

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2828 SCOMM 123 TASK FORCE ON MOTORIZED OIL TRANSPORT, 2000

Response Planning Benchmarks
A Comparison of West Coast States Requirements
4/4/94

RESPONSE BENCHMARK	WASHINGTON		OREGON	CALIFORNIA	ALASKA	U.S.	CANADA
	All Waters Except Coast	Coast					
Boom Requirements	2 hrs - 4x largest vessel 6 hrs - 20,000 ft* 12 hrs - 40,000 * 10,000 ft for Strait of Juan de Fuca, Grays Harbor, Willapa Bay, and from Cape Disappointment to Point Grenville	2 hrs - overflight assessment 6 hrs - 4x largest vessel 12 hrs - 40,000 ft	Columbia River: 2 hrs - 4x largest vessel 6 hrs - 20,000 ft 12 hrs - 40,000 ft* *15,000 for Yaquina Bay	Sufficient containment equipment shall be brought to the scene of the spill to address the daily recovery rates as designated in subsection 818.02(e)(3)(B). Must meet calculated Shoreline Response Planning Volume.	Plan to have deployed and operating within 72 hours (48 hours for vessels transporting non-crude oil), from within its region of operation, sufficient length of boom to mount an effective response to the volume of discharged oil established under 18 AAC 75.430 - 18 AAC 75.442		
Interim Storage	6 hrs - 1x recovery capacity 12 hrs - 1.5x recovery capacity 24 hrs - 2x recovery capacity 48 hrs - 2x recovery capacity* *3x recovery capacity for Strait of Juan de Fuca, Grays Harbor, Willapa Bay, and Cape Disappointment to Point Grenville	6 hrs - 1x recovery capacity 12 hrs - 2x recovery capacity 24 hrs - 3x recovery capacity	Interim storage and permanent disposal methods and sites shall be sufficient to keep up with oil recovery operations and handle the entire volume of oil recovered and oily wastes generated.	Sufficient storage shall be no less than 2x the required daily recovery rate as determined in Section 818.02(i)	Storage for at least 60 percent of total cargo capacity of the tank vessel or barge. Within 72 hours, storage for 100% of recovered liquid.		

18 AAC 75.480. INSPECTIONS. (a) To verify compliance with the oil discharge prevention and contingency plan provisions of AS 46.04.030 and 18 AAC 75.400 - 18 AAC 75.495, the department will, in its discretion, conduct announced and unannounced inspections of a vessel, barge, pipeline, or other operation that is subject to the requirements of AS 46.04.030 and 18 AAC 75.400 - 18 AAC 75.495. If practicable, an inspection under this section will be coordinated with other regulatory agencies.

(b) Based on the results of an inspection made under this section, the department will, in its discretion, take appropriate action under 18 AAC 75.490. (Eff. 5/14/92, Register 122)

Authority: AS 46.03.020 AS 46.04.060 AS 46.04.070
AS 46.04.030

18 AAC 75.485. DISCHARGE EXERCISES. (a) The department will, in its discretion, conduct announced and unannounced discharge exercises to assure that an oil discharge prevention and contingency plan is adequate in content and execution. No more than two exercises will be required in each 12-month period, unless an exercise demonstrates, in the department's judgment, a plan holder's failure to effectively implement the plan.

(b) Execution of a plan during a discharge exercise will be considered inadequate if the readiness for response and response performance stated in the plan are significantly deficient due to inadequate mobilization or performance of personnel, equipment, other resources, or other factors, including the mobilization or performance of a response action contractor identified under 18 AAC 75.445(i).

(c) If a plan holder cannot adequately execute the plan during a discharge exercise, the department will, in its discretion,

(1) require additional exercises until it is satisfied that the prevention and contingency plan and its execution are adequate; or

(2) take other appropriate action as described at 18 AAC 75.490.

(d) The department will consider a regularly scheduled training exercise initiated by a plan holder as a discharge exercise if the department monitors, evaluates, or participates in the exercise and concurs that it is equivalent to a discharge exercise conducted by the department. A plan holder shall notify the department in advance of the exercise and shall provide an opportunity for a department representative to be present and participate.

(e) The department will conduct announced or unannounced discharge exercises appropriate to the plan holder's current status of operations. (Eff. 5/14/92, Register 122)

Authority: AS 46.03.020 AS 46.04.030 AS 46.04.070

SEC. 5002. TERMINAL AND TANKER OVERSIGHT AND MONITORING.

(a) SHORT TITLE AND FINDINGS-

(1) SHORT TITLE- This section may be cited as the 'Oil Terminal and Oil Tanker Environmental Oversight and Monitoring Act of 1990'.

(2) FINDINGS- The Congress finds that--

(A) the March 24, 1989, grounding and rupture of the fully loaded oil tanker, the EXXON VALDEZ, spilled 11 million gallons of crude oil in Prince William Sound, an environmentally sensitive area;

(B) many people believe that complacency on the part of the industry and government personnel responsible for monitoring the operation of the Valdez terminal and vessel traffic in Prince William Sound was one of the contributing factors to the EXXON VALDEZ oil spill;

(C) one way to combat this complacency is to involve local citizens in the process of preparing, adopting, and revising oil spill contingency plans;

(D) a mechanism should be established which fosters the long-term partnership of industry, government, and local communities in overseeing compliance with environmental concerns in the operation of crude oil terminals;

(E) such a mechanism presently exists at the Sullom Voe terminal in the Shetland Islands and this terminal should serve as a model for others;

the latitude at Amatuli Island, including offshore facilities in Cook Inlet.

(4) **SUITS BARRED-** No program, association, council, committee or other organization created by this section may sue any person or entity, public or private, concerning any matter arising under this section except for the performance of contracts.

(c) OIL TERMINAL FACILITIES AND OIL TANKER OPERATIONS ASSOCIATION-

(1) **ESTABLISHMENT-** There is established an Oil Terminal Facilities and Oil Tanker Operations Association (hereinafter in this section referred to as the 'Association') for each of the Programs established under subsection (b).

(2) **MEMBERSHIP-** Each Association shall be comprised of 4 individuals as follows:

(A) One individual shall be designated by the owners and operators of the terminal facilities and shall represent those owners and operators.

(B) One individual shall be designated by the owners and operators of the crude oil tankers calling at the terminal facilities and shall represent those owners and operators.

(C) One individual shall be an employee of the State of Alaska, shall be designated by the Governor of the State of Alaska, and shall represent the State government.

(D) One individual shall be an employee of the Federal Government, shall be designated by the President, and shall represent the Federal Government.

(3) **RESPONSIBILITIES-** Each Association shall be responsible for reviewing policies relating to the operation and maintenance of the oil terminal facilities and crude oil tankers which affect or may affect the environment in the vicinity of

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska

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(C) one way to combat this complacency is to involve local citizens in the process of preparing, adopting, and revising oil spill contingency plans;

(D) a mechanism should be established which fosters the long-term partnership of industry, government, and local communities in overseeing compliance with environmental concerns in the operation of crude oil terminals;

(E) such a mechanism presently exists at the Sullom Voe terminal in the Shetland Islands and this terminal should serve as a model for others;

(F) because of the effective partnership that has developed at Sullom Voe, Sullom Voe is considered the safest terminal in Europe;

(G) the present system of regulation and oversight of crude oil terminals in the United States has degenerated into a process of continual mistrust and confrontation;

(H) only when local citizens are involved in the process will the trust develop that is necessary to change the present system from confrontation to consensus;

(I) a pilot program patterned after Sullom Voe should be established in Alaska to further refine the concepts and relationships involved; and

(J) similar programs should eventually be established in other major crude oil terminals in the United States because the recent oil spills in Texas, Delaware, and Rhode Island indicate that the safe transportation of crude oil is a national problem.

(b) DEMONSTRATION PROGRAMS-

(1) ESTABLISHMENT- There are established 2 Oil Terminal and Oil Tanker Environmental Oversight and Monitoring Demonstration Programs (hereinafter referred to as 'Programs') to be carried out in the State of Alaska.

(2) ADVISORY FUNCTION- The function of these Programs shall be advisory only.

(3) PURPOSE- The Prince William Sound Program shall be responsible for environmental monitoring of the terminal facilities in Prince William Sound and the crude oil tankers operating in Prince William Sound. The Cook Inlet Program shall be responsible for environmental monitoring of the terminal facilities and crude oil tankers operating in Cook Inlet located South of the latitude at Point Possession and North of

the latitude at Amatuli Island, including offshore facilities in Cook Inlet.

(4) **SUITS BARRED-** No program, association, council, committee or other organization created by this section may sue any person or entity, public or private, concerning any matter arising under this section except for the performance of contracts.

(c) OIL TERMINAL FACILITIES AND OIL TANKER OPERATIONS ASSOCIATION-

(1) **ESTABLISHMENT-** There is established an Oil Terminal Facilities and Oil Tanker Operations Association (hereinafter in this section referred to as the 'Association') for each of the Programs established under subsection (b).

(2) **MEMBERSHIP-** Each Association shall be comprised of 4 individuals as follows:

(A) One individual shall be designated by the owners and operators of the terminal facilities and shall represent those owners and operators.

(B) One individual shall be designated by the owners and operators of the crude oil tankers calling at the terminal facilities and shall represent those owners and operators.

(C) One individual shall be an employee of the State of Alaska, shall be designated by the Governor of the State of Alaska, and shall represent the State government.

(D) One individual shall be an employee of the Federal Government, shall be designated by the President, and shall represent the Federal Government.

(3) **RESPONSIBILITIES-** Each Association shall be responsible for reviewing policies relating to the operation and maintenance of the oil terminal facilities and crude oil tankers which affect or may affect the environment in the vicinity of

their respective terminals. Each Association shall provide a forum among the owners and operators of the terminal facilities, the owners and operators of crude oil tankers calling at those facilities, the United States, and the State of Alaska to discuss and to make recommendations concerning all permits, plans, and site-specific regulations governing the activities and actions of the terminal facilities which affect or may affect the environment in the vicinity of the terminal facilities and of crude oil tankers calling at those facilities.

(4) DESIGNATION OF EXISTING ORGANIZATION- The Secretary may designate an existing nonprofit organization as an Association under this subsection if the organization is organized to meet the purposes of this section and consists of at least the individuals listed in paragraph (2).

(d) REGIONAL CITIZENS' ADVISORY COUNCILS-

(1) MEMBERSHIP- There is established a Regional Citizens' Advisory Council (hereinafter in this section referred to as the 'Council') for each of the programs established by subsection (b).

(2) MEMBERSHIP- Each Council shall be composed of voting members and nonvoting members, as follows:

(A) VOTING MEMBERS- Voting members shall be Alaska residents and, except as provided in clause (vii) of this paragraph, shall be appointed by the Governor of the State of Alaska from a list of nominees provided by each of the following interests, with one representative appointed to represent each of the following interests, taking into consideration the need for regional balance on the Council:

(i) Local commercial fishing industry organizations, the members of which depend on the fisheries resources of the waters in the vicinity of the terminal facilities.

(ii) Aquaculture associations in the vicinity of the terminal facilities.

(iii) Alaska Native Corporations and other Alaska Native organizations the members of which reside in the vicinity of the terminal facilities.

(iv) Environmental organizations the members of which reside in the vicinity of the terminal facilities.

(v) Recreational organizations the members of which reside in or use the vicinity of the terminal facilities.

(vi) The Alaska State Chamber of Commerce, to represent the locally based tourist industry.

(vii)(I) For the Prince William Sound Terminal Facilities Council, one representative selected by each of the following municipalities: Cordova, Whittier, Seward, Valdez, Kodiak, the Kodiak Island Borough, and the Kenai Peninsula Borough.

(II) For the Cook Inlet Terminal Facilities Council, one representative selected by each of the following municipalities: Homer, Seldovia, Anchorage, Kenai, Kodiak, the Kodiak Island Borough, and the Kenai Peninsula Borough.

(B) NONVOTING MEMBERS- One ex-officio, nonvoting representative shall be designated by, and represent, each of the following:

(i) The Environmental Protection Agency.

(ii) The Coast Guard.

(iii) The National Oceanic and Atmospheric Administration.

(iv) The United States Forest Service.

(v) The Bureau of Land Management.

(vi) The Alaska Department of Environmental Conservation.

(vii) The Alaska Department of Fish and Game.

(viii) The Alaska Department of Natural Resources.

(ix) The Division of Emergency Services, Alaska Department of Military and Veterans Affairs.

(3) TERMS-

(A) DURATION OF COUNCILS- The term of the Councils shall continue throughout the life of the operation of the Trans-Alaska Pipeline System and so long as oil is transported to or from Cook Inlet.

(B) THREE YEARS- The voting members of each Council shall be appointed for a term of 3 years except as provided for in subparagraph (C).

(C) INITIAL APPOINTMENTS- The terms of the first appointments shall be as follows:

(i) For the appointments by the Governor of the State of Alaska, one-third shall serve for 3 years, one-third shall serve for 2 years, and one-third shall serve for one year.

(ii) For the representatives of municipalities required by subsection (d)(2)(A)(vii), a drawing of lots among the appointees shall determine that one-third of that group serves for 3 years, one-third

serves for 2 years, and the remainder serves for 1 year.

(4) SELF-GOVERNING- Each Council shall elect its own chairperson, select its own staff, and make policies with regard to its internal operating procedures. After the initial organizational meeting called by the Secretary under subsection (i), each Council shall be self-governing.

(5) DUAL MEMBERSHIP AND CONFLICTS OF INTEREST PROHIBITED- (A) No individual selected as a member of the Council shall serve on the Association.

(B) No individual selected as a voting member of the Council shall be engaged in any activity which might conflict with such individual carrying out his functions as a member thereof.

(6) DUTIES- Each Council shall--

(A) provide advice and recommendations to the Association on policies, permits, and site-specific regulations relating to the operation and maintenance of terminal facilities and crude oil tankers which affect or may affect the environment in the vicinity of the terminal facilities;

(B) monitor through the committee established under subsection (e), the environmental impacts of the operation of the terminal facilities and crude oil tankers;

(C) monitor those aspects of terminal facilities' and crude oil tankers' operations and maintenance which affect or may affect the environment in the vicinity of the terminal facilities;

(D) review through the committee established under subsection (f), the adequacy of oil spill prevention and contingency plans for the terminal facilities and the adequacy of oil spill prevention and contingency plans

for crude oil tankers, operating in Prince William Sound or in Cook Inlet;

(E) provide advice and recommendations to the Association on port operations, policies and practices;

(F) recommend to the Association--

(i) standards and stipulations for permits and site-specific regulations intended to minimize the impact of the terminal facilities' and crude oil tankers' operations in the vicinity of the terminal facilities;

(ii) modifications of terminal facility operations and maintenance intended to minimize the risk and mitigate the impact of terminal facilities, operations in the vicinity of the terminal facilities and to minimize the risk of oil spills;

(iii) modifications of crude oil tanker operations and maintenance in Prince William Sound and Cook Inlet intended to minimize the risk and mitigate the impact of oil spills; and

(iv) modifications to the oil spill prevention and contingency plans for terminal facilities and for crude oil tankers in Prince William Sound and Cook Inlet intended to enhance the ability to prevent and respond to an oil spill; and

(G) create additional committees of the Council as necessary to carry out the above functions, including a scientific and technical advisory committee to the Prince William Sound Council.

(7) NO ESTOPPEL- No Council shall be held liable under State or Federal law for costs or damages as a result of rendering advice under this section. Nor shall any advice given by a voting member of a Council, or program representative or

agent, be grounds for estopping the interests represented by the voting Council members from seeking damages or other appropriate relief.

(8) SCIENTIFIC WORK- In carrying out its research, development and monitoring functions, each Council is authorized to conduct its own scientific research and shall review the scientific work undertaken by or on behalf of the terminal operators or crude oil tanker operators as a result of a legal requirement to undertake that work. Each Council shall also review the relevant scientific work undertaken by or on behalf of any government entity relating to the terminal facilities or crude oil tankers. To the extent possible, to avoid unnecessary duplication, each Council shall coordinate its independent scientific work with the scientific work performed by or on behalf of the terminal operators and with the scientific work performed by or on behalf of the operators of the crude oil tankers.

(e) COMMITTEE FOR TERMINAL AND OIL TANKER OPERATIONS AND ENVIRONMENTAL MONITORING-

(1) MONITORING COMMITTEE- Each Council shall establish a standing Terminal and Oil Tanker Operations and Environmental Monitoring Committee (hereinafter in this section referred to as the 'Monitoring Committee') to devise and manage a comprehensive program of monitoring the environmental impacts of the operations of terminal facilities and of crude oil tankers while operating in Prince William Sound and Cook Inlet. The membership of the Monitoring Committee shall be made up of members of the Council, citizens, and recognized scientific experts selected by the Council.

(2) DUTIES- In fulfilling its responsibilities, the Monitoring Committee shall--

(A) advise the Council on a monitoring strategy that will permit early detection of environmental impacts of terminal facility operations and crude oil tanker

operations while in Prince William Sound and Cook Inlet;

(B) develop monitoring programs and make recommendations to the Council on the implementation of those programs;

(C) at its discretion, select and contract with universities and other scientific institutions to carry out specific monitoring projects authorized by the Council pursuant to an approved monitoring strategy;

(D) complete any other tasks assigned by the Council; and

(E) provide written reports to the Council which interpret and assess the results of all monitoring programs.

(f) COMMITTEE FOR OIL SPILL PREVENTION, SAFETY, AND EMERGENCY RESPONSE-

(1) TECHNICAL OIL SPILL COMMITTEE- Each Council shall establish a standing technical committee (hereinafter referred to as 'Oil Spill Committee') to review and assess measures designed to prevent oil spills and the planning and preparedness for responding to, containing, cleaning up, and mitigating impacts of oil spills. The membership of the Oil Spill Committee shall be made up of members of the Council, citizens, and recognized technical experts selected by the Council.

(2) DUTIES- In fulfilling its responsibilities, the Oil Spill Committee shall--

(A) periodically review the respective oil spill prevention and contingency plans for the terminal facilities and for the crude oil tankers while in Prince William Sound or Cook Inlet, in light of new technological developments and changed circumstances;

(B) monitor periodic drills and testing of the oil spill contingency plans for the terminal facilities and for crude oil tankers while in Prince William Sound and Cook Inlet;

(C) study wind and water currents and other environmental factors in the vicinity of the terminal facilities which may affect the ability to prevent, respond to, contain, and clean up an oil spill;

(D) identify highly sensitive areas which may require specific protective measures in the event of a spill in Prince William Sound or Cook Inlet;

(E) monitor developments in oil spill prevention, containment, response, and cleanup technology;

(F) periodically review port organization, operations, incidents, and the adequacy and maintenance of vessel traffic service systems designed to assure safe transit of crude oil tankers pertinent to terminal operations;

(G) periodically review the standards for tankers bound for, loading at, exiting from, or otherwise using the terminal facilities;

**(H) complete any other tasks assigned by the Council;
and**

(I) provide written reports to the Council outlining its findings and recommendations.

(g) AGENCY COOPERATION- On and after the expiration of the 180-day period following the date of the enactment of this section, each Federal department, agency, or other instrumentality shall, with respect to all permits, site-specific regulations, and other matters governing the activities and actions of the terminal facilities which affect or may affect the vicinity of the terminal facilities, consult with the appropriate Council prior to taking substantive action with respect to the permit, site-specific regulation, or other matter. This

consultation shall be carried out with a view to enabling the appropriate Association and Council to review the permit, site-specific regulation, or other matters and make appropriate recommendations regarding operations, policy or agency actions. Prior consultation shall not be required if an authorized Federal agency representative reasonably believes that an emergency exists requiring action without delay.

(h) RECOMMENDATIONS OF THE COUNCIL- In the event that the Association does not adopt, or significantly modifies before adoption, any recommendation of the Council made pursuant to the authority granted to the Council in subsection (d), the Association shall provide to the Council, in writing, within 5 days of its decision, notice of its decision and a written statement of reasons for its rejection or significant modification of the recommendation.

(i) ADMINISTRATIVE ACTIONS- Appointments, designations, and selections of individuals to serve as members of the Associations and Councils under this section shall be submitted to the Secretary prior to the expiration of the 120-day period following the date of the enactment of this section. On or before the expiration of the 180-day period following that date of enactment of this section, the Secretary shall call an initial meeting of each Association and Council for organizational purposes.

(j) LOCATION AND COMPENSATION-

(1) LOCATION- Each Association and Council established by this section shall be located in the State of Alaska.

(2) COMPENSATION- No member of an Association or Council shall be compensated for the member's services as a member of the Association or Council, but shall be allowed travel expenses, including per diem in lieu of subsistence, at a rate established by the Association or Council not to exceed the rates authorized for employees of agencies under sections 5702 and 5703 of title 5, United States Code. However, each Council may enter into contracts to provide compensation and expenses to members of the committees created under subsections (d), (e), and (f).

(k) FUNDING-

(1) REQUIREMENT- Approval of the contingency plans required of owners and operators of the Cook Inlet and Prince William Sound terminal facilities and crude oil tankers while operating in Alaskan waters in commerce with those terminal facilities shall be effective only so long as the respective Association and Council for a facility are funded pursuant to paragraph (2).

(2) PRINCE WILLIAM SOUND PROGRAM- The owners or operators of terminal facilities or crude oil tankers operating in Prince William Sound shall provide, on an annual basis, an aggregate amount of not more than \$2,000,000, as determined by the Secretary. Such amount--

(A) shall provide for the establishment and operation on the environmental oversight and monitoring program in Prince William Sound;

(B) shall be adjusted annually by the Anchorage Consumer Price Index; and

(C) may be adjusted periodically upon the mutual consent of the owners or operators of terminal facilities or crude oil tankers operating in Prince William Sound and the Prince William Sound terminal facilities Council.

(3) COOK INLET PROGRAM- The owners or operators of terminal facilities, offshore facilities, or crude oil tankers operating in Cook Inlet shall provide, on an annual basis, an aggregate amount of not more than \$1,000,000, as determined by the Secretary. Such amount--

(A) shall provide for the establishment and operation of the environmental oversight and monitoring program in Cook Inlet;

(B) shall be adjusted annually by the Anchorage Consumer Price Index; and

(C) may be adjusted periodically upon the mutual consent of the owners or operators of terminal facilities, offshore facilities, or crude oil tankers operating in Cook Inlet and the Cook Inlet Council.

(I) REPORTS-

(1) ASSOCIATIONS AND COUNCILS- Prior to the expiration of the 36-month period following the date of the enactment of this section, each Association and Council established by this section shall report to the President and the Congress concerning its activities under this section, together with its recommendations.

(2) GAO- Prior to the expiration of the 36-month period following the date of the enactment of this section, the General Accounting Office shall report to the President and the Congress as to the handling of funds, including donated funds, by the entities carrying out the programs under this section, and the effectiveness of the demonstration programs carried out under this section, together with its recommendations.

(m) DEFINITIONS- As used in this section, the term--

(1) 'terminal facilities' means--

(A) in the case of the Prince William Sound Program, the entire oil terminal complex located in Valdez, Alaska, consisting of approximately 1,000 acres including all buildings, docks (except docks owned by the City of Valdez if those docks are not used for loading of crude oil), pipes, piping, roads, ponds, tanks, crude oil tankers only while at the terminal dock, tanker escorts owned or operated by the operator of the terminal, vehicles, and other facilities associated with, and necessary for, assisting tanker movement of crude oil into and out of the oil terminal complex; and

(B) in the case of the Cook Inlet Program, the entire oil terminal complex including all buildings, docks, pipes, piping, roads, ponds, tanks, vessels, vehicles, crude oil tankers only while at the terminal dock, tanker escorts owned or operated by the operator of the terminal, emergency spill response vessels owned or operated by the operator of the terminal, and other facilities associated with, and necessary for, assisting tanker movement of crude oil into and out of the oil terminal complex;

(2) 'crude oil tanker' means a tanker (as that term is defined under section 2101 of title 46, United States Code)--

(A) in the case of the Prince William Sound Program, calling at the terminal facilities for the purpose of receiving and transporting oil to refineries, operating north of Middleton Island and bound for or exiting from Prince William Sound; and

(B) in the case of the Cook Inlet Program, calling at the terminal facilities for the purpose of receiving and transporting oil to refineries and operating in Cook Inlet and the Gulf of Alaska north of Amatuli Island, including tankers transiting to Cook Inlet from Prince William Sound;

(3) 'vicinity of the terminal facilities' means that geographical area surrounding the environment of terminal facilities which is directly affected or may be directly affected by the operation of the terminal facilities; and

(4) 'Secretary' means the Secretary of Transportation.

(n) SAVINGS CLAUSE-

(1) REGULATORY AUTHORITY- Nothing in this section shall be construed as modifying, repealing, superseding, or preempting any municipal, State or Federal law or regulation,

or in any way affecting litigation arising from oil spills or the rights and responsibilities of the United States or the State of Alaska, or municipalities thereof, to preserve and protect the environment through regulation of land, air, and water uses, of safety, and of related development. The monitoring provided for by this section shall be designed to help assure compliance with applicable laws and regulations and shall only extend to activities--

(A) that would affect or have the potential to affect the vicinity of the terminal facilities and the area of crude oil tanker operations included in the Programs; and

(B) are subject to the United States or State of Alaska, or municipality thereof, law, regulation, or other legal requirement.

(2) RECOMMENDATIONS- This subsection is not intended to prevent the Association or Council from recommending to appropriate authorities that existing legal requirements should be modified or that new legal requirements should be adopted.

(o) ALTERNATIVE VOLUNTARY ADVISORY GROUP IN LIEU OF COUNCIL- The requirements of subsections (c) through (l), as such subsections apply respectively to the Prince William Sound Program and the Cook Inlet Program, are deemed to have been satisfied so long as the following conditions are met:

(1) PRINCE WILLIAM SOUND- With respect to the Prince William Sound Program, the Alyeska Pipeline Service Company or any of its owner companies enters into a contract for the duration of the operation of the Trans-Alaska Pipeline System with the Alyeska Citizens Advisory Committee in existence on the date of enactment of this section, or a successor organization, to fund that Committee or organization on an annual basis in the amount provided for by subsection (k)(2)(A) and the President annually certifies that the Committee or organization fosters the general goals and purposes of this section and is broadly representative of the

communities and interests in the vicinity of the terminal facilities and Prince William Sound.

(2) COOK INLET- With respect to the Cook Inlet Program, the terminal facilities, offshore facilities, or crude oil tanker owners and operators enter into a contract with a voluntary advisory organization to fund that organization on an annual basis and the President annually certifies that the organization fosters the general goals and purposes of this section and is broadly representative of the communities and interests in the vicinity of the terminal facilities and Cook Inlet.

COOK INLET RCAC PROJECTS LIST

COUNCIL

RFP NUMBER	TITLE/AUTHOR	RELEASE DATE
• 93-008C	Stakeholders Survey * Dittman	1994
• Joint Project w/NOAA	Cook Inlet Sensitive Area Maps (Seasonal - Set of 4)	1996
• Joint Project w/NOAA	Kodiak Sensitive Area Maps (Seasonal -	1997

COOK INLET RCAC PROJECTS LIST

ENVIRONMENTAL MONITORING COMMITTEE

RFP NUMBER	TITLE/AUTHOR	RELEASE DATE
• 91-001E	<i>A Comprehensive Monitoring Program for Cook Inlet, Ak. * MBC</i>	1992
• 91-002E	<i>Annotated Bibliography of Cook Inlet Env. Literature * Pentec Environmental Inc.</i>	1992
• 91-003E	<i>Directory of Facilities * Northern Test Labs</i>	1991
• 92-006E	<i>Cook Inlet Pilot Monitoring Study: (Phase I & II of an overall program, "Implementation of a Prototype Env. Sampling Program for Cook Inlet Alaska") * Arthur D. Little</i>	1995
• 95-013E	<i>Cook Inlet Environmental Monitoring Program * Kinnetics Laboratories Inc. (KLI)</i>	1996

EMC Project List Page 2

• 95-014E

Small Research Projects....

- * **#66 Shelikof Strait Project 1996** 1997
 - * Kinnetic Laboratories Incorporated
- * **#67 A Survey of Selected Cook Inlet Inter-tidal Habitats** * Pentec Environmental Inc. 1996
- * **#68 P450 Reporter Gene System Assay Results for Testing of Extracts of Sediments & Bivalve Tissue Collected from Cook Inlet Alaska** * Columbia Analytical 1996
- * **#69 1996 Lake Clark Bivalve Analyses** 1996
 - * Kinnetic Laboratories Incorporated

• 97-020E

Kenai River Estuary Sediment Characterization Study * Kinnetic Laboratories, Inc. 1998

• 97-021E

Cook Inlet Sediment Toxicity Study
* Kinnetic Laboratories, Inc. 1998

• 98-023E

Technical Evaluation of the Environmental Monitoring Program for Cook Inlet RCAC
Principle Consultants Dennis Lees, Bill Driskell,
James Payne, Ph.D * Littoral 1999

EMC Projects List Page 3

- | | | |
|-------------------------|---|---------|
| • 98-024E | <i>DMR Reviews – Summary Report</i>
* Tim Robertson, Nuka Consulting | Ongoing |
| • 98-025E | <i>Web Page Formatting</i>
* Bill Driskell (Sole Source) | Ongoing |
| • MOA w / Cispri
UAF | <i>Cook Inlet Acoustic Doppler Current Profiler Study</i> | 1999 |
| • 00-028E | <i>Intertidal Monitoring</i>
* Littoral Ecological & Env. Services | Ongoing |

COOK INLET RCAC PROJECTS LIST

PROPS COMMITTEE

<u>RFP NUMBER</u>	<u>TITLE/AUTHOR</u>	<u>RELEASE DATE</u>
• 91-001P	<i>Safety of Navigation</i> * Dickson	1992
• 91-003P	<i>Study of Legal Issues Regarding Response Action Contractors</i> * Mertz	1991
• 92-001P	<i>Negotiated Regulations</i> * Putnam	1992
• 92-002P	<i>In-Situ Burning/Dispersants</i> * Scientex	1992
• 92-003P	<i>Structural Overview</i> * EBA	1992
• 93-007P	<i>Cook Inlet Platform Information/Structural/Facility Studies</i> *Phases I,II, III Robert Visser/Bleamar Engineering 1993/95	
• 93-010P	<i>Alaska Maritime Human Factors Needs Assessment</i> * Battelle/Stoller (Sole Source)	1994
• 93-012P	<i>Current and Future Cook Inlet Oil Production Profits: A Preliminary Assessment</i> * Richard Fineberg (Sole Source)	1994

PROPS Project List Page 2

- 95-016P *Contingency Planning in Cook Inlet A Review of Process and Efficacy*
* Environment International 1996
- 95-017P *Spill Trajectory Model for Cook Inlet (Computer Generated Model)*
1996
- 95/97-017P *Spill Trajectory Model Phase II*
* Bryan Pearce (Sole Source) 1999
- Joint Project
W/PWS RCAC *Community Response Center Manual (Nearshore)*
1996
- Joint Project
W/CISPRI *Cook Inlet Ice Information and Oil Spill Clean Up Study* * Will Nelson, UAA (Sole Source)
Joint Project - CISPRI & CIRCAC 1998
- 98-026P *Geographic Response Plans* * Tim Robertson
Nuka Consultants. Ongoing
- 99-027P *CIRCAC Oil Spill Trajectory Model Revisions*
* Bryan Pearce (Sole Source) Ongoing
- Joint Project *Cook Inlet Sea Ice Monitoring Project*
SWS / NWS / CIRCAC 2000

Industry “C-Plans”

Oil Discharge Prevention & Contingency Plan

- ⇒ **Industry Specific**
- ⇒ **Site Specific**
- ⇒ **Addresses unique**
 - ⇒ **prevention**
 - ⇒ **response**
 - ⇒ **facility, vessel and corporate issues**

Goal: document and demonstrate sufficient resources to contain, clean-up and mitigate potential oil discharges and protect environmentally sensitive areas

C-Plan Contents (18 AAC 75.425)

PART 1 - Response Action Plan

PART 2 - Prevention Plan

PART 3 - Supplemental Information

PART 4 - Best Available Technology (BAT)

+ Financial Responsibility

C-Plan Contents (Proposed SB273 Vessels)

PART 1 -

Response Action Plan (RAP)

- ⇒ **Initial Notification (e.g. SOPEP)**
- ⇒ **Membership in Co-op (or equivalent capability)**
- ⇒ **Spill Management Capability**

PART 2 -

Prevention Plan by Rule

BAT

**potentially handle by updating RAP and
Prevention Rules every 3-5 years**

+ Financial Responsibility

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

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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

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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