.

JIM CARTER: I'm Jim Carter, executive director of the Cook Inlet Regional Citizens Advisory Council. I'm here representing both Cook Inlet and Prince William Sound RCAC. Linda Hyce, who is the deputy executive

director, is also present today. We feel that we'd like to be involved in the process, although we are not a funded entity to be here. But there needs to be a, quote, citizens, unquote, involvement, preferably in an organized manner, and we believe through the existing ten years of operations of the RCACs, that we offer such involvement.

CAPTAIN ED PAGE: Captain Ed Page, serial number -- Ed Page. I'm the chief of the marine safety environmental protection for the Coast Guard in Alaska, out of Juneau. And I'm here to participate, and I have been participating, for that matter, for several months in this process as far as bolstering the spill response capabilities for nontank vessels. Certainly, the Coast Guard has a suite of regulations dealing with prevention and response. With respect to the response side, it's very limited for nonpetroleum vessels, so we're working with the State ensuring that this process complements the Coast Guard. Pleased to be here, thank you.

BOB HEAVILIN: My name is Bob Heavilin, I work for Alaska Chadux Corporation. I'm the general manager for Chadux. Commissioner Larry Dietrick had mentioned a couple days ago about maybe just talking a little bit during introductions about the co-op, so maybe I'll just give a little bit of a background on Alaska Chadux.

We're a member-owned nonprofit oil spill response corporation that provides oil spill response services to our members throughout Alaska. Maybe of interest is actually the word Chadux, is an Aleut term

that originally meant "whale blubber," and has evolved into the term the way it's used today to mean "oil."

There were four charter members that actually created Chadux back in 1993. Today we have two classes of membership. Full membership, which includes 14 full members; and also an associate membership, for which there are 18 members. Probably of interest to this group, the associate membership includes nontank vessels and is normally associated with those operators who are required to have as part of their compliance a written contract, signed contract, with a company such as ours.

The associate members, unlike our full members, typically do not transport fuel, either nonpersistent or persistent, as their primary business. It's a secondary cargo. But both classes of the membership, whether you're a full member or an associate member, can access our resources or services 24 hours a day. And those can be requested throughout the state of Alaska.

In the past we have provided response, whether it be on the rail or the highway or through the air or on the water. And as far as our equipment, we have equipment that's located down on the Kenai, in north Kenai and Nikiski. We have what we call response hubs. Those are also located in Kodiak, Dutch Harbor, Valdez, and Cordova. And we are developing new response hubs that will be going in Dillingham, Bethel, Nome and Barrow. So that equipment is staged there.

In addition, of course, the corporation is

headquartered here in Anchorage, and we have a large inventory of equipment that is here in Anchorage, and of course that can be requested and taken anywhere in the state. We also maintain contracts for emergency response labor, for wildlife, and also for logistic support.

And I guess my comment would be that Chadux has been an active participant in the process as Senate Bill 273 in the legislation, from when it first was probably introduced, I guess back in February, up through really the whole thing. And I think that -- certainly our board of directors has supported our participation, and I guess what we would like to see is that we go back and maybe we look at things that maybe haven't been done, maybe there were regulations or rules that were enacted in the past that maybe can be made better, and to look for things out there that are working, maybe we can use some of those as models and to not reinvent the wheel.

Certainly we stand ready to work with the Task Force to come up with solutions. And these are things that I want to take back to our board and to know that those solutions are fair and that they're equitable and that they're user-friendly.

KRIS MULLAN: Wow. I can't match any of these presentations. I'm Kris Mullan. I'm port engineer for a Fishermen's Finest, a commercial fishing company in Seattle, and we're affected by this. I'm also representing Ground Fish Forum, which represents a lot of other fishing boats. Personally, I've got about

eight years experience in oil spill cleanup down in Puget Sound and Oregon, so I'm glad I was asked to be on the Task Force and I hope that I can be helpful.

DAVID OWINGS: My name is Dave Owings. I'm the general manager of SEAPRO. SEAPRO is the oil spill response organization in Southeast Alaska. We're based in Ketchikan, and we provide oil spill response services from the U.S.-Canadian border on the south, up through just this side of Yakutat. SEAPRO has 39 member companies. Our membership is very diverse. Companies that are involved in timber, mining, certainly the petroleum industry, seafood processing, public utilities, construction, and this year we have the National Park Service in Glacier Bay join as members.

We have response equipment that we have pre-positioned throughout Southeast Alaska in nine different, what we have termed zones. Basically, they're the different communities in Southeast. Quite a bit of boom and storage and skimmers. This year, we, after about a year and a half of work, as Mr. Hansen indicated, we reached agreement with the cruise ship industry, and happy to have them involved in our organization.

CHARLOTTE MACCAY: Hi, I'm Charlotte MacCay with Cominco Alaska and the Red Dog Mine, and I'm representing mining and other industries who utilize spot charters for transporting our materials in and out of Alaska.

PAUL FUHS: Paul Fuhs, I'm representing container ship operators in Alaska. CSX, Totem Express, and also Maersk-Sealand and American President Lines. Our interest in this is in finding the most cost-effective ways to meet a response standard, but also on the issue of prevention, and I think that's something that's really important that it be considered. Our current system doesn't really take it into account. In fact, if anything, I think it might even create a disincentive for people to go the extra mile in prevention. So that's something we'd really like to see on the table.

I also work regularly with all the other aspects of the industry. Bulk carriers, marine pilots, municipalities of ports, and I also have some direct experience in oil spill response. I specialize in the use of explosives and commercial diving for oil spill response. I did that for about eight years out of Dutch Harbor.

SCOTT CARTER: Hi, I'm Scott Carter with Alaska Nitrogen Products in Kenai, Alaska. I'm representing our operation in Cook Inlet, where we export our product to worldwide markets primarily through the spot charter market on the nontank bulk carriers.

COMMISSIONER MICHELE BROWN: We don't have any Task Force members that are on the telephone lines, but we do have people listening in from Juneau, Valdez, Ketchikan and Petersburg.

I'd also like to just take a minute and

introduce the DEC staff that are here so that you'll know, if you want some information, who to go to. I'll ask you to stand. You all know Larry Dietrick. He's tall enough to be seen anywhere.

Susan Harvey.

UNIDENTIFIED SPEAKER: She just stepped out.

COMMISSIONER MICHELE BROWN: She stepped out? Okay. Steve Provant. Ken Rogowski. And I don't see her in here. Claire --

UNIDENTIFIED SPEAKER: She just stepped out for a second.

COMMISSIONER MICHELE BROWN: Okay. She's the one who handled all the logistics and put up with us during the hectic arrangements here.

And I'd also like to introduce Breck Tostevin from the Department of Law who has been advising us all along here.

I'd like to just start by giving you a brief overview of the Department's perspective on the Task Force and its mission. As we said early -- oh, there's Susan Harvey.

We do believe that there's a gap in the state's oil spill prevention and response safety net, because many large marine vessels that are carrying a large amount of fuel, and the railroad, do not right now have a reliable and consistent means to prevent and respond to spills. So our goal here is to fix that gap, mend that gap in the safety net.

Of course, as Paul pointed out, our first line of defense is prevention. Not only to protect the environment, but also because investments in prevention are often offset by the costs of even a single incident which can be very expensive. But when prevention fails, we do need an organized, systemic way to respond, because immediate response gives us our best chance, and it also mitigates the damages.

So, we really believe we need to be here to mend that safety gap and make sure that there is a consistent and reliable way to assure spill response if it's needed. We have been tasked by the Legislature to come up with recommendations for how to implement the response planning standard that was set out in the law last session. We will very much need the expertise of everyone who is involved here, or affected, to make sure that the proposals we come out with make sense and provide the flexibility we need for Alaska conditions. We made considerable progress on addressing these issues during the last session, and we've been given rather explicit direction from the Legislature on what we need to work on. We have some very specific deadlines to meet so that the Legislature can consider our recommendations next session.

I'd like to propose some specific outcomes for today's meeting. First, I think it's very important that we all be informed on the events, the activities and the information that got us to this point today. So our agenda today has been designed to bring everybody up

to the same level of knowledge. It may be redundant to some of you, so I apologize, but I think it's very important we all be on the same page with regard to the mission, the schedule, the milestones and deliverables, so we can start the analysis with the same level of knowledge and then be able to start turning the issues from every which way and looking at it from all perspectives and brainstorm solutions.

Second, we need to get organized on how we want to approach this task. I'm sorry to say that despite our best efforts, the facilitators have not yet been hired and able to start today. The evaluation committee has completed its work, but there is a mandatory appeal window before a final contract can be awarded. So I expect the facilitators to be fully engaged and working shortly to help flesh out in detail the protocols and the guidance of how we want to proceed. I will make sure that any suggestions that come up are passed to the facilitators so that they're prepared for the next meeting. And in exchange for not having the facilitator on board today, we have a gift for each of you which Larry will show you -- and if you don't think it's funny, it's his fault.

LARRY DIETRICK: We wanted an emblem for the Task Force. (Showing slide.)

COMMISSIONER MICHELE BROWN: So each of you will get one of those cards. You will only get one card, but you can fill it out during the process.

The third thing we need to do is to clearly identify the issues that we want to work. I believe that, as you'll see from the presentations that follow, that the issues have been very well defined and a significant amount of work has already been done on them during the last legislative session. So we're fortunate that we don't have to reinvent the wheel. We will need to stay focused, to stay on target. We don't want to start rehashing old issues that have been put aside and finally addressed by the legislation that passed. And we don't want to spend our time churning on points that we've already worked through. And again, to reinforce that message, we have one other slide for you.

LARRY DIETRICK: First of a first in regard to reinventing the wheel. (Showing slide.)

COMMISSIONER MICHELE BROWN: Can you see it over there?

We also do have the benefit of having a fair number of conceptual ideas worked out during last session, so that we have some place to start. Some of these ideas were actually very close to being solutions when time ran out, so we can use these ideas and concepts as springboards. And then I envision that we'll break into work groups so that we can flesh out or modify these concepts and verify them as effective and reasonable, and then specify the nuts and bolts to make sure that we can actually put them into practice. We want to get these work groups established today so we can actually start work and be able to have work groups

report in at the next full Task Force meeting.

And finally, I'd like to address today participation by non-Task Force members because, as you can see, there are a lot of people with enormous interest and there are people on the phone lines. I can tell you my phone's been ringing off the hook, and I think the other members of the steering committee have as well. There are a lot of people and a lot of talent who want to participate in this. So I would encourage each of you Task Force members to please converse with as many people in your industry or other folks who have an interest so that your knowledge base can be expanded. And I would ask the non-Task Force members to please seek out Task Force members and DEC staff, get your input in. And, most importantly, work on the work groups, because they will be -- it's one of the things I want to discuss today, but I would hope they would be very open processes where we can bring in anyone who wants to participate.

All the Task Force activities will be public. They will be open and we will have a public comment meeting during each Task Force session. Of course, written correspondence is always welcome. I just simply ask that everyone who has something to say and who wants to participate, please contribute in a forthright manner. Please don't work in other arenas or other areas to thwart the effort. Bring your ideas, whether you think they're going to be popular or not, bring them

here because this is where we all need to collectively brainstorm them and work them. We will also have a web site that will be kept up to date, and we'll do a direct mailing so we make sure everyone gets the information.

So, in summary today, I look forward to getting acquainted among ourselves, getting everyone educated to the same level, solidifying the Task Force issues, and coming up with the work group structure that will allow us to begin work. I'm hopeful feedback from the work groups will be available at the next Task Force session and we can work pretty quickly.

Thank you again for your participation. I think this will be a great effort. Task Forces are not always the most fun things, but in my experience they always produce a far better result when everyone's been through this and looked at it through everyone else's glasses.

With that, I'd like to ask Senator Pearce to give us some opening comments, and then Representative Kott.

SENATOR DRUE PEARCE: Thank you, Michele. I want to thank everyone for being here today. Obviously, lots of familiar faces, people who worked hard during the session. Worked with us. Some worked against us. But worked together to get to the final 273 and the resolution which actually brought us here as a Task Force. And I appreciate all the phone calls we've been getting, solicited and sometimes unsolicited interest in being part of the Task Force and part of the work that's

going to be going forward. And that's important because we do want to bring everybody to the table at certainly the subcommittee level and to work with us to find answers, solutions to the questions that are left, how to implement the planning standards that are in law, which is our task.

I want to start by introducing Stephanie Szymanski, who is perched over on the file cabinet. Stephanie will be my person in my office, my staff person who will be dealing with the Task Force from now until early September. Pat Carter is where we'd probably all like to be, on the Kenai River fishing this afternoon. He swore he had clients when I saw him on Saturday. I guess I believe him. But as of September 1st, he'll be back with us.

Now, Stephanie comes to us not having worked directly on the bill, but having had quite a bit of experience at least tangentially in the industry, in that the last marine pilot board bill that I shepherded through the last time we rewrote statute for the marine pilots, that was her bill. I figure if she can get the agents and the pilots and the industry all in one room and come out with a bill, she can do anything. So she's definitely quite capable of taking on this crowd. She's seen crowds like this before.

Just so all of you will know, if you need something from our office, Stephanie can be reached at 269-0201. And she's been fielding calls already, so

feel free to contact us anytime you're interested as we go through the process.

I want to thank the commissioner and her staff for all of their hard work that they have put in already to get us to the point of being able to come here and have an introductory meeting today. A lot of behind the scenes work has already gone on, gathering information, going through the RFP, and the task of choosing a facilitator. I think they've done a very fine and fair job to date, and I expect that that will continue. Larry's a little more gray than he was in January. Lots more gray than he was back in 1990 when we first did 567. And so I do want you to know, Michele, that I appreciate the hard work that all the people in the Department have been doing. Also appreciate the interest on the part of other legislators, not only Representative Kott, but Representative Mulder, Representative Green, who had a bill in on the House side for those of you who don't know, that had a lot of same points as the bill that I introduced on the Senate side and the governor introduced on the House side.

Representative Kerttula in Southeast will be a note that her staff is on board today and she will be one of our ex officio members. So there is a lot of legislative interest and I'm very pleased at that.

The bill set the planning standard. Simon has already looked at it and said, "Gee, that's a lower standard than we had to meet." And we said, "Yes, indeed it is." But the planning standard is set. And

so it's our job to find a way to implement that planning standard for this group of ships doing trade in Alaska waters. And what I hope, this group comes to the table to help us find solutions to real problems, and solutions that work in the most cost-effective, efficient manner possible. Using alternate compliance means where they're necessary. Because what we learned after the spill, what we have learned as 567 was put into place -- by the way, that was the bill that set up -- House Bill 567 set up the planning standards and the process for contingency plans for the crude industry. We found that the same standards that work in Prince William Sound obviously aren't set for the small petroleum carriers out in Southwest Alaska or even in Southeast.

So from day one in putting those standards into place, the Department has worked with finding alternate means of compliance. But still with the idea in mind that while prevention is the key, certainly, and while we want everyone to leave all of these meetings thinking more about prevention, because let's make sure that oil doesn't get in the water. If it does, let's make sure we know how we're going to respond. Because if you know how ahead of time, we're going to get there much faster, you're going to get the job done much more quickly, much more efficiently, and much more cost-effectively, than if you're standing around scratching your heads, saying, "Oh, what do we do now?" That is where you start

getting into multimillion-dollar cleanups when they didn't have to be that costly.

You know, the group wants to work toward giving credits for those prevention efforts, and prevention credits are given under 567. We envision that that will be the case again, and that's one of those places where we're hoping that you bring ideas to us. "Well, gee, if we did this, could we have credits toward this?" And let's work out solutions that make sense for your industry and your region.

We recognize that the regions of Alaska are different. The equipment that's already on hand, the MOAs between different industries and different entities in Southeast are much different than what we see out in Southwest Alaska, which is much more difficult just in terms of sheer space they're trying to cover, and unfortunately the air transportation system is much wider spread. Southcentral, more equipment than anywhere else on earth, quite frankly, and certainly a well-organized ability to do sharing of equipment from SERVS from the Cook Inlet Response Group, from Alaska Clean Seas, all of the different groups.

So our job is to keep prevention in mind, work toward prevention measures. I already found out over the weekend -- I'm amazed at how many people have been wanting to tell me about what they've been doing about prevention. It's great. I love hearing about it, love learning about it. But I just learned this weekend that Tote is in the process of building two new ships just

for the Alaska trade. And their fuel tanks -- Captain Page, I'm probably going to get the terms perhaps incorrect, but their fuel tanks are built into the ship in such a way that the tanks themselves will end up being double-hulled and double-bottomed, because they're actually incorporated into the ship, as I understand it, right kind of in the middle of the ship. That's a great prevention measure. Now, they're doing it for the two ships that are going to be in this trade because they think that's important. They have the opportunity because they're building new ships. We don't expect others to go out and build new ships, but it's the sort of thing that you think toward for the next generation. And we're excited that we've got companies already thinking that way and putting together ships that are being built much like the millennium class tankers in Prince William Sound. So that's the kind of thought process I hope this leads toward.

Once again, I thank you all for your interests, particularly those of you who agreed to serve on this Task Force. We're going to see a lot of each other. We know that. And I hope that all of you enjoy coming to the meetings and listening, but also telling us your story, and let's work to find these solutions and bring back the draft legislation to the Legislature next January and work together to get it passed. Thank you.

PETE KOTT: Thank you, Michele, for your opening comments. I certainly appreciate all the hard

work that you and your staff have put into this Task Force initial meeting up to this point. I know a lot of things occur beyond the scenes that we're all not privy to, but I can assure you there's been an enormous effort done up to this point by the commissioner and her staff.

I also want to take the same opportunity -- I will try not to repeat what Senator Pearce has already mentioned, but I certainly want to take this time to tell you how much I appreciate all the Task Force members here participating in this process. I know there's a hundred other places we'd rather be today. This is a very important, I think, setting for all of us and it will set the stage for future Alaska. Certainly the members of the public who have taken the time out of their schedule to sit here and listen to the Task Force discussion, as well as those that are on the teleconference line, I believe it's extremely important that they recognize that there is a participant role for each and every one of them. Certainly, as mentioned, you can contact any one of the Task Force members with your ideas, suggestions, questions, problems, perhaps solutions. And I would encourage each and every one of you to do that.

In my office I have Denise Henderson. She will be working with me on this Task Force, and certainly you can call my office at any time and that's the person, point of contact that will be on the other end that you'll be looking for. My number is 694-8944. That's in Eagle River.

I'm a member of this Task Force because that's what the resolution called for: member of the House. So I got a call from the speaker and said, "Would you like to be a member of the Task Force?" "Sure, what is it?" "It's under the Senator Pearce bill." I said, "Okay, great." I didn't have the privy to sit on any of the committees that heard this bill, so I'm coming in with a very unbiased, open mind, I hope a somewhat unique perspective. I have had my staff pull all the minutes from the hearings on both the resolution and the bill itself. I can tell you that if you want some thoroughly good reading enjoyment, don't go to the minutes. Read the Daily News.

Seriously, we do have, I think, a very important task. We have some strict guidelines to meet, and at the end of that time period we're going to have to submit a report to the Legislature for their approval. I think it's important that we recognize, in order to get that Legislative approval, it would behoove us to get as many ideas, suggestions, and as many people to the table as possible, and try to work through various problems with a solution that develops a consensus. It's going to be a lot easier for me on the House side, trying to sell this to a new Legislature. Many of the members who have sat through the hearings on the bill will not be there next year. So we're going to have to bring them up to speed as well. And I think it would be, certainly from my perspective, a lot better

for me to tell them we can cut through the chase because we've developed a consensus on this report that was done over the interim period by this group.

So I think it's important that, as best we can, to get as many participants to the table and to develop that consensus. We have an important -- again, a very important task, and we're going to affect a lot of industry in the state of Alaska. And I think we have to be mindful of that. We have to be mindful of the potential effect on that industry as far as costs. There's going to be some operational costs, there will be some capital costs, I'm sure. So I think from that standpoint, we're going to have to be at least cognizant, we are not part of that industry, what we are going to task them to do, and the associated costs.

Certainly, as was mentioned, the groundwork has already been laid. The legislation passed that calls for specifics, and we're here to implement those specifics in the best way that we possibly can. I think we need to do it in a responsible manner, and certainly it needs to be reasonable. And if we can come up with that responsible, reasonable perspective on this area, on this particular issue, I think it will be an easy sell when we get back to Juneau in January. If we can't, then it's going to be somewhat difficult.

So with that, I'll turn it back to Michele. Again, I want to thank everybody for being here today. If it was just us three, I'd really feel bad. Misery loves company. Thanks again.

COMMISSIONER MICHELE BROWN: Thank you. We're glad you were appointed.

What we'd like to do now is turn it over to Larry Dietrick to talk a little bit about what the facilitation contract will be once it's in place; and then to go into the educational basis I talked about earlier, an overview of the Task Force, our mission, our schedule, milestone products and issues. And then when he finishes up, then we'll open the discussion and start brainstorming on those tasks.

LARRY DIETRICK: Thank you. I'd just like to add my thanks to everybody, too. It's a pretty significant commitment on both the Task Force members and the non-Task Force members, particularly during the summer, to get these things going. So my thanks as well.

The first thing I'll cover is we'll start to get down to some pragmatic things so you know what you have in the way of resources to support the Task Force. I'll cover the contract first, and I'll just walk through this as briefly as I can so that you know what kind of resources we have to support the Task Force efforts.

Of course, the problem DEC has with a task force is usually this, or with contractors. We don't want to get sideways with our contractors here for openers. We'll try to get the moat on the outside. (Showing slide.)

Okay. The scope of work. What I'm covering

now is the contractor, the facilitator. I'll just go through the scope of work and what's contain therein so you have a feel for what they're tasked with doing and what kind of resources are available to all of you.

First of all, their facilitation, we're interested in their facilitation to bring together consensus. So that was one of the strong skills we asked for. As part of that, then, they will prepare all the necessary schedules and agendas. It will be their job to distribute the information as needed to Task Force members and others, primarily the non-Task Force participants, quite a number of which have indicated interest. They'll do the scheduling and arrangements for all the meetings. They include the public notices of the meetings, or document reviews. We suspect there will be demand for various people to access certain documents. Senator Pearce had a number of very good workshops during the session that generated a number of documents, some of you may have those, some of you may not, so part of the job will be to get those ones that you may be missing or want the background. We'll coordinate with them directly on issues with our staff. And maintain a complete record of all the meetings and Task Force business. And to that extent, we will have a transcript today, and then the subsequent meetings, we'll have a transcript so there will be a written record of business that people can consult as a backup.

They're being charged with all the

notifications. So when you get a call from them in the future for meetings and scheduling, it will be them that's contacting you. They're tasked with assisting in drafting the proposed legislation and regulations, which we'll get into in a minute here which were referenced in SCR No. 1, as well as the initial draft report. We asked them to do a web site, so there will be a web site. And that's in the interest of getting information posted on a real-time basis. After there's a meeting or event or a document request, we'll try to get it up on that web site as soon as possible so that wherever you are you can access it real quickly.

There will be some research and technical follow-up that we anticipate they'll have to do. And whatever other duties, there's kind of a catchall there for things we didn't anticipate that the Task Force may want them to do. That's the rough scope of the deliverables, again for the contractor.

As first, so we get a detailed proposal schedule for the project milestones and Task Force meetings as they start to shape up, is to start to maintain a master schedule. Again, it will probably be on the web site. We'll roll in the work group schedules as they come on line so that that schedule, then, and any milestones are all available to everybody.

They'll be doing the drafting of the report, with the supporting documentation. And then there will be the final report to be delivered to the 22nd Alaska State Legislature. Their last task is also provide a

typed proceedings report and electronic version of all the Task Force meetings.

Okay. The work schedule. The approximate work schedule, this is up for discussion now for the Task Force today, but anticipates a contract award after the appeal period, approximately July 17th.

Second item there, then, is the proposed schedule of project milestones and all Task Force meetings. We're hoping that will shape up by about August 1st, so we'll have a good skeleton that people can start planning to.

First draft of proposed report. This may be a little bit ambitious, but it would be nice to get a draft report out early for people to start chewing on. And we may or may not be able to hit this, but that's the target, and I'll cover the reason for that in a minute.

The reporting drafting review would continue, then, from September through November, and then a final report to the Department by December 1st. I just want to point out that the time frame here is an incredibly short time frame here to produce the report. We technically, or legally, I think, have to place this before the Legislature the first day of the session, which is in early January. We didn't want to burden such a large group with scheduling around the holidays. We think that would be a very difficult chore to be during the holidays wrapping up a consensus and getting

a final report out. So we moved it up a little bit, but that's intentional, and that's to try to get closure on it before we get into a very difficult time of the year when it would be rough to otherwise get it out.

So we're proposing that, and this is up for discussion. Like I say, this isn't final, but we're throwing this out as a proposed time framework. And in his overall job, we'll be looking at the contractor to keep us from doing this. (Showing slide.)

We started out staffing this, but it would basically be his job to keep us all on track and on target. I don't know how else to put it.

Okay. Any questions on the contract that anybody wants to cover here real quick? We're going to open this for discussion as soon as I get done with these two overviews, but if there's any immediate questions. If not, that's the thumbnail on the contractor's role.

Okay. I'll switch, then, and we'll get into the actual outline of the Task Force mission as we know it to date. And again, when I get done with this, I think it will be opened up for discussion then to start fine-tuning the mission, the schedule and whatnot at the pleasure of the Task Force here. And that will be an open discussion then.

First of all, I want to precede this by the Department, during the process last session, I think it's very clear that we're not building a system here that we can't all live with. In other words, it does

need to be streamlined, it does need to be efficient. We're not looking to build a big bureaucracy. It's going to have to be something that's not only workable for the industry but it's workable for us, you know, without inflating the bureaucracy here. So we recognize that, and there's a lot of talk of comparisons to crude oil industry requirements and stuff, and we're not looking, I don't believe, to that specification. So that's kind of a precursor, I think, here going into this, an assumption I think that everybody got to coming out of the session.

First of all, here's an old one I've used. The origin of oil spills. This is not new. Ernie, I put that one in for you, the Alaska Railroad, just so you know we weren't picking on you, this goes way back. (Showing slide.)

Okay, Task Force chair is designated. Now, what we've done is pulled this out of SB 273 and SCR 1, so this is the sum total of those two legislative products now that basically provide the mandate for the Task Force. And it specifies the commissioner or deputy commissioner of DEC as the chair. DEC staff is providing some degree of staff support. And that there be the facilitator, which is now public knowledge, that was chosen by the evaluation committee, is Information Insight. The principal on that is Brian Rogers. It's a firm out of Fairbanks, and he has a team that was part of his proposal that came with it.

Once the mandatory public notice period is out, notwithstanding any appeals, the contractor will be finalized and he would actually start work.

Meetings. Indicate as frequently as its members determine necessary to perform the work. We've estimated from a budget standpoint that for the full Task Force there would be three, no more than four, meetings to get to the end. We've got between now and December 1st to wrap that up, and so kind of just spreading those out. The Task Force can make the final call on that, but that's what we were estimating. In addition, there would be work group sessions here that are not included within that three or four.

Purpose. Fundamental product here is to prepare the report and recommendations for the 22nd Alaska State Legislature.

Who is affected? Hopefully, this is not new information. This is as defined in SB273. It's all self-propelled watercraft of more than 400 gross registered tons except when the watercraft are tank vessels, oil barges or public vessels operated by and owned or bare boat chartered by the United States, a state, a political subdivision of a state or a foreign nation; and railroad tank cars that are rolling stock used to transport oil in bulk as cargo by rail.

And that's from the definitions in SB 273, and there was debate about the affected community and this is what was decided.

PAUL FUHS: Larry, could I ask you a question?

LARRY DIETRICK: Yeah, absolutely.

PAUL FUHS: This came up in some meetings preliminary to this and I couldn't remember exactly. Did we exempt vessels that are going, you know, through Unimak Pass or traveling through state waters but they're not landing here?

LARRY DIETRICK: Yes, sir. The innocent passage provision is included in the final version of SB273.

Report deadline. Again, we've covered this. It's on or before -- legally, it's on or before the first day of the 22nd Alaska State Legislature, to include perhaps draft legislation, regulations. And I would defer; Drue, is that date set yet? Do we know calendarwise, is it -- it's probably the first week -- it's usually somewhere between the 5th and the 10th, for planning purposes.

Okay. To break it out now here a little bit, we'll take an individual look at the two documents produced by the Legislature. Again, there is Senate Bill 273, and then there was the House Resolution. Senate Bill 273 specifically requires the Task Force to determine how to implement the response planning standards set out in Section 1 of the Act.

SENATOR DRUE PEARCE: Larry, it's the 8th of January. The second Monday.

LARRY DIETRICK: Thank you very much. January 8th is the start date of the session. Keep the pressure

on, I guess.

What are those Section 1 response planning standards that have already been referred to? They're explicit in the law. This is the response planning standard that is included in Section 1 of SB273, and I'll go through this real quick. It applies, first of all, to both the nontank vessels and railroad tank cars. For nontank vessel, it's containment and control of 15 percent of the maximum oil capacity of the nontank vessel within 48 hours; and cleanup of the discharge within the shortest possible time consistent with minimizing damage to the environment.

For railroad tank car, it's the same. Containment and control of 15 percent of maximum oil capacity of a train on the railroad within 48 hours; and again, cleanup of the discharge within the shortest possible time consistent with minimizing damage to the environment.

So, to summarize quickly what SB273 has dictated more or less for the Task Force, it's to figure out how to implement that standard, the actual word in the statute is the implementation, and that's it. That was all that was tasked out in SB273. So the focus under 273 is entirely on how to meet that response planning standard.

Now, SCR No. 1, how did that instruct the Task Force? This one went a little bit farther. The first requirement under SCR No. 1, and I'll read through this, but essentially it's the same and these were coordinated

during the session. It's the same tasking really as what's required under 273. And it says that -- and this is where the terminology for statutes and regulations were introduced. Under SB273, it requires the Task Force to produce a report and recommendations on how to implement the response planning standard.

When you move over to the SCR, it specifically says requires again a report and recommendations from the Task Force, but then the first item under there makes reference to also concerning Alaska statutes and regulations not subject to preemption by federal law that are calculated to achieve the response planning standard for motorized oil transport in a practical and cost-efficient manner. Then it goes on to say that DEC has the burden of showing why the response planning standard cannot be implemented using containment equipment that is readily available for purchase in the market.

So the actual difference in language between SCR and 273, 273 says how to implement the response planning standard; SCR says how to achieve the response planning standard. To me there's no difference there. So both clearly had it as a matter of their first priority is how to meet this standard. The standard that they're talking about in SCR No. 1 is the same standard that was established in Senate Bill 273.

The second item that the SCR goes to, then -- and these are items that they're basically saying that

the report recommendations should address -- includes practical measures to implement the response planning standards as are necessary to take into account the special conditions within waters of the state west of 157 degrees west longitude or north of 62 degrees north latitude. This is actually a test question for Ed Page to tell us where that is. It's actually way up in Northwest Alaska. I'm just kidding. So that's a specific measure that was put in the SCR to deal with. And it's definitely one of our more remote areas.

Okay. The third item that the SCR addressed, then, was to ask the Task Force to also include in its considerations for its report and recommendations, the use of fleet plans, vessel agents, generic contingency plan contents established by regulations, streamlined contingency plans with membership in a nonprofit corporation that is a primary response action contractor, and spill prevention measures as means of achieving the response planning standard.

So this opens the door a little bit more on the scope of what the Task Force should be looking at, and I think it is basically suggesting that we look at ways, then, to put together streamlined contingency plans to accomplish the meeting of the standard.

The last item under the SCR suggests that the Task Force report recommendation also include inspection measures to be included in the regulations. And our interpretation of this, the inspection came out in one of the last committees on the House side, and I think it

was for reasons of not knowing more specifically if, given inspection authority, what the Department should inspect. The wording in this one suggests that what we need to do is to be explicit about what that is.

Okay. Both of the -- again, we're talking about 273 and the SCR here. To meet the target date in early January, January 8th, we've set an internal goal here, and this is all subject of course to the Task Force approval, but we're proposing that we wrap it up again by December 1st. The other item to point out here, last but not least, is that the Task Force is terminated then on the first day of the 22nd Alaska State Legislature. So that's when you officially go out of business.

I think that covers it, last but not least. Hopefully, we will not all shoot ourselves; and get the job done here. So that's the brief overview. I guess, Madam Chair, I'd turn it back to you, then, to open it up for discussion. I'll keep these overheads ready, then, and have an open discussion now about the missions, the scope of responsibilities, and what's expected here under SB273 and SCR 1.

COMMISSIONER MICHELE BROWN: Thank you.

We'll throw this open for suggestion on the issues that Larry just mentioned, and then eventually ease ourselves into discussion of firming down what the issues are we need to work on and the best way to go about tackling those through work groups and what the

work groups should be tasked with. I don't know whether the best thing is to turn your card up or raise your hand. Does anybody want to comment on what's been presented so far?

SENATOR DRUE PEARCE: I have a question that may lead to some discussion. You, in the groups that you've worked with before implementing regulations and working with some of these issues, would it be your intent, or have you decided, do you think, in terms of work groups, you're better off going on a regional basis, or are you better going on a topical basis? Which direction? Because I don't think you can try to go both ways.

COMMISSIONER MICHELE BROWN: We've given some thought to that, and what we've presented here on the agenda is a functional, topical approach. But that's certainly what we want to discuss here, is what is the best way to tackle this. It was our thinking that because our task is to figure out how to do the response planning standard, we would hit that directly on its head, try to deal with that as a subject matter, but then at least I would envision that there would be almost sub subgroups where people will take that work that the work group comes up with and put it through a regional filter and also probably an industry sector filter, to make sure that what we've looked at as potential solutions on meeting the response planning standards actually makes sense when you take and apply them in Western Alaska or Northwest Alaska or wherever

it is that you're going. As well as by a sector. You know, the fishing industry may have a different approach to it than the cruise industry would. So I actually think ultimately we're going to have to do all of those. It was our initial proposal that we start working on the standards, how to implement the standard itself. But that's exactly what we want to discuss. So anybody who has a better way to design that mousetrap, please let us know.

Larry, did you want to add to that?

LARRY DIETRICK: No. I think, as you can see on your agenda, we've tried to parallel a proposed work group structure that matches the expectations in 273 and SCR 1, and so clearly the one that both of those documents hit is the implementation of the response planning standard. That is probably the most difficult of the issues and that's where the cost discussions and whatnot will roll out.

The other ones may -- I mean, aligning these issues up of whether or not you need a work group for each specific issue, I'm not totally sure that we would need a work group to do the inspection piece. Streamlined contingency plan, I think there's a lot of things to digest in that group. So perhaps a two or three work group option, I think, is what we're going to try to nail down to see the most efficient way of moving forward.

COMMISSIONER MICHELE BROWN: Ernie?

ERNIE PIPER: Well, I know that the railroad was set aside purposely as trying to accommodate some of the differences, and I appreciate that. But the more I've been thinking about it, while they are different media and different vessels and different environment and different mode of transportation, I think the similarities in procedures and processes are much more pronounced, which are federal/state preemption issues, prevention credits, how those are implemented, inspection protocols, and things like that. So I don't think that maybe there's that railroad filter at the end to do any corrections, but I think there are more similarities than differences, fundamentally.

COMMISSIONER MICHELE BROWN: So just deal with the railroad issues through the response planning standard group and then run it through a separate filter?

ERNIE PIPER: Right.

PAUL FUHS: I have a similar comment, and that is on regional. A lot of our companies operate in several regions of the state. If you start doing something in a different region, that's going to create the nightmare that we're trying to avoid. Let's get a good statewide, efficient way to do this and have everybody know what they're dealing with.

And the other point I wanted to make is that we're going to have to deal with these response contractors and talk with them throughout. We can write government regulations, but in the end they're the ones

that are really going to implement this from a business standpoint. We're going to have to work with them throughout to kind of determine the prices on this. Because that was one of the big issues, what is this going to cost industry. These fees from this are going to be built into the base rates of shippers, just like dock fees or anything else, and it's going to be charged to the customers. Whether you're shipping product in here or whether you're shipping product out, this is going to be borne by the businesses that are working in back. So throughout this we're going to have to work closely with the response contractors to say, "Okay, if we go this way, how are you guys going to react with that? I mean, if you've got 150 new members, what's that going to mean to you?" This whole question of new equipment, is new equipment going to be required? And so that we can kind of get a better determination. Because I know a lot of the legislators wanted to know -- that was one of the big questions -- what is this going to cost industry? And we couldn't give a good answer last year because we didn't have enough details to do that. So I just think functionally we got to really consider the role of these response contractors and work closely with them, because that's going to be where the rubber meets the road and that's who we're going to write a check to. Not to the State of Alaska.

KRIS MULLAN: If I can add also, you guys can

really absorb these costs onto the customers, but the fishing industry, we can't. What we get for our product is what the buyers are willing to pay, and that's it. Same thing like, I think, when the fuel prices went and skyrocketed. There's a lot of surcharges that were passed on to the clientele, and there again we were stuck with that.

CHARLOTTE MacCAY: I don't think that's the only industry.

KRIS MULLAN: I'm just using that as an example.

PAUL FUHS: The fishing industry will get hit on both ends. Product shipped in for processing, and finished product out.

CHARLOTTE MacCAY: I have a comment about what you said. I think there is an ongoing discussion there of regional differences, versus consistency, and I don't think you want to throw it all out for consistency. I think you need to find a good balance there.

SENATOR DRUE PEARCE: Your final product in Southeast is going to look different. You're going to have to deal more with alternate compliance probably out in Western Alaska than you have to in the other regions, so you will have to have regional discussions and methods. But the Department has been there and been there and done that as they've worked out alternative compliance measures for the fuel industry already in the different regions.

MIKE O'HARA: When we talk about regions, are

we talking about basically regions as pilotage regions, or how do you define these regions?

COMMISSIONER MICHELE BROWN: I think that's something we discussed. We've been thinking more in terms of where the co-ops are operating.

SENATOR DRUE PEARCE: Actually, it breaks out in much the same way, though. You're set up kind of because of where the trade is.

RICK HARRIS: Basically, Southeast, Southcentral, and Western.

SENATOR DRUE PEARCE: Where does Kodiak fit?

GENE BURDEN: I would just make one recommendation. I'd echo, I think, what Paul said about focusing on the implementation components here, at least at a first pass, and then looking at regional -- certainly some regional issues that have to be considered.

The other thing, though, that I'd like to add is on prevention measures, I think we ought to be focusing on prevention credits as well. Even though that was provided in House Bill 567, that really never has reached fruition as far as something operators can see the benefits from. And there are a number of opportunities for prevention credits that could be factored in here to provide some additional incentives. So I would propose to change prevention measures to prevention measures and credits.

COMMISSIONER MICHELE BROWN: Other ideas? It

sounds like what people are saying is that we need to sort of focus on standards for response -- actually, the implementation measures, and then almost -- as opposed to have separate work groups working simultaneously on issues, is focus on that one first, and then break out more into looking at it regionally, does it work there, working with the co-ops, so that they can cost that out, and then bringing it back. Because if it ends up too expensive, obviously we have to adjust the implementation. You know, there's going to be a give and take here. So we need to look at it in costing it out regionally and also by sector, because I think -- you know, certainly during the session there was some sense that some industry sectors felt that they may not want to join co-ops. They may want to figure a way to deal with this internally. So I think we need to look at it through all those filters. And then you may have to come back and readjust based on what you find in that regard. Is that where people are going?

KRIS MULLAN: Is the Task Force going to set what type of guidelines there's going to be for credits if that does happen? Different vessels.

COMMISSIONER MICHELE BROWN: Prevention credits?

KRIS MULLAN: Yeah.

COMMISSIONER MICHELE BROWN: We'd like to see recommendations for that, yes.

GENE BURDEN: A potential recommendation to the Department or to the facilitators, or maybe Breck could

help. Just reading the bill, it sounds very similar to the provisions as I recall 567, in terms of establishing some broad response standards. And the Department develop regulations to implement 567. I guess I'm not sure how this would look, but it would be interesting to see what specific regulatory actions were promulgated to implement 567, and maybe put those in the context of these response standards and see, give the group an opportunity to see where that may already fit and be consistent with what we have for other oil shipments, and where it doesn't fit. And maybe that would streamline, or help focus anyway, on opportunities.

COMMISSIONER MICHELE BROWN: Do you want to address that? I know you've spent a fair amount of time thinking about prevention.

LARRY DIETRICK: Yeah. The prevention -- maybe to back up. We had discussion during the session on the prevention aspects and how to bring those in and create an incentive. And with regard to the prevention measures, one of the things was what would be required in Alaska, like for these new vessels for prevention measures. And how do you create incentive for companies to step forth and do something else in the prevention arena? And in the past there was the offset against a response standard. You decrease your response, you try to balance the -- or create an incentive so that if you do something on the prevention side, you get a reduced response capability. We struggled with that over the

years to get there.

In talking with Paul on prevention schemes -- again, Paul Fuhs there -- there was discussion that for these new classification vessels that perhaps prevention measures would be in two categories. The first category would be mandatory prevention measures, and that those would look essentially like what is currently required by Coast Guard at the federal level, or by international law. And that the state merely adopt those standards as standards of the state as well.

But then in addition to that, if we want to create then a system for incentives for prevention measures beyond what is already required, that we do it not from a mandatory basis but from a recommended basis. So if it makes sense to, say, double-bottom fuel tanks, which was already mentioned, which I guess Tote is going through, how can you create that as incentives? Well, you can discount, I guess, the response capability; or you can perhaps create an economic incentive so that they incorporate something like that, perhaps they get a reduced rate by either an insurer or participation in a co-op.

And so that is my understanding of how it kind of left coming out of the session in terms of development of that issue, is that the credit system under the existing 567 has had degrees of success, and perhaps we needed some new thinking here for the new class of vessels here as to how to better do that, so that we're both encouraging prevention and creating a

way to encourage operators to do that that is meaningful. Recognizing there is still some baseline response capability that everybody is trying to have in place anyhow. It's a tough issue. I don't know if that covered everything, if I got the point there or no.

CHARLOTTE MacCAY: Is there any quick summary of what's already required by federal and international law that will be available to us?

CAPTAIN ED PAGE: The Coast Guard could prepare some of that. It's included right now in the 33 Code of Federal Regulations and navigation safety regulations, inspection regulations, IMO stuff, and the pollution prevention regulation, 33 CFR 154 through 156 have that. So we could certainly get -- that would be beneficial to the Task Force, so we don't duplicate stuff. And the federal preemption issues, we could certainly provide an executive summary of that.

CHARLOTTE MacCAY: That would be helpful.

CAPTAIN ED PAGE: We can do that.

CHARLOTTE MacCAY: Thank you.

LARRY DIETRICK: The split between the mandatory and recommended was to avoid the preemption issues that are being sideways, and that was kind of the thinking behind --

CAPTAIN ED PAGE: So wondering what's out there right now, asking what's out there. Look for gaps and perhaps people feel should be addressed. Prevention is going to be a tough one. We're working on some risk

assessment with the State throughout -- different areas of the state, we're looking at risk assessments, it's a very time-consuming process. We're going to do it for Cook Inlet this fall. And those all identify prevention measures. We've done things over the past. Just recently we did one, the last couple of years.

Jim Carter is familiar with Cook Inlet. Worked with NOAA and then several things. The senator has helped us get some land even to put in extra aids in navigation and what have you, with prevention tools. Captain O'Hara has been working a lot on that. So it's an ongoing process that we're continually doing on the identifying prevention tools. And of course Valdez has been going through that, too. It's a tough nut to crack in a short time frame. There may be some low hanging fruit, such as Tote's efforts to put double-bottomed, or protectively locate their oil tanks, as the senator mentioned. Those types of things, you could almost say the amount of oil that could potentially be spilled from that vessel goes down dramatically so now the exposure is down in here, which would reduce their rate, I would suspect. Those are probably easy things to incorporate.

Some of the other things may be pretty tough in the aggressive time frame you have here, but there may be some easy ones. And I can certainly, again, in response to your inquiry, I can provide that if you like, Commissioner, I can provide that. I know it's out there right now.

GENE BURDEN: Just to follow up or clarify.

Even though you achieved prevention credits under existing law, translating that into something that puts something back on the bottom line is virtually not possible because the participation in, whether it's Chadux or whether it's CISPRI or other organizations, is based on volume and other issues and the ultimate planning standard that's applicable in the area. So I think we need to be thinking a little bit out of the box on some areas that if you do certain things, be it best available technology or be it whatever, that you have some benefit that you can see that equates to savings. And if that means a longer period for C-plan review or something like that, there may be some other items out there that would be of some benefit to everybody, including the Department, if we can identify some.

COMMISSIONER MICHELE BROWN: Yeah, actually, I agree with you. I was having the same thought. That if the intention is you want to have prevention credits because you really want to encourage people to do that, but your response planning standard is already so low that you'd end up wiping off resources off the table, maybe there's other arenas by which that incentive can be provided. And I think as the group thinks through those kind of prevention issues, we ought to be looking broader than simply, you know, membership in co-op. We ought to be looking at other ways that it can affect the bottom line positively.

SENATOR DRUE PEARCE: One of the issues that

came up during session that was always a difficult one for the Department to try to lay out specifics but is one that has been dealt with in the crude industry, is what to do with the spot charter vessel that might come once and not be seen again, maybe ever, maybe once a year or something. How do you bring them into a system in an efficient and effective way? So I'm not sure whether that should have its own -- I mean, that was a big question mark. Whether it should have its own subsection, as opposed to the railroad, or whether it's going to just automatically kind of fit in the streamlined contingency plan process. But it is certainly one that has engendered more than its fair share of questions. The spot charter industry probably isn't as familiar with how the spot tankers are dealt with as, obviously, the oil industry. So some of those things that have already been dealt with under 567, I think we want to look at to see how they fit.

PAUL FUHS: I have something, and Gene brought this up, and that's what I meant by implementing this with the response contractors. We do a prevention credit, they have to say, "Okay, that means something to us and here's what we're going to do if you meet that." So it takes both parties working together if something's going to be done on that end.

Just for your information, some of the things that we looked at, and the correct language is "noncontiguous fuel cells." It's not a double-hulled cell or, you know, vessel or tank. You locate it so

it's not next to the skin of the vessel. Now, these guys give up cargo space to do that and they lose revenue every time they sail because they've done that. It's a cost factor to them.

The other thing, redundant propulsion and steering systems. Redundant and advanced navigation systems. Taking on marine pilots if you're not required by law to have them. Jeff and I have been working on this Marine Exchange Alaska System where you can put transponders on every vessel and on every response vessel so you know exactly where they are, so you can dispatch them or -- you know, I think that would help. Bow thrusters, anti-collision radar. You know, these are just some of the elements that I think would be advanced above and beyond you got to have a tow line and a pump on board the ship. That these would be some of the prevention credit items. And there may be some others, too.

COMMISSIONER MICHELE BROWN: And then what kind of incentives can be provided to encourage them.

KRIS MULLAN: I mean, some of that is going to have to be able to fit the whole industry. Like for our example, there's no reason for us to have a pilot on board, you know. And bow thrusters, I hope everybody over 400 tons has a bow thruster, except for barges.

PAUL FUHS: A lot of vessels don't. A huge number of vessels don't have bow thrusters.

KRIS MULLAN: Really?

PAUL FUHS: Yeah. Almost all the bulk --

RICK HARRIS: Most ships don't have thrusters.

KRIS MULLAN: Well, you're talking about 7 to 900-footers, right?

RICK HARRIS: Yeah.

KRIS MULLAN: Although, they've got a tug system (inaudible).

CHARLOTTE MacCAY: Again, though, the spot charters are different because if you have a fleet that's constantly staying within Alaskan waters, that makes sense. When you're spot chartering, where do you find your prevention credits on people who come once, maybe five times? Some do repeat a lot, some don't ever. Again, very different.

ERNIE PIPER: The other thing about prevention credits is I think over the last ten years we've seen a greater depth of understanding about human factors involved in preventing spills, whether it's railroad or anything else, or vessels. And it would be interesting, in thinking out of the box on prevention credits, to see if there are things that are not required by federal or state law that we can do in terms of best practices that further reduce -- you know, for the railroad, railroads are on the cutting edge of 19th century technology. We don't have the kinds of, you know, sophisticated mechanisms that you put on a locomotive that you could put on a vessel. But probably your most significant derailment reduction program is your training and best practices. So we would be interested in seeing

something like that as well. But I think that's also applicable to the marine industry as well.

KRIS MULLAN: You guys don't have radars?

ERNIE PIPER: We still have flags.

COMMISSIONER MICHELE BROWN: And that impressively annoying horn.

Paul?

PAUL FUHS: There's one more thing I think needs to be a section here we talked quite a bit about, and that is drills and exercises. Now, these are all going to be costs to the industry. What is the Department going to require for drills and exercises? And, you know, there are just a whole wide range of things, you know, table top or actually in the water. You know, simulations, that type of deal. And they're going to have a big difference in the cost. And I think a lot of people want to know what's going to be required there, and hopefully we can do a whole bunch of people at once so we all get credit for doing the exercise, and you consider the cost factors of drills and exercises.

SENATOR DRUE PEARCE: A lot of that is actually done, though, by the response action contractors by definition, and they're already doing them. There will be some different ones, certainly, because you'll respond in a different manner. But I know that they've all exercised lots and often. But it will be interesting for new industries to come in and be a part of those and see what they're like. It might be your

ship that gets picked to be the vessel that gets surrounded by the response action contractor and see how (inaudible) is part of that system.

DAVID OWINGS: We use the Coast Guard and the prep program. If you need a copy of it, I would be glad to -

PAUL FUHS: And I'm just saying there's also a cost associated with that. We tried to get an idea of the cost of the drills and exercises so we could get an overall cost to industry, and there was such a wide range and they said, "Well, we don't know what the Department is going to require of drills and exercises for this class of vessels, so we can't answer your question." So if we could answer that, that would really be good.

COMMISSIONER MICHELE BROWN: And I think, you know, it looks like we actually have serial decisions to be made almost more than thematic. Because, you know, if it ends up as we set the statewide standards or the implementation measures, and if the co-ops are going to be the main implementers and if they choose to accept that role and the costs are effective and all that, then the primary burden is going to end up falling on them for the drills. So, I mean, a lot of these issues are going to flow from what this group decides on how to implement the standards. Statewide, and then say, okay, what does that mean in terms of drills. Because it will vary, depending on the roles the co-ops ultimately choose to do here.

CAPTAIN ED PAGE: The National Pollution

Exercise Program actually drills each responsible party. But you're envisioning -- to my understanding, this bill is more like a response action contractor, kind of steps in the shoes of sorts, and that's the person most likely to be exercising that each responsible vessel party, which can be a very costly thing.

PAUL FUHS: Right.

CAPTAIN ED PAGE: But that's something certainly that needs to be addressed. I understand that.

SENATOR DRUE PEARCE: The whole system is a little different in that at least when you're dealing with SERVS, they've got the first 72 hours and then they hand off to the shipper, and so you're dealing with the crude shippers who bring in all their own personnel and equipment. And in this industry, we would expect the response action contractors most likely to come in from the beginning and then they're there. So they are the responder and they continue to be the responder. They don't back away like a SERVS does and hand off to the responsible party.

COMMISSIONER MICHELE BROWN: And I think as Larry said earlier, at least during session it was our vision that we're not growing a bureaucracy here. So we want a streamlined contingency plan process, and we're not going to have staff doing 100 new drills a year. So we didn't envision this being an aggressive drill program like that. Our main goal is to bring these

vessels and the railroad into the safety net, not to create an enormous structure.

SENATOR DRUE PEARCE: The other thing is, the Legislature at least worked through this, and I know as the Department did, too, this state already has more spill equipment than any other -- certainly any other state on earth. We have more in Southcentral Alaska than any other single place on earth. There is no reason to recreate more warehouses where they're not needed. We have some areas of the state that may need some specific things. I can't imagine anything that one can't buy virtually off the shelf these days. But this is not something where the Department wants to create new depots of tons of equipment and people that have to try to keep them going. That's, frankly, why the response action contractors have sprung up. They've got the equipment, they have go teams and they go to, by definition, where they need to be with equipment and personnel in hand. It's more efficient in a lot of ways than having SERVS sitting there just kind of waiting around. Although, that's a whole different setup for the industry.

So we've already got a lot of efficiencies have been built in for the non-crude carriers for carrying petroleum products, and it's in no one's interest to just have more equipment sitting out in some unknown place in some lost warehouse and then we all forget where it is, forget how to use it when and if it's

needed to respond.

I've never envisioned that we're talking about a lot of additional costs in terms of purchasing equipment, other than there may be some -- certainly during discussions during session we talked about some need of some sort of probably single but fairly large, more like a Trans Rec size skimmer for Southwest Alaska. But I think everybody on the petroleum side has seen that coming anyway. And so sooner or later that will be deployed somewhere out there.

COMMISSIONER MICHELE BROWN: I think that's true during session. I mean, the sense was that there is an enormous amount of equipment; how do we now make it available to anyone who may need that, as well as the expertise to deploy it and get it on site and operational quickly. As well as more equitably spread the costs around and provide the co-ops who are willing, assurance that they're going to get paid if they respond to an event in their region. So you're absolutely right; I mean, no one was looking at a massive expenditure of funds for equipment.

SENATOR DRUE PEARCE: There is also a lot of research that's been done since 1989, whether it's burning of product on the surface, broken ice response measures, bioremediation, what works, what doesn't. That we know a lot more about how to respond than we did in 1989. We don't need to reinvent any of those wheels either. And so we're building on a base of expertise that should make our efforts, and certainly the efforts

of figuring out -- you know, it's interesting because we're sitting here and we're not fighting over how clean is clean, we're not fighting over what does "contain" or "control" mean. We've kind of moved on into, okay, how do we do it in the most efficient and effective manner. I got to tell you, we've come so far since 1990. And those of you who are just now being brought in under this big tent or the umbrella, it may seem very new to you; but for a lot of us, at least we've gotten through most of those and we're moving forward, and that's actually real good to see.

COMMISSIONER MICHELE BROWN: On that note, why don't we take the break that we've got scheduled here, and then come back and try to figure out how we move forward and solve this last piece.

(Short break in proceedings.)

COMMISSIONER MICHELE BROWN: Thank you, everybody. Are we all ready? We've got most of our Task Force back.

The first thing I want to mention is people in the back of the room are having a hard time hearing, so those of us at the table need to yell. Is that better, Susan?

SUSAN HARVEY: Yes.

COMMISSIONER MICHELE BROWN: Some of us have a hard time with that.

The other issue I just wanted to lead off with is, I heard a number of discussions at the break of the

fear that the response plan standard of 15 percent in 48 hours is impossible to meet in Western Alaska. And I just want to reiterate what a response planning standard is. It is not a mandate that you be out at a certain -- you know, the site of this spill within 48 hours or else. What it is is basically a check on the agency, really. It gives us guidance on when we're approving a contingency plan, we have a standard of how much equipment do we need to be looking for. So that we know what needs to be the best plan to be able to give you your best shot at tackling 15 percent within 48 hours. If there's a weather problem or something that prevents you from being out there, it doesn't mean you're in trouble. It is literally what it's called, a planning standard, so that when we review contingency plans we have some basis to determine how much equipment is necessary. And so I just want to say that because, you know, we've talked a lot about that during the session, but I still hear that people are saying it's absolutely impossible in some areas to be out there in 48 hours. We're talking about planning here to give us the best shot at trying to be quickly on site wherever there's a spill.

Larry, you had one other technical.

LARRY DIETRICK: Just a follow-up on that. The current law actually distinguishes between a planning standard and a performance standard, and that's what Commissioner Brown is getting to here. The planning

standard is just that. It's the standard equipment that you plan and design to have in place ahead of time. If you can't get out there when an actual spill occurs, within the 48-hour time frame, are you held to that as a performance standard? And the answer -- you know, because the weather was bad or the waves were big, or whatever; and the answer to that is no. And they made a very clear distinction on that back in 1990. So I think that's a good point to clarify.

The other thing here, just a technical thing, I understand some of the copies -- we had extra copies of the bill in back there, and I guess there's a bonus for those who forgot yours and picked that one up, because apparently that one has a copy of the King Salmon Landfill Remediation Plan on the back. So if you're one of the ones that needed the extra and didn't bring it, the collating job there goofed up a little bit.

COMMISSIONER MICHELE BROWN: We will accept comments on that, however.

LARRY DIETRICK: I apologize for that.

COMMISSIONER MICHELE BROWN: Well, to bring us back, I hope people have been having good conversations at the break. The reason why we wanted to talk a lot about how to get organized is because these issues are not linear. They're chicken and egg issues, you know. How much equipment do you need to meet the response planning standard, and what's it going to cost? And you can't know what it's going to cost until you know how much you need. So you've got those circular things.

But the primary interests that I'm hearing raised are people wanting to be involved in actually setting what that RPS is. We have the level, but how do you implement that RPS in the sense of what equipment is currently available, what equipment is still needed in particular areas of the state, if any. How would people be able to access it. What roles are to be done during a spill response. That's one area of issues.

And the second one is the prevention measures and credits that a number of people have talked about. Some of the other issues like streamlined contingency plans and what kind of inspection authority, things like that will, I think, flow really after we hone in on the implementation of the RPS and prevention.

And the thought, to help give us a little better sense of maybe some ways to tackle those issues, I was going to ask Lee if he'd be willing to share his experience, because he's been through this hot and heavy for the noncrude operators, who have many of the same concerns and have figured out with us a way to get good coverage at a cost that's affordable.

LEE EGLAND: Sure, I'd be happy to.

I'll try and keep it brief because I can get into this in great detail since it's been a big part of my life since 1991, when we started this endeavor. So I'll try and hit the high points, and then certainly once I get done if anyone has any questions, I'll try and answer the question. I don't know if I've probably

forgotten more than I remember, since there's been so much work that's been done on this front since early 1991, when we formed the Alaska Petroleum Distributors & Transporters group, of which, you know, Captain Ed Page was directly involved with after we got the program nod from U.S. Coast Guard headquarters back in Washington, D.C. And then at that time we also worked with ADEC, as well as some local entities, to present the program, and kind of got the wink and the nod to implement the program. But it was real clear early on that when we looked at the OPA 90 requirements, that the tank barge industry operating throughout the state of Alaska, there was no way that we were going to be able to comply with those requirements, just because of the sheer geographic area involved in trying to meet those strict planning standard requirements, it was just not feasible.

So, we set out on this endeavor, we put together an ad hoc group, we had numerous meetings, we used a lot of existing materials such as the Arthur D. Little report, looking at different regions of the state, where did we transit, where were some of the higher risk areas based on environmental sensitivities or the amount of product that we transfer. And we put together our first alternative compliance program, and it was based on three primary elements, two of which were really I think what we were talking about here earlier, was, you know, prevention credits. And that was one thing that the Coast Guard, right from headquarters on down, were really key to us

implementing, and that was reducing the risk of a worst case spill, just because of the areas that we operated in. I mean, very remote, almost inaccessible at times.

So reducing the risk of a spill, or prevention, was a key component. And there was many aspects of that, and I'll just kind of summarize them briefly. For example, we committed to these elements back in 1991, which are somewhat the industry practice today. But just going down the shopping list real quick. By reducing the risk of a worst case spill, we committed to using only twin screw tugboats when we're towing our barges coastwide. We committed to putting in emergency tow wires on our petroleum barges. Retrieval hooks on our tugboats for picking up petroleum barges, you know, if we broke the tow wire. Which also required, you know, training, for the individuals that were involved with that. And a very strict tow wire maintenance and inspection program for our tow wires, because we know that that tow wire was the most important link between the tugboat and that barge, other than the personnel, that, you know, we got to make sure that that piece of equipment is top notch and always in ready state.

As part of that reducing the risk, we also committed to increasing the on-board response capability. At that time prior to this we had contingency plans in accordance with the State requirement, but we kind of went one step further and we said, okay, we're going to make our vessel personnel,

now we're going to make them the first responders.

We're going to increase the on-board response capability to be the immediate responders because of where we operate. And what went along with that is we were going to carry sufficient equipment to meet -- and this was a Coast Guard term -- to the maximum extent practicable, the maximum most probable discharge planning standard. That is the volume of product that you were required to contain, control and pick up within the specific time frame. We said that we were going to have containment boom on board the barges that was at least three times the length of the barge, so as we could contain a spill and/or use it for protecting environmentally sensitive areas.

We also had, we put on board skimmers with a capability of recovering that maximum most probable discharge planning standard volume that we were going to meet. We had on board, placed on board self-contained portable lightering pumps for removing product from damaged tanks. So if we had a hull fracture, we had a portable pump of sufficient size to offload a cargo compartment within 24 hours, which was, you know, a Coast Guard standard, to hopefully an acceptable receptacle. Whether it was, hopefully, a tank on board the barge that we might be able to move it to or some other particular barge.

And then also, what goes hand in hand with all of this was the appropriate training for the crews to deploy the on-board equipment, which really was pretty

significant, because now we're talking about meeting all the OSHA standards. So we had to have all of our vessel personnel, and this is ongoing, you know, trained to Hazwopper technician level, with the refreshers and PP and the whole nine yards. So that was reducing the risk or, you know, getting back to the prevention credits.

The third element was we committed to increasing our shore-based response capability. And we were going to do that by, A, participating in SEAPRO, the Southeast Alaska Spill Prevention and Response Organization. And then we're going to increase our shore-based response capability outside Southeast Alaska by pre-staging equipment in Anchorage, Kenai, Kodiak, Dutch Harbor, Valdez, Cordova, and stockpiling additional equipment in Anchorage, so that we had a first strike capability in these remote locations, and then followed up by bringing in, you know, a larger equipment cache from Anchorage.

As a result of that requirement, that's where the Chadux Corporation was born. Back in 1993, once the program was finalized, I mean we started this, the Chadux Corporation, with three members, a part-time general manager, who is here today, did a fine job, I might add, and, you know, was envisioned at that time it was going to be -- we got a bunch of Conexes out in all these remote locations and everybody's going to have a key to it and if you have a problem, you're going to go open the door and deploy this equipment. Well, that

kind of changed rather rapidly based on the need, and not only of ourselves at that time but additional members that were continuing to be more so force fed into the Chadux Corporation as a result of the regulations, quite frankly.

The Chadux Corporation grew from four members to, like Bob mentioned, the 15 and 18, respectively, and that alternative compliance program is ongoing. It's something that in 1995 we obtained a reapproval for that program, which basically reinstated that we're going to maintain everything that we had currently in place, and we are going to increase those response capabilities as well as the prevention type program elements that were in place. More or less all of the same, so to kind of save you all the detail.

In 1997, we worked with both DEC and the Coast Guard to develop an industry agency partnering agreement and put together a work group so that we could come up with a final compliance program. Because what we were faced with is that every couple of years, as an industry group we were saying, okay, well, we've met the initial alternative compliance, and it just seemed like the limbo barges kept getting ratcheted down to where we needed to come up with, both I think from a regulatory and an industry standpoint, of how do we kind of get to an ending point so as it meets the regulatory community, the local community needs, as well as our own, so that we could make this a very meaningful process. And that's where it took some time to put together a

partnering agreement, where everyone formally signed the document, and then renegotiated kind of a final compliance program which basically adopted all of the program elements that were already in place, and expanded on them one more time. Which also included, you know, increasing the environmental management programs from a prevention standpoint. I mean, one thing that we all committed to do was to, you know, obtain some sort of ISO 9000 into a responsible carrier, certification so as that, you know, we're looking at the people side of our process to again help minimize the potential for a worst case spill.

Again, increased our shore-based response capabilities at key location hubs in select regions, in addition to what we currently had. And as part of that, also we developed a program to train and to exercise response personnel and equipment in those regions. So, for example, right now what we are in the process of doing is bringing those regions on line throughout a time period, which I believe is four to five years, after which, you know, we bring in a couple of new regions into this program and then the following year we do the training and drills. Which also, in those particular regions it's just not putting equipment out; it's identifying local responders that we can look to to be the logistics capability and the initial support to get our equipment out that will be located in those regions until we can bring in the Calvary from Anchorage

or wherever it may be with the additional support and equipment in order to meet the need.

But that program also included wildlife response capability, and manuals, similar to the type of things we're talking about, maybe identifying -- and one point I was asked at the break maybe to mention is that, you know, as far as a couple of areas of consideration for the group to kind of think about is to, A, stay focused on meeting what was talked about in the introduction. That is, the implementation of the response planning standards. I understand cost is a significant issue, and it always is. That's the driving force. But until we can identify how much equipment, where it needs to be located, and what other ancillary services are going to be required, are you going to be able to -- is anybody going to be able to come up with how much do we think an entity, whether it's a cooperative, whether it's a new private industry that may come into the marketplace, or a different industry group that may decide to do it themselves, to provide it, can even begin to get their arms around it.

So that's kind of just a real quick snapshot of what we did, and just again a couple strong advices that lessons learned through the process we went through, and it was probably going to be a lot easier, although it took a long longer, based on the time frame we have here, but we had a lot less people and interested parties that were, you know, involved with the process. But stay focused on what the main mission of this Task

Force is, and that is to determine how we're going to implement and achieve those response planning standards. Because if you don't, I can all but assure you, you're not going to get down the road far enough in order to meet your end goal. So that's just kind of a quick snapshot. I'm happy to try and answer any questions that anyone might have.

COMMISSIONER MICHELE BROWN: Thank you. That's very helpful. Questions?

KRIS MULLAN: What kind of product is that based off of, on your barges?

LEE EGLAND: It's all nonpersistent product.

KRIS MULLAN: You guys had all the deck space you needed, or a lot of deck space to keep equipment on board?

LEE EGLAND: That was a challenge for some of the operators that had smaller barges. They had to get pretty creative on how they were going to package that gear. But on the larger barges, it basically took a 20-foot container in order to, you know -- on the Crowley barges, it's 2,000 feet of boom, plus the skimmers, plus the anchors, plus the absorbent material, plus the PB and so forth. So it was a challenge

GENE BURDEN: What range of capacity did the vessels have, say from smallest to the largest that you're talking about?

LEE EGLAND: The largest barges are certainly the Crowley barges that had probably an operating -- the

largest operating range was about 135,000 barrels, to the smallest being, you know, some of the river barges that may be, you know, 1,000 or 2,500 barrels.

COMMISSIONER MICHELE BROWN: Drue and I were just talking before, people start getting nervous. The response planning standards are somewhat different, so that, you know, we're not looking at a system where you're going to have to have massive equipment on board.

KRIS MULLAN: I understand that.

LEE EGLAND: But see, what we ended up with here is an alternative compliance. Because while the intent is to meet the 15 percent contain, control and clean up in shortest possible time that we're talking about here, but from a Coast Guard perspective it is truly an alternate compliance, because we cannot meet the worst case discharge planning standards for the state -- I mean, excuse me, for the Coast Guard.

CAPTAIN ED PAGE: Not in the state of Alaska with the huge coastline. That was our challenge. Larry Dietrick was very involved in the process, and it's a good solution. I thought.

LEE EGLAND: The risk reduction measures I think that we took, now the history speaks for itself. I mean, knock on wood, we've been very fortunate, but we spent a lot of time, money and effort in order to get where we are today. And not to say accidents are not going to happen, but, you know, I think Paul's issue of trying to come up with some feasible way to -- and Gene's ideas of coming up with tangible ways of

identifying a means of recognizing prevention credits is important. But as Captain Page mentioned, it's going to be a very difficult animal to get your arms around, because the co-ops today are not geared towards identifying -- they don't want to be in the decision-making process of, you know, what's your RPS, what's your response planning standard volume today, is your, you know, your cost going to go up or down. So that's not the way they're geared to provide, you know, fee structure for their membership. Not to say that it can't be done, but it's certainly, it's a change in the way that they would have to do business. And I'm fairly familiar with most of the cooperatives. Lower 48. And I'm unaware of any that offer a reduction in your costs as a result of prevention credits. So that's going to be a challenge. But I think it can be met. I think there's some other potential creative ways that you might be able to recognize those measures in order to give them some incentive, because it's very important.

CAPTAIN ED PAGE: I think as a practical matter, in most cases we've been using that equipment cache -- and the senator knows very well, and the commissioner -- the equipment that's been cached by the oil industry has actually been used by the non-oil industry when they have oil spills in most cases. In not all cases is that equipment in the right place. For instance, if you don't have an oil barge going to Seward, you have bulkers and other vessels, there's no

equipment provided in Seward. Another problem, as Bob and I were discussing, in some cases -- in most cases -- your equipment is geared towards nonpersistent oil, while some of the larger vessels being persistent oil. So these are some of the issues that we'll have to work around and discuss at the next couple sessions. It's Rubrik's Cube.

COMMISSIONER MICHELE BROWN: Yes. Paul.

PAUL FUHS: Could I ask a question, just responding to Lee in this. I know none of the other contractors have done it, but one of the things we're looking at here is, you know, your membership could go up very substantial. We're talking 200 or 300 more vessels, up to 400 vessels going into the system. So that should be able to help carry your administrative overhead, and if we don't need a lot of new equipment, it should result in some pretty substantial savings to your existing members. You should be able to lower your own fees to your tank operators through this. So there's some room in there to work with, where even you could end up with substantial savings. And if a policy we say we're going to go partly for prevention, that's what creates the space to do that. You'd still have savings. We don't know what those numbers are yet.

And that's one thing I wanted to ask the commissioner or Larry, how do you think you're going to go about this equipment identification process? You know, because that's the big question right there. We should do that pretty soon on, is just sit down and say,

I mean, preliminary discussions we had, Southeast looks real good, especially with the setup down there now with the tour boats coming in. Southcentral has a lot. We probably need a heavy oil skimmer in Dutch Harbor. Lee said that costs about 50,000 bucks. Roughly something like that, you know. But other than that, I mean, how can we determine that equipment issue? Because we've all kind of said this, but we've never officially put it on the record. If we can do that, say have persistent oil skimmer in Dutch Harbor fixes it, or something else, then we've got something to go by. So how do you see that process taking place?

CHARLOTTE MacCAY: And I see it dove-tailing into that, if from the response contractors we could get a preliminary proposal up front of what the costs would be, say just based on there is no additional equipment, what would the base be, so we would have something to work from that equipment would be incremental on that. If we could have that within the next month or so, that would allow us to have something to work with in this process. But if it stays to the very end, we really don't know what we're working around. Kind of an unnamed beast.

COMMISSIONER MICHELE BROWN: I think some of that is up to the co-ops and how much they're willing to provide. But, you know, again, it's a chicken and egg one. And also, I mean, although we all look to the co-ops as most likely the solution here, there are

market forces at issue here and the co-ops may compete among each other. There may be private people that want to come in, or maybe a certain industry sector says, "We don't want to deal with the co-op that is most like our region. We'd like to create our own response entity." So I think, I mean, while we want to cost it and we certainly need to know what it costs, we don't want to be preclude market options and the choice that any particular industry has of how they're going to compete. And so, you know, I think the focus, as you point out, Paul, of laying out what equipment is available, what might be needed in order to meet that RPS, and then people, you know, co-ops, private, anyone who wants to engage in this market, can start sharpening their pencils and saying, well, we could do it for this, we could do it for that. I mean, that may be a little simplistic, but at least that's the theory. Do people want to react to that? Larry, is that --

LARRY DIETRICK: Just in response to Paul's question about the equipment inventories. We've actually met with the co-op tankers who are all here today about the equipment, because there's actually a move, we're trying to find ways to pool the databases statewide on equipment so it's all in one. And there's actually, Alaska Clean Seas helped put together a proposal to do that. We're not quite there yet. So equipment in the state right now is in individual inventories. It exists and it's there. It would be a little bit of work, we just need to pull them together,

but that's a doable task.

COMMISSIONER MICHELE BROWN: Does that include equipment that's run in private companies, in the private response contractors as opposed to co-ops?

LARRY DIETRICK: I think so, to the extent probably any big capital items that are held by private response action contractors that they're representing to a regulated entity that this is part of their capability, then it should be included in the inventory. And, yeah, we should be able to assemble that. It would take some work and we would have to define some parameters by area or by type of equipment to break it out, but that should be something with some work we could get, yes.

PAUL FUHS: If I could also, one more thing. I know we talked a little bit about this, but I don't know if everyone else heard it or knows what streamlined contingency plan process means. Because we understand like for the tank vessels and crude operators, well, that's huge, your plan is what, a foot high or something? How long did it take to do Alyeska's? Five years or something like that, or more?

What the commissioner told me they were talking about, and I just want to put it before the Task Force here, is it would be fairly simple. Your contingency plan would be we're going to have the mandatory response equipment on board, an extra tow line or a pump or whatever; we're going to have a certificate showing our

financial responsibility; and we're going to have a contract with the response contractor of some type.

So this could be like a two-page document or something like that, to say we've got that in place. What that really simplifies is the inspection process. When you come on, a DEC inspector is not going to come on and say, "I want to look at your engine room and your rudder to see if your vessel is seaworthy." It's, "You said you got this tow line and pump on board. Where is it? Show it to me. Show me your COFR."

So I just kind of want to put that on the table so that people know what we're talking about here. I think people might be imaging a similar process to what oil companies had to go through. And if people could kind of understand that, I think that helps simplify things a lot.

COMMISSIONER MICHELE BROWN: And I think the bottom line is the goal is to bring the vessels that aren't covered into the safety net, but not to recreate the system that's already in place for the crude industry. Because that works for the crude industry, but it's not what we're looking for here. We don't want to see plans like this that are going to take us a long time. We want a very -- just like the goal is, if there's an incident from one of the vessels, you will immediately know who to call and kick into gear. We want it to be very simple from our perspective, too. We're not having a lengthy plan review.

Larry, do you want to expand on that?

LARRY DIETRICK: Yeah. I think the discussion coming out of the session last year, we ended up looking at essentially what Paul was saying, a four-part plan. Part 1, the other one was an on-board plan. And since the threshold of who was captured under the bill switched to 400 gross tons, it coincides perfectly with the requirement under international law when you have to have an on-board plan, or a SOPEP. And so it fit that kind of nicely. And a SOPEP is an on-board plan, but it doesn't require that you have contracted resources. So it's possible that the SOPEP plan would fit the shoe of having an on-board plan and not be a tremendous additional burden.

And then Part 2, basically an affidavit that you have the mandatory prevention measures. A certificate of financial responsibility. And then verification you have a contractual relationship to provide the RPS through a co-op, private, or industry co-op, new co-op, or whatever it might be. So very simple, very streamline. We even talked to Jeff Thompson about how to broker that and whether or not the existing infrastructure for spot charters could be used by capitalizing on ship's agents which, you know, for the COFRs they're coming in on, got quite a few that come in on short notice, and so can the ship's agent play a role here in terms of brokering then the acquisition of those approvals from the State. And we had some discussions on that. Jeff, I'd punt to you

there if you had any further thoughts on that aspect.

JEFF THOMPSON: Larry, thank you. I think it's going to be very important, particularly for those vessels that come off the world charter market on short notice, that there is a streamlined process that can be submitted to DEC and the State. Obviously, we feel, as vessel agents, because we're involved with the transactions of these vessels coming, leaving Alaska anyway, that we're in a good position to facilitate that process. Both from the financial responsibility standpoint application, as well as C-plan compliance. And I've been encouraged from the very beginning that as far as what I've been hearing from the Department is a template style plan that is broken down into parts that can be more or less prepared ahead of time; and then as vessels come into the system, they can be vetted very quickly. That information can be passed to your department. And then hopefully approved within a short period of time. And really just to -- we, from the very earliest indications of SB273, we felt that we were in a good position as vessel agents to really help with this process, both on behalf of our principals and obviously on behalf of the State. And I'm encouraged that I think we're working toward that direction.

BOB HEAVILIN: I agree with what Jeff said, and I certainly think that some of the co-ops have discussed that, and I know that amongst the board of directors for Chadux that's been discussed. And, you know, there's a way that you could probably qualify or grant some kind

of qualified membership to the agents who would in turn -- you know, you're the ones that know where everything's at, and somehow then I guess you would try to -- you would collect a fee and be able to remit that to the co-op for the area where the tramper was going to be transitting, and then there would have to be some type of -- we presently have response action contracts with all of our members, and I think the idea could be where we would have a response action contract through you that could then immediately be assigned to the company in the event they had a spill.

JEFF THOMPSON: Yeah. We haven't had substantive discussions along this. I know from talking to our own corporate attorneys, of course we're not looking to encounter more liability in this regard. However, we are in a very, very good position to augment this -- it's basically a communication process, and to notify our principals way in advance, and even to those principals considering coming to Alaska what the requirements are going to be and the procedures they're likely to follow. So that even if a vessel does come in off the top of the market in a three- to five-day time frame, which is very common, that there's enough notification and things in place that will accommodate that vessel trading to Alaska without a lot of delay or cost to that in complying with the legislation.

So like I said, we haven't gotten to the nuts and bolts of it as far as assuming the responsibility

and the liability as representing our principals directly in this regard with the T-Recs and such, but that's the next step for us, to look at our role in that and to obviously -- this is what we do as agents, is we streamline the entire vessel transaction coming to and from Alaska. So this just, it's very consistent with things we already perform.

SENATOR DRUE PEARCE: Do we have a good inventory of the vessels we're talking about? Because we're asking the SEAPROs and Chaduxes of the world to say to us what would this cost. It's volume based to an extent in terms of what the requirements that are in the law for the response planning standard. If we could even identify of the, I don't know, however many odd ships we decided we thought we were catching under this 400 gross ton definition, understanding that we're not going to pick up all the charter vessels. But when you go out and let a charter, when he lets a charter vessel for you, when you go for a charter you're looking for a specific kind of vessel that can fit the water conditions and the places that you're going to be bringing it to pick up whatever you're going to be bringing to pick up. Is there a way that we could inventory what we're talking about in terms of the vessels, how much fuel do they carry of what kind? Because I don't think SEAPRO, Chadux and the others can really start answering some of these questions until they know what all the vessels look like. And certainly the architecture on -- marine architecture on a cruise

ship is very different than some of the spot vessels that I've seen coming in and out of Dutch Harbor. Frankly, some of those are accidents waiting to happen. But, you know, I don't know who should be responsible for trying to pull it together. But until we have that, it's really hard for me, the nonmariner in the crowd, to conceptualize some of the differences that we're really trying to attack. And I don't know quite who should take that on, but I think all of us need to bring the information about our specific vessels as best we can so we know. Besides, what volume are we talking about? Because 15 percent of one of your ships is probably very different from 15 percent of, I don't know about one of Chadux's --

JEFF THOMPSON: Senator, if I may. This speaks to the two imperatives, what we're really talking about, and that is vessel types and trades.

SENATOR DRUE PEARCE: Right.

JEFF THOMPSON: And then the geography or regions where that's transpiring. And I've thought of this a lot, and trying to build models for myself and how I, as vessel agent, would deal with this on behalf of my principal. For example, I'm dealing with a charterer of vessels -- we're going to just build an example here, build a quick model -- that deals with fishery exports from Western Alaska. And this company is located in Japan and it charters ships on a time charter basis. Extended period. So these vessels are

going to come -- as opposed to a voyage charter or a spot charter, which is a one-trip deal. And it could be very easy to establish with that charter and that owner the protocols necessary for this.

Now, an example where they will go out and find another vessel to bring in, because there's more fish to take out, hopefully, or they find themselves getting more capacity. So we have a new vessel come in. How do we deal with that? Well, we've already established a couple real important parameters. Number one, we have established communication with the owner/operator charter. So that's a given. The thing that makes it even simpler is when you analyze a vessel trade and type, you have a roughly 5,000-ton reefer vessel with three to four hatches. You know this because these are the only vessels that are really suitable for this trade. So you already have more or less the physical parameters of the vessel type. And that extends right down to fuel capacities, within a given range, obviously.

And then everything else comes together in terms of your communication with the insurance carrier for the vessel, because the owner probably has already made those arrangements with the charter, and then pass that information on to me as the vessel agent, and then on to DEC as far as the proof of financial responsibility.

So, by looking at these in terms of vessel types and trades, it makes it a lot easier. Where it

becomes a lot more difficult, obviously, is when you try to go across those lines and you do try to somehow promulgate something that is going to be consistent with a cruise vessel in Southeast versus a fish vessel, fisheries tramper in Western Alaska. And that, what I'm hearing here at this Task Force is we're prepared to filter this information and to apply it as such. I'm confident we're going to be able to do that. Because once you are able to categorize these things, it gets a lot simpler. In the big picture of it, it looks a lot more complicated. Once you start breaking it down to vessel types and trades in particular, and then by region, I think we come up with some pretty manageable mandates here.

SENATOR DRUE PEARCE: You had to do some of that because you're doing different --

LEE EGLAND: Absolutely. But I think that information, Senator, I think is extremely important, that we're going to need to know that for three specific reasons. And they're different. A -- and I don't want to go here, because I've already said it, I don't think we want to go there -- is price. If you're going to look to the cooperatives after we define what it's going to cost to do it, somebody's going to have to put a pencil to what's the business aspects of the requirement? What's the market? Okay? And what do we reasonably think the membership is going to increase by to come up with what do we think the rate is going to

be? Because let's face it, there isn't any existing member of any of these co-ops that are going to want to -- the members are not going to want to offer this service to anybody if their price isn't going to go down. Right? So we've got to be able to define -- that's why this whole issue, what's it going to cost, is the chicken and the egg. Because it's not only how much is it going to cost; it's a matter of how far are you going to be able to spread the costs out? So it's not an exact science. So that's one reason I think ultimately that the industry is going to need to know.

But more importantly, from our perspective, from a response planning standpoint, we need to know where are these vessels going, how big are they, so we can determine where we're going to have to -- where's the holes in our safety net and what type of equipment are we going to need.

And I think, you know, Paul's done a pretty good job when we started this endeavor, you know, many months ago, about trying to figure out, okay, well, what's it going to cost, and we all put blindfolds on and put a dart board up on the wall and started throwing darts to try and figure that one out. And we gave it our best shot because we know how important that is. But I mean, we, as the co-ops, and I was working with the Chadux Corporation on that particular issue, we don't know, because of all of what was just stated. So, I agree, you know, the issue of where the vessels are -- and it doesn't have to be an exact science, but at least

forget the cost for right now, but to get to where we ultimately want to go with the first work group, which is defining the response planning standard, we need to know, what are we talking about? What's the locations, and at least what's the biggest vessel. We don't necessarily need to know how many. Right? I mean, it doesn't really matter how many. The pricing issue is going to be more of a how many issue. We just need to know where and how big, and what type of product.

CAPTAIN ED PAGE: Probably looking at port calls. Although transits in the Aleutians, but I think Sea-Land in some cases go to Kodiak and Anchorage and Dutch Harbor.

LEE EGLAND: Right, some of them are pretty clear. I mean, we've got a pretty good handle on most of them. But, I mean, where else? Sand Point? I mean, the Aleutians? I mean, where are we talking about?

GENE BURDEN: Just a question. Is that information available to somebody?

MIKE O'HARA: Yes, it is.

GENE BURDEN: Let's get that information and look at it.

COMMISSIONER MICHELE BROWN: I was going to ask Susan. She's made a fair start on a lot of it.

SUSAN HARVEY: We did some research with the Coast Guard, and the Coast Guard has a very extensive database of knowing that a vessel exists and the different categories. One of the troubles that we have

with the database is knowing how many port calls it makes and where it transits. We know a vessel exists. It may normally reside in Washington, but how often it comes into Alaska waters is not something that the Coast Guard tracks in great deal. So we have all the industry members here, we've got a great source of data and repository. I guess I would echo everyone's comments here that we do need a better database, and then all the people around the table that have that depth of knowledge and have their own databases, they could bring it forward.

We did use, in preparing some research for Senator Pearce, we also used spill statistics, is an area that we started to look at risk. We have a database that tracks all the vessels that have actually had spills, and looked at them and the category of spills that we were seeing as to what vessels are spilling in the state waters. So we have that database. We also have a fishing processors database. So we have a few things, but I think we could get a much more substantial database pulled together if everybody at the table could bring their own requisite data set and we can coordinate that.

MIKE O'HARA: The pilots submit a quarterly report to the Department of Commerce, been doing it for years. In the quarterly report it states the name of the ship, where it went, time of travel, who the pilot was. So all that data is available. It's all on computer, too.

PAUL FUHS: So, Mike, I mean like the Coast Guard data, they're going to show the ship clearing in Dutch Harbor and exiting in Dutch Harbor. It doesn't show where they were in the meantime. Your report would say --

MIKE O'HARA: Went to Shemya.

PAUL FUHS: -- it went to Bristol Bay and -- okay, all right.

SIMON LISIECKI: It seems if we could agree on, say Dutch Harbor was going to be a location where you're going to keep equipment, it would be pretty easy to find out what was the biggest ship that went there, and your response planning standards would determine how much equipment you would have to have there. Then later on when a ship's coming on a spot charter, it would report in and say, "I've got X tons of fuel on board." I mean, I think from an agent's perspective, it could be fairly easy to say, well, his fee would be based on that quantity. So I think the systems are in place. We have spill cooperatives, which I've been members of all up and down the west coast and, you know, those are created to handle the bigger size spill for that area. And ships that come just in a voyage basis, reporting how many barrels or tons they have at risk, and a rate is very quickly calculated, and the agent can handle that. So I think there's a lot of stuff that's already out there that we can --

SENATOR DRUE PEARCE: So the agents decide in

many of those cases what the cost will be for the single --

SIMON LISIECKI: Well, there will be a price sheet, and the shipper will report, "I've got a thousand tons or a thousand barrels," whatever their calculation is, and the agent will say, when he's asked to calculate for the voyage, the voyage costs for the owner, he'll say, "Well, you have approximately a thousand tons, then you'll need \$500, or whatever that number is, for spill response."

JEFF THOMPSON: And again, just to reiterate the point, because these vessels are very consistent in terms of their physical size and details, and given the vessel type and trade, it makes it a fairly easy process to at least estimate, until we have all the details, so that we can for planning purposes, the vessel voyage planning purposes, can advise the charter and the owner what to anticipate in terms of meeting requirements.

CHARLOTTE MacCAY: However, we still have those areas where you really don't have coverage as far as spill response. For Red Dog, we have contractor agreements, but that doesn't necessarily mean they can access in any sort of timely manner. Depending on weather.

SENATOR DRUE PEARCE: Crowley must have some sort of response capability up there.

CHARLOTTE MacCAY: Well, we have private, or on-shore. We've always supplied our own for on-shore. But I don't think that you have response contractors,

and I think that's a Northwest issue, not just for us. I mean, we may be better equipped than anyone else who might pop up in the Northwest in the future. But I'm not sure you have --

BOB HEAVILIN: Is that Cominco?

CHARLOTTE MacCAY: Yeah.

BOB HEAVILIN: Okay. Cominco, now, is an associate member of Chadux.

CHARLOTTE MacCAY: I know that. But that doesn't necessarily mean you have equipment nearby. Do you?

PAUL FUHS: Nome.

LEE EGLAND: Soon.

CHARLOTTE MacCAY: Nome, soon. But that isn't that close by.

LEE EGLAND: Well, again, I think we're going again chicken and egg, because again it's the whole issue of, again, getting back to where are the locations we think are at greatest risk that these vessels are transitting that we're going to need to provide a response capability, and how big are they. Not necessarily, again, other than a cost issue, how many voyages they're making. Because to me, you know, going through this for a long time, you know, determining the response planning side of it is the easiest part. Once we can get past, you know, all of the peripheral discussion about how much is enough, we just need to figure out where do we need it and how much do you have

to have? And most of it is already out there, so -- or it's planned to be out there sometime in the near future, which has been already approved. We're not talking about reinventing that wheel, right? So that's already there.

So then all we have to do now is build on that program that we're expanding out into Western Alaska, and say, okay, here's where there aren't hubs or depots going to be going into, and here's the reason why we think we need to have an additional depot in a given location, and/or these are the depots that are out there and here's the additional equipment, whether it's a persistent skimmer, whether it's another boat, whatever the, you know, this shortfall that may be in the safety net is determined as a result of the fallout of how much is enough.

COMMISSIONER MICHELE BROWN: Or alternative compliance.

LEE EGLAND: Exactly.

CHARLOTTE MacCAY: I guess what I was trying to get at is, are we sure we're allowing for expansion within the industry in those areas. I mean, I know Cominco and Red Dog is covered, but what that means in the area if you're someone else. It may not be the same for a smaller operation in Northwest Alaska. Are we looking to make sure we have coverage beyond what it is today because the regulations won't apply to them? Does that make sense? No.

LEE EGLAND: Yeah, I think she makes a good

point. But again, I think it gets back to where are these vessels transitting. I mean, where are they going today? And maybe there's going to be some expansions in some of those out-port areas. Is that what we're talking about?

CHARLOTTE MacCAY: I think we need to allow for that. I think we're focusing on today, which is good and important, but I don't think we should do it to the total exclusion of watching what might be coming in.

LEE EGLAND: Right. Well, for example, what we did with our approved plan, I mean there's a pretty strong caveat in there that says this plan is approved based on the regulations and what we know today. You know, if for some reason we have another major oil spill and additional regulations are imposed, you know, this goes out the window and we kind of start from square one. But I think it's a very valid point that we need to be aware of, that we're talking about today, and who knows what tomorrow is going to bring.

GENE BURDEN: On the other hand, I don't know that it's going to be real practical or very productive to try to get too wrapped up on how you address future economic developments in a particular region. If Chadux or CISPRI have a new member come in that represents some unique characteristics, then you have to change. You have to add some additional equipment. Or if you have a major development in Northwestern Alaska, you have to do something about it, and that's sort of a given.

COMMISSIONER MICHELE BROWN: Well, we've got 15 minutes before we need to start the public comment phase. You know, what I'm hearing in terms of work groups is the RPS implementation is obviously the big ticket item. I've been taking a lot of notes, as I know my fellow members of the steering committee have, on the kind of information that people need to do their work. The question is what other -- before I pin the tail on the donkey for who is going to chair the groups, what other work groups are we looking at?

We certainly heard a lot of discussion about prevention measures and credits. That's going to require a fair amount of attention. And then we've also heard about the streamlined contingency planning. I think inspection is really a subset of that. So, you know, do we want to go with those three work groups, or do we want to just tackle the implementation first and then go on to these other issues afterwards? But again, remember we only have several months here. We don't have a number of years to put into this. So how are people feeling about that?

CHARLOTTE MacCAY: At one point you suggested the possibility of a subgroup for the spot charters, and I think that would be important. We have some very unique and different issues that we need to address.

COMMISSIONER MICHELE BROWN: Would you want to do that before some of these implementation issues are hashed out; or after some of them are, then you want to make sure that makes sense for the spot charter

industry?

CAPTAIN ED PAGE: I would suggest, I think divide and conquer those three groups you discussed, and then you get more of a foundation of -- more of a straw man of what we envision as far as vessel activity, the type of response capability you want, also looking at prevention tools, and then you can refine and take into consideration the spot charter, how it impacts them. That sounds like the right road map to in my mind. Right now it's a little overwhelming, too many things. You really have to know each one of those pieces to come back again with more information.

COMMISSIONER MICHELE BROWN: What we talked about earlier, we need to run a lot of this through separate filters after you lay out that straw man, so you can see if it really makes sense in these different scenarios.

CHARLOTTE MacCAY: In some ways that makes sense, but also in the time line that we have, maybe it needs to run somewhat concurrent. Because I'm not sure we have time to -- in that time it will actually get settled enough that we'll still be able to go back and take time with it. But I think if there was a subgroup that concurrently met and set out, these things that were discussed at this meeting, how do they affect us, what do we need to do?

GENE BURDEN: One other possibility. If you look at implementation and response planning standards,

with the size group we've got here, you could very easily have one or two people within that group working on spot charters as it relates to response planning standards or other categories. But then you would be working, interchanging that information --

ERNIE PIPER: I think as anomalies come up, you can farm them out to the most knowledgeable parties.

GENE BURDEN: In the particular group.

ERNIE PIPER: Yeah.

GENE BURDEN: I do, too.

COMMISSIONER MICHELE BROWN: And I think part of your role as Task Force members is to be constantly talking to your counterparts so that you're bringing to the table those issues, and so that you can be telling us in terms of materials needed for preparation in this group, what kind of information we need or what issues need be queued up. Because each of you represents more than just yourself, in many ways, and so you will always be having those discussions to make sure that you are fleshing out all the issues that need to be taken up.

SENATOR DRUE PEARCE: I think, too, the response action contractors can't really respond to the implementation of the standards overall unless we keep the discussion focused on all of the groups. And I think you're right that we kind of within the overall discussion talk about the spot charters which are unique as part of that. But I can see that the RACs really can't respond on all the questions we're asking them to help answer unless we've got everyone going down the

same path. At least until we get through that discussion. Because we're asking them to supply a lot of information back to us. They are nonprofits. They're not State agencies, they're not State entities. But we're going to be very dependent upon their participation and ability to help look at these issues and how would they respond and how can they help fit what we need to do to meet the planning standards.

ERNIE PIPER: I think the other argument for the nonsequential approach to this is a practical one for the contractor, having been there. He's going to have to start framing his report almost from the beginning, so there needs to be work being done on all three fronts as we go.

DAVID OWINGS: Now, when we develop our plans, we work off scenarios that we develop, and I think that would help us in how to get to where we want to be. If we can find out, as Lee said, what's the biggest ship, what kind of fuel is it carrying? If we can agree upon a scenario and then we can use that as a mechanism to determine what equipment we need, I think that would be helpful.

COMMISSIONER MICHELE BROWN: Larry, do you want to weigh in on the work groups? You and your staff are going to have a hefty burden here.

LARRY DIETRICK: Yeah. I think earlier you said RPS, implementation. And I think I heard you say prevention measures, and then a streamlined contingency

planning group.

COMMISSIONER MICHELE BROWN: I was throwing that out for discussion. You don't have to take that as --

LARRY DIETRICK: I think it's on the table right now to fine-tune it. Certainly, the RPS is the big one, and I think that would be amenable then to within that group talking spot charters; and the other one I haven't heard yet is I think the fishing vessels would be another subgroup within that. I'm not sure if there's a -- and I think railroad certainly would be a unique industry category in there. Whether or not we would want to do cruise ships or something else. But I think the work group would probably flesh that out. But certainly that, to me, is the premier group to get launched right now.

To me, the streamlined contingency plan, once we figure out how to meet this, whether it's going to be through co-ops, or individual companies want to do their own thing or not, I think sorting out the C-plan thing is the third thing in the row and could come later and be more rapidly sorted through once the RPS issue is -- we make some progress out of it.

And then I think prevention measures is the other key item, because to me prevention measures are kind of complex because I think they're going to be unique to vessel type to some extent. And clearly, to me, the energy should go in the RPS at the outset here. The prevention measures is tricky because I have yet to

figure out, if you're not going to make them mandatory and just require them, our efforts to try to create incentives to meet them in the past have been met with differing degrees of success.

We were talking on the break, and I'd just point out that Captain Page and the Coast Guard, in the prevention measure arena, is having a similar problem with like charter boats. In other words, we have charter boat incidents, so how do you get these guys to pull in additional prevention measures on those boats to prevent incidents? And he's using the incentive approach, and I think it's something that the Task Force might want to consider. If we can't come up with a unique way to encourage people to invest in this, as certainly a recognition or incentive approach in putting a set of standards out there that's a goal for industry to strive for, and have it be there just based on its own merits has value, and perhaps not going any further than that other than to recognize that a boat is achievable. I don't know, that's a hard one. But I'd vote for RPS and getting started on prevention measures, I guess.

COMMISSIONER MICHELE BROWN: Mike?

MIKE O'HARA: I was just thinking of prevention measures and the credits. If you take a cruise ship with integrated GPS radars and, you know, a zillion communications; and you have a tramper. And you'd say, well, okay, if he gets another radar on this tramper,

he's doubled his safety -- and, you know, but these cruise ships are top of the line. This credit is a tricky situation.

SENATOR DRUE PEARCE: Or a radar that works.

MIKE O'HARA: Or a radar that works, you bet.

CAPTAIN ED PAGE: There's a lot in place right now, but admittedly there is a big disparity between a cruise ship and a 25-year-old tramper, no doubt.

COMMISSIONER MICHELE BROWN: So what's the feeling in the group? Do you want to start with the really big ones and then later pick up the streamlined contingency plan, the mechanics of how we actually put it all in place, or do you want to start with the three? What's the preference of the group?

CAPTAIN ED PAGE: I like the two.

SIMON LISIECKI: Just the two.

COMMISSIONER MICHELE BROWN: And then in terms of how they'll operate, you know, we really haven't -- and we don't have the facilitator on board to sort of help us yet figure this out, but loosely we were thinking we would get some chairs who would then work with us and the facilitator, when the facilitator comes on board, to get all the information in place, and then just set meetings and folks come to these meetings and start working the issue. I think it's my sense, and I'd like to see what you all think, that because there are so many people who wanted to be on the Task Force that couldn't, that we would gain by having them participate in the work groups. And so I would like, you know, it

would be my preference to have them be very open. But we do need some continuity, meaning some chairs and some Task Force members who routinely stick with it. So I'd like to throw that concept out for how you want to proceed, and certainly hear offers to be chair of the groups.

PAUL FUHS: I'm really interested in the prevention issue, and I'll keep at it until we either figure out a way to do it or know the reason why not.

LEE EGLAND: Sounds like a volunteer to me.

CAPTAIN ED PAGE: Chairman Fuhs.

COMMISSIONER MICHELE BROWN: And the second voice sounds like a really good volunteer for the RPS.

LEE EGLAND: It was not a voice of a volunteer. It may be better suited by getting someone else who is a little bit less involved with this, so they have a better, maybe a more open approach to the process.

COMMISSIONER MICHELE BROWN: Well, I thought we should have co-chairs. We'll give you a co-chair.

Larry, did you have any idea about how the work groups would best --

LARRY DIETRICK: Well, regardless of how we head them up, if it's Paul or Lee or whoever, I think we're committed to making it as easy as possible for whoever is doing it. So any of the work groups will be -- I mean, we'll work with the contractor to fully facilitate those and support them, do the documentation, and support with the research stuff. Appreciate

everybody's time and schedule here, so I think that's our obligation, is make it very, very easy and take care of all that work, so that you all can show up, put your expertise on the table and leave type of thing. We'll try as best we can to do that, for sure.

GENE BURDEN: Michele, I'll be happy to be co-chair of one of these, but I'll be gone for about two and a half weeks.

COMMISSIONER MICHELE BROWN: I don't see any reason why you can't give up Kilimanjaro.

CAPTAIN ED PAGE: Where are your priorities? Just another mountain.

COMMISSIONER MICHELE BROWN: All right. Thank you. So others of you, as you think about it, want to do it, please let us know. We will be working with the facilitator to get this going. And also, as you think about the groups that you want to be participating in, or as when the groups report back to us, as Task Force members, what kind of information you think you're really going to need, please let us know so we can start putting all that together and working with the subgroups.

GENE BURDEN: I presume -- there's been a number of requests for information generated today, and those have been probably noted, hopefully.

COMMISSIONER MICHELE BROWN: I'm keeping a master list.

SENATOR DRUE PEARCE: Susan is going to be in charge of trying to put together a list of the vessels

we're talking about, vessel type and trade, and where they go and how often.

SUSAN HARVEY: A lot of the information is going to be coordinated by the facilitator. Once we get the facilitator on board, they're going to be the central repository for all data collection efforts. Right now we're going to be cataloging a list, as we are doing today, of data requests. The facilitator needs to get back out -- and will be on board here shortly -- pointed requests to the individual members, like folks who will have data on vessels, and then coordinate that. They're also creating a web site, so hopefully any kind of database collection can be accessed right through the web site once they get that up and running. So I think that's how we'd envision it all working.

SENATOR DRUE PEARCE: Great. For those of us who aren't mariners, and I expect for the public, in terms of the web site, when we get the information that Captain Page agreed to provide about the federal requirements, and even whatever international requirements are out there, it would be useful for those also to be integrated. But I would also like the contractor to, at least within Washington, Oregon, California, at least be able to get the high points of the requirements already for the vessels that do coastal trade, you know, so that -- one of the things we tried to do with the bill that's out was to make our requirements not totally unique from what ships that are

also trading in Puget Sound or down the coast have to meet. So that you don't spend all your time, as a ship owner or an operator, spend all your time trying to figure out, "Okay, what change, as I came across this border, what do I have to do differently here than I did there?" We want to keep our eyes on that as we go through the process, and so we should have that information as best we can.

I think there's probably a lot of expertise at the table here in terms of what some of those requirements are that goes far beyond the agency.

SUSAN HARVEY: We did a substantial amount of research during the bill, and when the facilitator comes on board one of the very first things we will do is hand over -- we did a lot of research on the western states and their requirements, their regulations. So there's a lot of knowledge out there, there's a lot of briefing documents, and we'll make sure that they have that in their hands and it will be accessible to the whole Task Force.

JEFF THOMPSON: Madam Chair, I'd just like to, as a suggestion to the Department, for another source of information, is that the Census Bureau collects what are called Shipper's Export Declarations, which will probably give you -- it would be an excellent index as to the number, quantities and types, very specifics, types of exports from Alaska. Obviously, this doesn't speak to what comes into the state. But as far as Western Alaska fisheries, it gives all the information

as to quantities, the types of fish, the location, and where it's shipped. So it's another good source of information for that, and it would be very easy to class ships according to that information.

SENATOR DRUE PEARCE: When you said Census, did you mean Customs?

JEFF THOMPSON: No.

SENATOR DRUE PEARCE: Census?

JEFF THOMPSON: Customs collects the SED. It's called the SED in the business. It's the Bureau of Census that actually -- and then that information is given to the Trade Department.

SENATOR DRUE PEARCE: Just to give them something to do the other nine years?

JEFF THOMPSON: Well, the interesting thing is, SEDs used to be considered something you did. And we had a trade mission over, I think it was either in Taiwan or Japan where they exchanged trade information; because the SED information was so faulty, the president himself made a new mandate that SEDs had to be accurate. So the last three years or so, it's been excellent information as far as what's coming out of Alaska and being exported. And from that you can usually extrapolate, you know, where the activity is, and then draw from that the types of vessels that are doing it.

COMMISSIONER MICHELE BROWN: That's great.

CAPTAIN ED PAGE: We were developing that -- Jeff and I were talking at the last group of meetings to

provide information. Almost the top of your head, you almost have a 90 percent understanding of how many large, major ships pull into Dutch Harbor. They're all required to give advance notice of arrival through the Coast Guard, so there's some records we can pull from that. We know the size, the fuel tank capacity. We know which ones are double-hull, which ones aren't, or at least don't have oil tanks contiguous to the hull.

And probably the ones that are more difficult, probably the fishing vessels, recognizing they ply around the coast and they have different roadsteads, and they give one advance notice of arrival when they're cruising up and down the coast. The fishing industry has a great grasp of which vessels operate, and the size. I don't think it's that heavy of a list. I think most of us know, it's just that each one of us tend to know a little segment of that industry. Ernie knows where all the trains go. I don't have a clue where the trains go.

ERNIE PIPER: Fairbanks, mostly. Then they come back.

CAPTAIN ED PAGE: I haven't seen one in Juneau yet.

ERNIE PIPER: Go to Seward sometimes.

CAPTAIN ED PAGE: But we can put that together.

GENE BURDEN: One other request. Could we get a list of all the participants: name, address, phone, fax, e-mail?

COMMISSIONER MICHELE BROWN: Yeah. We'll do

that. And as you think of other things, let us know. It is amazing, when you get this incredible experience and knowledge base here, what we're going to find out. You know, if we'd work with the facilitator and put together the matrix, then have you spell some of these things out, it will be amazing.

Anybody have anything else to add on the work group structure? I think we're pretty set.

JEFF THOMPSON: I'd volunteer as a co-chair for the streamlined contingency plan process once we've gotten through -- I think what I'd like to do is maybe work with one of the other groups and then move on to that. That's something I've been thinking about, of course, from the vessel agent standpoint, being sort of the center of that communication flow already.

COMMISSIONER MICHELE BROWN: Great, thank you.

KRIS MULLAN: That would be a little on the top-heavy side, wouldn't you think, though? You're representing the steamship industry.

PAUL FUHS: No; I was doing with the prevention measures.

KRIS MULLAN: I'm sorry.

PAUL FUHS: Afraid we're going to gang up on you?

KRIS MULLAN: Time frame is my problem.

MIKE O'HARA: I'd like to work with Paul on prevention.

PAUL FUHS: That would be good.

COMMISSIONER MICHELE BROWN: Great. Thank you.

PAUL FUHS: How about, where do training and drills fit in? Is that implementation?

COMMISSIONER MICHELE BROWN: I guess we should talk about that. I tend to think of it as probably more as part of the streamlined contingency planning and inspections. Sort of more once we've got the basics of the equipment and how it's overall going to be implemented, how do we then kind of verify compliance. I look at drills as kind of like a verification, but that's just my --

PAUL FUHS: It seems simple, but it isn't. How do you get the one-time tramper, how do they participate in a drill?

CHARLOTTE MacCAY: Why would you?

CAPTAIN ED PAGE: I think we would look in there, would be the qualified individual as it plugs into the ICS structure and write the checks and knows a little bit about what the responsibilities are, whether the RAC is doing the king's business in getting the work done. That's kind of what SOPEP for a spill oil prevention, emergency plan, concept of IMO, kind of envisions.

COMMISSIONER MICHELE BROWN: And that's part one of the streamline.

SENATOR DRUE PEARCE: They have to know who to call, and then they have to call them. They have to make the call.

COMMISSIONER MICHELE BROWN: Spoken like a true

mother of a 5-year-old.

TREVOR McCABE: I want to ask, how do you get on the working group?

COMMISSIONER MICHELE BROWN: You're on it.

TREVOR McCABE: We're all on it.

COMMISSIONER MICHELE BROWN: You show up. You're here. And I take that as a volunteer.

TREVOR McCABE: I'll be there.

PAUL FUHS: You know, for the fishing industry we talked about fleet plans. That was named in there. And I don't know exactly how you do that. But it seems like rather than have every individual fishing boat have to do it, maybe a cannery could, or an association, I don't know. We didn't talk about that yet. But maybe that's a way to streamline it for the fishing industry.

SENATOR DRUE PEARCE: That's a place where we're going to find out what the crude oil has done and, frankly, what the Crowleys have done. I don't think they have a separate plan for every single barge no matter what size it was. A lot of that will be (inaudible). I think through the discussions we're going to find that that's not a unique set of circumstances and probably it's easier to effect than it sounds. Your ships should be able to meet the plans easily.

COMMISSIONER MICHELE BROWN: Very good.

CHARLOTTE MacCAY: I think there's a little bit of overlap on what Paul was asking, because I think your

training and drills are part of your pollution prevention. There may be a mandatory part of what you're implementing is an area of pollution prevention as well.

COMMISSIONER MICHELE BROWN: Larry and Susan, do you want to weigh in on that? You're the ones who are actually --

LARRY DIETRICK: I didn't hear the first part of what you were saying there. I'm sorry.

CHARLOTTE MacCAY: I was saying that when Paul was asking where training and drills went in, perhaps they are part of implementation, but they're also overlap in pollution prevention. There's areas of training and extra drills and things like that that you can do that are certainly pollution prevention, and maybe need to be addressed in both work groups.

COMMISSIONER MICHELE BROWN: Certainly if you're going to do credits and things like that based on that, you would address it in there. But in talking about mandatory drills on top of, or in lieu of.

LARRY DIETRICK: I mean, whatever group is -- putting it with either the C-plan or the prevention, I guess I don't have a strong preference. Susan, do you?

SUSAN HARVEY: Well, I think it makes a lot of sense for us to work the RPS and the prevention issues first and to determine where we're at. Because training, drills, inspections are all going to have to be worked around the context of RPS and prevention. And once they fall out, then I think we should tackle maybe

the remaining issues either within the context of the streamlined contingency plan group or create a separate group to tackle drills, inspections and training. You could, as a Task Force, could decide. But it will be difficult to ascertain what type of training or drills, inspections we need until we really nail down the first two key items. I guess that would be my input.

COMMISSIONER MICHELE BROWN: Which doesn't mean that if there are ideas on how to use drills and training for prevention credits, that you can't be working that issue there, too.

SUSAN HARVEY: It's an important issue and we will have to tackle how we do the training. I think it just comes a little later in the process.

COMMISSIONER MICHELE BROWN: We're now at the public comment time. No one has actually signed up to provide comment, according to my notes, so I would like to check. Is there anyone on the teleconference lines who wants to offer public comment right now?

Okay, we're not hearing anything on the telephone conference. How about here in Anchorage? Is there someone who wanted to offer? No.

What's your preference? We can set a date for the next meeting, or we can wait until the facilitator gets on board.

SENATOR DRUE PEARCE: What's your expectation in terms of how long (inaudible).

COMMISSIONER MICHELE BROWN: I think it would

at least be my expectation that we'd want the work groups to have a fairly substantial amount of work done before the next Task Force meeting.

Larry, what's your sense?

LARRY DIETRICK: Well, we'd envision a couple things. One, for the next meeting we figured the first business item we envision might be with the facilitator on board, and we'll be working with them before then, would be for the Task Force to figure out how they want to do business, so to speak, in terms of arriving at a consensus. Do you want to vote? Do you want to get a 70 percent agreement or whatever? And the facilitators are all kind of unique in how they try to arrive at that. So we thought that would be the first business item, to kind of get that set up in place for the subsequent evaluation and decision making.

The second thing would be to get the initial round of feedback from the work groups here, get it reported back, see how far along we've come, and then have the Task Force react to that, make the adjustments, and then create as many follow-up do lists we need to get to the end. So that's what we kind of conceived. And I think the time frame, we were hoping to have it shaped up into a document then before the next meeting. So, I think as was mentioned earlier here, all these products need -- the contractor right at the outset is going to have to start taking all these pieces and figure out how it's going to fit into a report. And I think we'd like them to start shaping that report as

soon as possible because that's in the end what will be signed off on. So at least perhaps having a very, if nothing else, a very rough working draft on the table here for people to work from, and then maybe middle of September, early September?

COMMISSIONER MICHELE BROWN: Yeah, early, middle of September. How's that sound? People want the rest of the summer to do their business.

JIM CARTER: Michele, in the scope of work it says for the facilitator schedule, arrange for all meetings, to include any public notice, and so on and so forth. Now, how do we envision the facilitator working with these committees that we're just now setting up? What is the action sheer of the facilitator?

COMMISSIONER MICHELE BROWN: Larry's actually been in discussions with them on that.

LARRY DIETRICK: Yeah. I mean, we don't want the facilitator, number one, in any of the work group meetings. The first work group may get together and if you want to break off that fishing work group or the spot charter work group to go take a special assignment, we will track that and post that on the web site in the form of a master schedule so everybody can see at all times how these work groups are doing, when they're spawning an additional work session or whatever they're doing, and get that up on the web site. As well as using mailouts, contact lists and e-mail to let different groups that are on these that particularly

want to be on an address group, say, for Paul's work group, so they get directly notified, et cetera. So there are going to be multiple ways of informing and advising of a master schedule that would include all the work group activities.

COMMISSIONER MICHELE BROWN: We'll be getting information out in these various forms, but I think we can count on the facilitator facilitating every single meeting. So if there's a whole bunch of sub subgroups formed, the facilitator is not going to be able to do the facilitation on that. That's not built into the contract. Does that answer?

Anybody have anything else they want to raise now?

GENE BURDEN: So our next contact will be communicated with by the facilitator, talking about the work groups that are going to be formed?

COMMISSIONER MICHELE BROWN: Or by us.

MIKE O'HARA: Do you have a sheet to sign up for the e-mail?

LARRY DIETRICK: There's a sign-up sheet in the back, trying to get everybody's fax, phone, e-mail, et cetera. If you haven't signed that, please do so.

COMMISSIONER MICHELE BROWN: And we'll make a master list and distribute it to everybody.

CAPTAIN ED PAGE: Who signed up for which work groups? Did I miss that process?

COMMISSIONER MICHELE BROWN: We have some volunteers for chair, but we didn't actually make assignments.

Drue, do you want to close out? Well, considering it's sunny and everybody's ready to go, anybody else have any closing? Thank you all very, very much.

MIKE O'HARA: I would submit that an agent be on there, or a shipper's representative be on the prevention group, because one of my concerns has always been the vetting of ships. I was talking to Russell here and he doesn't know. I talked to Scott in the past about this. I think the people who actually contract with the ships to have a ship come to Alaska, should -- I'd like to know more about them.

PAUL FUHS: Well, maybe since we're not going to appoint individual members, then let's just call the committee meeting, the work group, and whoever shows up, everyone gets an invitation, they're on.

COMMISSIONER MICHELE BROWN: Right. And obviously, the more you participate, the more your input is considered. And we want them to be open.

PAUL FUHS: Right.

COMMISSIONER MICHELE BROWN: So there will be a notice of when it's happening.

(Meeting concluded at 4:45 p.m.)

-oOo-

CERTIFICATE

I, the undersigned Notary Public in and for the State of Alaska, do hereby certify:

That the annexed and foregoing proceedings were taken stenographically before me and reduced to typewriting under my direction;

I further certify that I am not a relative or employee of any of the parties to said action, and that I am not financially interested in the said action or the outcome thereof;

I further certify the proceedings, as transcribed, is a full, true and correct transcript of the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed my official seal this day of
 , 2000.

Kim R. Behrens, RMR-CRR

Notary Public in and for the
State of Alaska, residing at
Anchorage.

My Commission Expires: 4.24.04