

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8039

HOUSE RESOURCES

1 (C) AS 46.08.025(a)(2) and (a)(3) (cost recoveries, natural
2 resources and other damages) [AS SPECIFIED IN AS 46.08.020];

3 (3) a summary of municipal participation in the department's responses
4 that were paid for [FUNDED] by the response account [FUND]; and

5 (4) [A DETAILED SUMMARY OF DEPARTMENT ACTIVITIES IN
6 RESPONSES FUNDED BY THE FUND DURING THE PRECEDING FISCAL
7 YEAR, INCLUDING RESPONSE DESCRIPTIONS AND STATEMENTS
8 OUTLINING THE NATURE OF THE THREAT; IN THIS PARAGRAPH,
9 "DETAILED" INCLUDES INFORMATION DESCRIBING EACH PERSONAL
10 SERVICES POSITION AND TOTAL COMPENSATION FOR THAT POSITION,
11 EACH CONTRACT IN EXCESS OF \$20,000, AND EACH PURCHASE IN EXCESS
12 OF \$10,000; AND

13 (5) the projected cost to the department for the next fiscal year of
14 monitoring, operating, and maintaining sites where response [HAS BEEN
15 COMPLETED OR] is expected to be continued during the fiscal year, to the extent
16 these costs would be paid for from the response account.

17 * Sec. 29. AS 46.08.060(b) is amended to read:

18 (b) As part of the department's on-going identification efforts associated with
19 oil spill or hazardous substance release or waste sites, the commissioner shall include
20 in the report under this section

21 (1) the number [A SUMMARY] of [THE] sites that are included in
22 the department's contaminated sites data base, whether the site is active or closed;
23 and [IDENTIFIED BY THE DEPARTMENT;]

24 (2) a prioritized listing of those sites, both statewide and by
25 community, based on the immediate and long-term threats to the public health or
26 welfare or to the environment [POSED BY THESE SITES; AND

27 (3) THE APPROPRIATE ACTIONS NEEDED TO ABATE THESE
28 THREATS, AND THEIR ESTIMATED COST].

29 * Sec. 30. AS 46.08.060(c) is amended to read:

30 (c) In addition to the department's report required under (a) of this section, the
31 governor shall submit a report about use of the fund during the previous fiscal year to

1 the legislature not later than the 10th day following the convening of each regular
2 session of the legislature. In the report, the governor shall describe in detail the
3 governor's use of money from the response account [FUND], with separate
4 explanations, by agency, of the activities that were paid for [FUNDED] under the
5 authority of AS 46.08.045 [AS 46.08.040(b)].

6 * Sec. 31. AS 46.08.070 is amended by adding a new subsection to read:

7 (d) The department shall adopt regulations to implement the cost recovery
8 requirements of (a) and (b) of this section, but may not delay cost recovery actions
9 pending the effective date of the adoption of the regulations.

10 * Sec. 32. AS 46.08.075(a) is amended to read:

11 (a) The state has a lien for expenditures by the state from [THE OIL AND
12 HAZARDOUS SUBSTANCE RELEASE RESPONSE] fund, or from any other state
13 fund, for the costs of response, containment, removal, or remedial action resulting from
14 an oil or hazardous substance release [SPILL], or, with respect to response costs, for
15 the costs of response to a threatened [THE SUBSTANTIAL THREAT OF A] release
16 of oil or a hazardous substance, against all property owned by a person who is
17 determined by the commissioner to be liable for the expenditures under this chapter,
18 AS 46.03, AS 46.04, 42 U.S.C. 9607, or other state or federal law. The lien includes
19 interest, at the maximum rate allowable under AS 45.45.010(a), from the date of the
20 expenditures. The state may file an action in a court of competent jurisdiction in order
21 to foreclose on the lien.

22 * Sec. 33. AS 46.08.075(e) is amended to read:

23 (e) A person with an ownership interest in property against which a lien is
24 recorded may bring an action in a court of competent jurisdiction to require that the
25 lien be released. The lien may be released to the extent of that person's ownership
26 interest if the court finds that the person is not liable for the expenses incurred by the
27 state in connection with the costs of response, containment, removal, or remedial
28 action resulting from the [OIL OR HAZARDOUS SUBSTANCE] release or from the
29 threatened [THREAT OF] release, of oil or a hazardous substance.

30 * Sec. 34. AS 46.08.900(5) is amended to read:

31 (5) "fund" means the oil and hazardous substance release prevention

1 and response fund;

2 * Sec. 35. AS 46.08.900 is amended by adding new paragraphs to read:

3 (13) "prevention account" means the oil and hazardous substance
4 release prevention account established in AS 46.08.010(a)(1);

5 (14) "prevention mitigation account" means the oil and hazardous
6 substance release prevention mitigation account established in AS 46.08.020(b);

7 (15) "response account" means the oil and hazardous substance release
8 response account established in AS 46.08.010(a)(2);

9 (16) "response mitigation account" means the oil and hazardous
10 substance release response mitigation account established in AS 46.08.025(b).

11 * Sec. 36. AS 26.23.195(b); AS 43.55.200, 43.55.210, 43.55.220, 43.55.230, 43.55.240;
12 AS 46.08.040(b); and sec. 3, ch. 112, SLA 1989 are repealed.

13 * Sec. 37. TREATMENT OF APPROPRIATION TO FORMER SPILL RESERVE FOR
14 PURPOSES OF AS 43.55.230. For the purpose of former AS 43.55.230(a)(2), repealed by
15 sec. 36 of this Act, an appropriation to the former spill reserve referred to in AS 29.60.510(b),
16 the reference to which is repealed by sec. 3 of this Act, is not an expenditure.

17 * Sec. 38. TRANSITION PROVISION CONCERNING LAPSE AND AVAILABILITY
18 FOR EXPENDITURE OF APPROPRIATIONS FROM FORMER OIL AND HAZARDOUS
19 SUBSTANCE RELEASE RESPONSE FUND. Notwithstanding the provisions of
20 AS 46.08.010(b), amended by sec. 20 of this Act, money remaining in the oil and hazardous
21 substance release response fund at the end of the 1994 state fiscal year lapses into the two
22 accounts established in AS 46.08.010(a), amended by sec. 19 of this Act, and remains
23 available for expenditure in successive fiscal years on the following basis:

24 (1) 60 percent of the money remaining in the oil and hazardous substance
25 response fund is allocated to the oil and hazardous substance release prevention account
26 established by AS 46.08.010(a)(1), added by sec. 19 of this Act; and

27 (2) 40 percent of the money remaining in the oil and hazardous substance
28 response fund will be allocated to the oil and hazardous substance release response account
29 established by AS 46.08.010(a)(2), added by sec. 19 of this Act.

30 * Sec. 39. TRANSITIONAL PROVISIONS APPLICABLE TO CONSERVATION
31 SURCHARGE ON OIL IMPOSED BY AS 43.55.200 AFTER JUNE 30, 1994, AND

1 BEFORE THE EFFECTIVE DATE OF THIS ACT. After June 30, 1994, and before the
2 effective date of this Act, a producer of oil who is required by AS 43.55.200 - 43.55.240,
3 repealed by this Act, to pay the oil conservation surcharge of \$.05 per barrel of oil shall pay
4 that levy. The provisions of AS 43.55.210 - 43.55.240, repealed by this Act, apply to the
5 amounts received by the state under AS 43.55.200 - 43.55.240, but as to the amounts received
6 after June 30, 1994, and before the effective date of this Act, if so appropriated by the
7 legislature and notwithstanding any other provision of law relating to the deposit of and
8 accounting for those receipts,

9 (1) on the effective date of this Act, the commissioner of revenue shall allocate

10 (A) 40 percent of the amount received to the oil and hazardous
11 substance release response account established by AS 46.08.010(a)(2), added by
12 sec. 19 of this Act; and

13 (B) 60 percent of the amount received to the oil and hazardous
14 substance release prevention account established by AS 46.08.010(a)(1), added by
15 sec. 19 of this Act; and

16 (2) the allocations made under (1) of this section are credited to the respective
17 accounts for purposes of determination of the suspension and reimposition of the surcharge
18 under AS 43.55.231, added by sec. 10 of this Act.

19 * Sec. 40. APPLICATION OF AS 43.55.231. (a) AS 43.55.231, added by sec. 10 of this
20 Act, does not apply to prevent the levy and collection of the surcharge imposed by
21 AS 43.55.201 until the first day of the fiscal year next following the day on which the balance
22 of the oil and hazardous substance release response account in the oil and hazardous substance
23 release prevention and response fund described in AS 43.55.221(a), added by sec. 9 of this
24 Act, first exceeds \$50,000,000.

25 (b) The commissioner of administration shall certify to the commissioner of
26 environmental conservation, the commissioner of revenue, the revisor of statutes, and the
27 division of legislative finance the date on which the balance of the oil and hazardous
28 substance release response account in the oil and hazardous substance release prevention and
29 response fund described in AS 43.55.221(a), added by sec. 9 of this Act, first exceeds
30 \$50,000,000.

31 * Sec. 41. This Act takes effect July 1, 1994.

DRAFT VERSION "Z" OF HB 238

SPLITS THE CURRENT 470 FUND INTO TWO ACCOUNTS

- 1 - SPILL RESPONSE ACCOUNT (THE \$50 MILLION SAVINGS ACCOUNT SIDE WHICH IS USED TO RESPOND TO SPILLS AFTER THEY HAPPEN)
A 2 CENT SURCHARGE GOES INTO THIS ACCOUNT ONLY UNTIL IT REACHES \$50 MILLION AND THEN TURNS OFF. 2 CENT SURCHARGE KICKS BACK IN WHEN ACCOUNT FALLS BELOW \$50 MILLION
- 2- PREVENTION ACCOUNT (THIS IS THE "PROGRAM" SIDE WHICH COVERS SPILL PREVENTION AND PREPAREDNESS TYPES OF PROGRAMS IN DEC, AND OTHER DEPTS., COMMUNITIES, ETC)
A CONTINUOUS 3 CENT SURCHARGE WILL GO INTO THIS ACCOUNT.

CURRENT BALANCE OF THE 470 FUND (\$37 MILLION) IS SPLIT BETWEEN THE TWO ACCOUNTS IN THE SAME PROPORTION AS FUTURE NICKELS ARE TO BE SPLIT (3/2 OR 60%/40%)

UNDER CURRENT LAW, INTEREST ACCRUED BY THE 470 FUND GOES TO THE GENERAL FUND. THE LEGISLATURE HAS THE OPTION OF APPROPRIATING IT BACK INTO THE FUND OR USING IT AS ANY OTHER G.F. MONEY . UNDER VERSION "Z" THAT IS STILL THE CASE, BUT ADDS LANGUAGE SUGGESTING THAT THE INTEREST ACCRUED BY THE TWO NEW SEPARATED ACCOUNTS "MAY" BE APPROPRIATED TO THE PREVENTION ACCOUNT. (IDEA HERE IS THAT BY SPLITTING THE NICKEL AND THE FUND, IT IS THE PREVENTION SIDE THAT WILL BE UNDERFUNDED AS PRODUCTION SLOWS DOWN AND INFLATION GOES UP OVER THE YEARS. THE INTEREST OFF THE ACCOUNTS COULD HELP TO OFFSET THAT SHORTFALL.

SECTIONS 20, 21,22 ARE TAKEN FROM RECOMMENDTIONS OF LEGISLATIVE AUDIT OF 470 FUND.

CSHB 238 (RES) "Z" VERSION
MARCH 19, 1994

This draft divides the nickel surcharge into two accounts within the Oil and Hazardous Substance Release Response and Prevention Fund:

1) a PREVENTION account, which is allotted 3 cents and funds all of the state's current operating activities (except spill response, including matching funds for federal cleanup activities, and cost recovery) and

2) a RESPONSE account, which is allotted 2 cents and funds only responses, including matching funds for federal cleanup activities, and cost recoveries. There is no defining limitation on what kind of a response may be funded from the RESPONSE account. It would be essentially a revolving fund in that the costs from this account would be repaid to the state.

In addition to the surcharge funding for each account, the PREVENTION account also receives all penalties, fines, interest on both accounts, and program receipts, if any, received by the department for a number of oil and hazardous substance related activities. The RESPONSE account receives all cost recoveries and natural resource damages.

The draft also incorporates additional changes resulting from the Legislative Audit.

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Section 1 is a technical amendment that directs the Governor may, in a declared disaster emergency related to oil or a hazardous substance, use the RESPONSE account.

Section 2 is directed that the RESPONSE account may be used for the municipal grants program. (Current statute requires a declared disaster emergency before this grant program is activated)

Section 3 is a technical amendment deleting the reference to the "spill reserve."

Sections 4 and 5 are technical amendments to the municipal grants statute changing the name of the Fund.

Section 6 amends the language regarding the Exxon Valdez reimbursements and sends them to the PREVENTION mitigation account.

Section 7 establishes the 2 cent surcharge.

Section 8 allows that surcharge to be appropriated to the RESPONSE account.

Section 9 sets out how the \$50 million cap is calculated. This is language previously offered by DEC. The 2 cent response surcharge is suspended when the balance in the response account reaches \$50 million and the next fiscal year's appropriation is provided for in the account. The suspension calculation is based upon a fiscal year analysis; not upon the basis of cumulative expenditures. The suspension calculation includes the 2 cent surcharge account as well as cost recovered monies originally from the 2 cent surcharge.

This response surcharge is reimposed when the balance calculation goes below \$50 million. The calculation is made upon a quarterly basis.

Section 10 is the "blackmail" clause for the 2 cent RESPONSE account. It suspends the 2 cent surcharge for one fiscal year if the legislature does not appropriate all of the 2 cent surcharge revenues in the surcharge account and all of the "cost recovered" 2 cent surcharge funds. The surcharge is also suspended if the legislature appropriates all of these funds and the governor vetoes or reduces the appropriation.

Section 11 sets out the proper names of the "response account" and the "response mitigation account."

Section 12 establishes the 3 cent surcharge and provides that it may be appropriated to the PREVENTION account (entitled the Oil and Hazardous Substance Release Prevention Account). This is a permanent surcharge.

Section 13 is a technical amendment needed because of the creation of the two surcharges.

Section 14 is a technical amendment needed to change the name of the mitigation account for costs that are recovered.

Sections 15 through 17 amend the state master plan and regional plan review and revision requirements in the same manner as other bills/drafts, but the wording is arranged differently.

Section 18 amends the PURPOSE section of the response fund to recognize the two purposes - PREVENTION and RESPONSE - and deletes the reference to the Department of Transportation.

Section 19 changes the name of the Fund to add PREVENTION and creates the two accounts - PREVENTION and RESPONSE.

Section 20 states that money appropriated to either account will not lapse back into the general fund but instead remains available in the account for appropriation by the Legislature.

Section 21 finances the PREVENTION account. Fines, penalties, program receipts for contingency plan review, financial responsibility review, some lab certifications, response action contractor registrations, and interest on both accounts and mitigation accounts are included. Cost recoveries and damages are not.

Section 22 finances the RESPONSE account. It receives cost recoveries and natural resource damages.

Section 23 sets forth the purposes of the PREVENTION account. It allows this account to fund all of DEC's and other agencies' current activities EXCEPT the grants to DCRA, spill response, including matching funds for federal cleanup activities, and efforts to recover state costs for response (these are all moved to the RESPONSE account). In addition, it cleans up the language regarding funding for depots and corps. Rather than provide for a reimbursement of expenses by DMVA, it simply states that the account may be used to establish and maintain the depots and corps.

Section 24 sets out that for all uses of the PREVENTION account, a legislative appropriation is necessary. This would include both the Citizens Oversight Council (which, under current law, does not need an appropriation) and the ferry.

Section 25 is a technical amendment adding that these uses (citizen's oversight council and the ferry) come from the PREVENTION account.

Section 26 establishes the purpose of the RESPONSE account. It includes the grants to DCRA (which are only made in the event of a declared disaster emergency), spill response, including funds needed to match federal cleanup activities, recovery of state expenses, and restoration of the environment.

Restoration is included both here and in the PREVENTION account because we restore the environment through the contaminated sites program but have also been advised by the Department of Law that there is no clear line between cleanup and restoration. In addition, natural resource damages, which go into the RESPONSE account, must be used for cleanup and restoration. Therefore, each account needs this included. The intent however is to fund the on-going contaminated sites program out of the PREVENTION account.

Money for DCRA, spill response, cost recovery and restoration may be used without a specific legislative appropriation however we have added a requirement that whenever the commissioner exercises this authority, he provide a report to the Governor within five days. The Governor may approve, disapprove, or modify the state's proposed action.

Section 27 amends the recording keeping requirements of the fund. It requires all agencies that receive money, either directly (DEC) or through an RSA with DEC, establish procedures for expenditure of those funds. It also precludes DEC from paying an RSA unless the receiving department provides to DEC the information necessary to generate the annual report.

Section 28 amends the annual report content. It focuses on the RESPONSE account, rather than the prevention account would be appropriated through the normal budget process.

The report is to include expenditures from the RESPONSE account, all money received as cost recovery, fines, penalties, and natural resource damages, a summary of municipal participation in response actions if those actions were funded from the RESPONSE account (such as the municipal grants program), and projected costs of response activities that are anticipated to continue to the next fiscal year and would be funded by the RESPONSE account. Essentially then, this report deals only with expenditures made without a specific legislative appropriation as allowed under Section 26.

Section 29 also amends the annual report language. The reporting requirements on contaminated sites has been amended to require the number of sites on the contaminated sites database and a prioritized listing of those sites based on their threat to the public health or the environment, rather than the detailed, confusing and cumbersome information currently required.

Section 30 is a technical amendment regarding the Governor's requirement to report his use of the RESPONSE account in the event of a declared disaster emergency.

Section 31 requires the department adopt regulations regarding cost recovery. This is intended to do two things - first, put the public on clear notice cost recovery will be sought and how; two, give assurance that DEC will have a legal process to seek recoveries and will follow it.

Sections 32 and 33 amend the lien provisions in current law, and are in both House and

Senate bills/work drafts.

Section 34 is a technical amendment changing the name of the Response Fund.

Section 35 sets defines the prevention account, prevention mitigation account, response account and response mitigation account.

Section 36 is the repealer. The only addition to this list from that in the HB 238 work drafts is AS 46.08.040(b), dealing with disaster emergencies. It has been moved into the Response Account section at the proposed AS 46.08.045(b).

Section 37 makes clear that any prior appropriations made to the spill reserve, as used to be done in the front section of the budget bill, are not considered expenditures.

Section 38 provides that the balance of the current Response Fund will be split between the PREVENTION and RESPONSE accounts in the same manner as the current nickel surcharge with 60% to the PREVENTION account and 40% to the RESPONSE account.

Section 39 - defer to Legislative Drafting.

Section 40 states that the blackmail clause does not take effect until the RESPONSE account reaches the cap.

Section 41 is the effective date - July 1, 1994.

Another way to look at the proposed draft:

These Sections deal with the PREVENTION account:

Section 6 (Exxon reimbursements)
Section 12 (creates 3 cents surcharge)
Section 21 (financing of account)
Section 23 (purposes)
Section 24 (appropriations required)
Section 25 (COC and ferry appropriations are from Prevention account)

These Sections deal with the RESPONSE account:

Section 1 (declared disaster emergencies)
Sections 2, 4 and 5 (municipal grants)
Section 7 (creates 2 cents surcharge)
Section 8 (use of surcharge)
Section 9 (suspension/reimposition - cap)
Section 10 (blackmail)
Section 11 (technical amendment to define response and response mitigation accounts)
Section 14 (cost recoveries into response mitigation)
Section 22 (financing of account)
Section 25 (purposes)
Section 28 (Report to the Legislature on account use)
Section 30 (Report to the Legislature by Governor if declared disaster)
Section 31 (requires regulations for cost recovery)

These Sections deal with the Fund itself and/or both accounts:

Section 5 (changes the name of the Fund)
Section 13 (technical amendment to identify both surcharges)
Section 18 (amends Purpose of the Fund)
Section 19 (creates both accounts within the Fund)
Section 20 (appropriations to accounts do not lapse)
Section 27 (recording keeping requirements for Fund)
Section 29 (report to the Legislature regarding contaminated sites)
Sections 32 and 33 (amends lien provisions)
Section 34 (technical amendment changing name of Fund)
Section 35 (definitions of both accounts and both mitigation accounts)
Section 38 (divides current Fund balance between the two accounts)

These Sections deal with just the state and regional master plans:
Sections 15, 16, and 17

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSHB 238(RES) 8-LS0676Z

Revision Date:		Dept. Affected:	Revenue
Title:	An Act relating to and redesignating the oil and hazardous	BRU:	Revenue Operations
substance release response fund...		Component:	Oil & Gas Audit Division
Sponsor:	Hs. Special Comm. on Oil & Gas		
Requestor:	Hs. Resources Committee	COMPONENT SERIAL NO.	115

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						

REVENUE FUND SOURCE:	0.0	0.0	-2,500.0	-9,500.0	-9,000.0	
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)
 Revenue reduction estimates are based on production and tax revenues included in the *Revenue Sources Book, Fall 1993*, and expenditure analysis provided by the Department of Environmental Conservation. The fiscal note represents a simple mathematical calculation based on those estimates.
 As requested by the House Resources Committee, analysis for the next five fiscal years is provided.

Prepared by:	Rod R. Mourant	Phone: 465-2302
Division:	Commissioner's Office	Date: April 7, 1994
Approved by Commissioner:	Darrel J. Rexwinkel	Date: April 7, 1994
Agency:	Revenue	

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**Response Fund Restructuring Options
Comparison of Proposals For SB215**

	No Change From Existing Statute	CSSB 215 .025/.025 Entire Response Fund to Spill Account	.025/.025 Response Fund split equally	03/02 Proposal Response Fund Split 50/50	03/02 Proposal Entire Response Fund to Spill Account
Fiscal Year 1995					
Beginning Balance of Response Fund	\$63.2				
Beginning Balance of Spill Account		\$50.3	\$31.6	\$25.3	\$47.7
Beginning Balance of Abatement Account		\$12.9	\$31.6	\$37.9	\$15.5
Total .05 Surcharge Collected in FY95	\$26.2				
Total Spill Surcharge Collected in FY95		\$0.0	\$13.1	\$10.5	\$5.2
Total Abatement Surcharge Collected in FY95		\$13.1	\$13.1	\$15.7	\$15.7
Prevention & Response Prgm. All Agencies	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		(\$0.6)	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$48.9				
Ending Balance of Spill Account		\$49.5	\$30.8	\$24.5	\$46.9
Ending Balance of Abatement Account		(\$0.6)	\$18.1	\$24.4	\$2.0
Suspension and Reimposition Calculation	(\$6.1)	\$49.8	\$44.2	\$35.3	\$52.5
Fiscal Year 1996					
Beginning Balance of Response Fund	\$75.1				
Beginning Balance of Spill Account		\$49.8	\$44.2	\$35.3	\$52.5
Beginning Balance of Abatement Account		\$12.5	\$31.2	\$40.1	\$17.7
Total .05 Surcharge Collected in FY96	\$25.3				
Total Spill Surcharge Collected in FY96		\$3.0	\$6.3	\$10.1	\$0.0
Total Abatement Surcharge Collected in FY96		\$12.7	\$12.7	\$15.2	\$15.2
Prevention & Response Prgm. All Agencies	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		(\$0.8)	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$60.7				
Ending Balance of Spill Account		\$49.0	\$43.4	\$34.5	\$51.7
Ending Balance of Abatement Account		(\$1.4)	\$17.3	\$26.2	\$3.8
Suspension and Reimposition Calculation	\$4.5	\$52.3	\$50.0	\$44.9	\$52.0

**Response Fund Restructuring Options
Comparison of Proposals For SB215**

	No Change From Existing Statute	CSSB 215 025/ 025 Entire Response Fund to Spill Account	025/ 025 Response Fund split equally	03/ 02 Proposal Response Fund Split 60/40	03/ 02 Proposal Entire Response Fund to Spill Account
Fiscal Year 1997					
Beginning Balance of Response Fund	\$86.0				
Beginning Balance of Spill Account		\$52.3	\$50.0	\$44.9	\$52.0
Beginning Balance of Abatement Account		\$11.2	\$29.9	\$41.4	\$19.0
Total .05 Surcharge Collected in FY97	\$24.8				
Total Spill Surcharge Collected in FY97		\$0.0	\$0.0	\$7.4	\$0.0
Total Abatement Surcharge Collected in FY97		\$12.4	\$12.4	\$14.9	\$14.9
Prevention & Response Prgm. All Agencies	\$14.3	\$14.3	\$14.3	\$14.3	\$14.3
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		(\$1.7)	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$71.2				
Ending Balance of Spill Account		\$51.5	\$49.2	\$44.1	\$51.2
Ending Balance of Abatement Account		(\$3.1)	\$15.6	\$27.1	\$4.7
Suspension and Reimposition Calculation	\$14.2	\$51.8	\$49.5	\$51.8	\$51.5
Fiscal Year 1998					
Beginning Balance of Response Fund	\$96.0				
Beginning Balance of Spill Account		\$51.8	\$49.5	\$51.8	\$51.5
Beginning Balance of Abatement Account		\$9.3	\$28.0	\$42.0	\$19.5
Total .05 Surcharge Collected in FY98	\$23.8				
Total Spill Surcharge Collected in FY98		\$0.0	\$3.0	\$0.0	\$0.0
Total Abatement Surcharge Collected in FY98		\$11.9	\$11.9	\$14.3	\$14.3
Prevention & Response Prgm. All Agencies	\$14.8	\$14.8	\$14.8	\$14.8	\$14.8
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		(\$2.4)	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$80.7				
Ending Balance of Spill Account		\$51.0	\$48.7	\$51.0	\$50.7
Ending Balance of Abatement Account		(\$5.4)	\$13.3	\$27.2	\$4.8
Suspension and Reimposition Calculation	\$22.4	\$51.3	\$52.0	\$51.3	\$51.0

**Response Fund Restructuring Options
Comparison of Proposals For SB215**

	No Change From Existing Statute	CSSB 215 025/025 Entire Response Fund to Spill Account	025/025 Response Fund split equally	03/02 Proposal Response Fund Split 60/40	03/02 Proposal Entire Response Fund to Spill Account
Fiscal Year 1999					
Beginning Balance of Response Fund	\$104.5				
Beginning Balance of Spill Account		\$51.3	\$52.0	\$51.3	\$51.0
Beginning Balance of Abatement Account		\$6.5	\$25.2	\$41.5	\$19.1
Total .05 Surcharge Collected in FY99	\$22.4				
Total Spill Surcharge Collected in FY99		\$0.0	\$0.0	\$0.0	\$4.5
Total Abatement Surcharge Collected in FY99		\$11.2	\$11.2	\$13.4	\$13.4
Prevention & Response Prgm. All Agencies	\$15.2	\$15.2	\$15.2	\$15.2	\$15.2
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Amount of Prevention Program Under-Funded		(\$3.3)	\$0.0	\$0.0	\$0.0
Ending Balance of Response Fund	\$88.8				
Ending Balance of Spill Account		\$50.5	\$51.2	\$50.5	\$50.2
Ending Balance of Abatement Account		(\$8.7)	\$10.0	\$26.3	\$3.9
Suspension and Reimposition Calculation	\$28.8	\$50.8	\$51.5	\$50.8	\$54.9
Total Prevention Program Underfunding		(\$8.7)	\$0.0	\$0.0	\$0.0
Total Spill Account Surcharge Paid	\$122.5	\$3.0	\$22.4	\$28.0	\$9.7
Total Abatement Account Surcharge Paid		\$61.3	\$61.3	\$73.5	\$73.5
Total Surcharges Paid	\$122.5	\$64.2	\$83.7	\$101.5	\$83.2

WALTER J. HICKEL, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION**OFFICE OF THE COMMISSIONER**410 Willoughby Avenue, Suite 105
Juneau, AK 99801-1795

Telephone No. (907)465-5050

FAX No. (907)465-5070

March 15, 1994

The Honorable Bill Williams
Chairman, House Resources Committee
Room 128, Capitol Building
Juneau, AK 99801

Dear Representative Williams:

I want to thank you for the amount of time you have given to HB 238, and the issues surrounding the Oil and Hazardous Substance Release Response Fund. Throughout the hearings, the public testimony has been at times pointed, but reflective of a concern that deserves the attention you have given it.

There have been a number of statements (paraphrased below in italics) made regarding the uses to which the Fund has been put that require clarification.

• *We have heard that the Fund has been used to cleanup a campground.* In fiscal year 1993, \$38,000 from the Response Fund was appropriated to DNR to address drinking water contamination at the Tok River Campground. A water sample showed 0.35 ppm (parts per million) petroleum hydrocarbons and trace amounts of xylene, and the source was suspected to be an old military fuel line between Haines and Fairbanks. Because this site is owned by the state and is used by both residents and tourists, it was included in the state owned contaminated sites to be addressed through the State Memorandum of Agreement. Whether the military fuel line is the source of contamination and the federal government is responsible for the associated cleanup costs has not yet been determined. If it is, we will seek cost recovery.

• *We have heard that the Fund was used to cleanup a greenhouse.* The state, through DNR, leased land for a commercial greenhouse in Soldotna. In 1984, the site was foreclosed upon, and management reverted back to DNR. The site is contaminated with dioxin, PCB, lead, and pesticides. There are also miscellaneous drums of waste oil. Starting in FY 90 under Kenai Special Projects funding (which were general funds) and continuing through FY 94, a total of \$306,191 has been spent on remediation, with \$219,000 coming from the Response Fund. There have been no funds expended on the construction of the greenhouse, as has been implied. All funds were expended on site assessment and cleanup of hazardous substances. The responsible party is insolvent.

Honorable Bill Williams

-2-

March 15, 1994

• *We have heard that the Fund was used to build an airport.* In 1993, DNR removed underground fuel tanks at the airport in McGrath, and discovered extensive soil and groundwater contamination. In FY 93, \$42,613 from the Response Fund was appropriated to do a site assessment. In FY 94, \$123,000 from the Fund was appropriated to begin remediation, but this has not been spent while the project's priority is being conducted by DNR, who would be responsible for cost recovery. No drinking water wells appear to be threatened by this contamination but adjacent freshwater habitat may be impacted.

• *We have heard that the Fund was used to build a fish hatchery.* The only project we can identify is a project funded by the Exxon Valdez oil spill restoration fund. As part of the legislation which passed last session appropriating Exxon Valdez oil spill settlement funds (HCS CSSB 183 (FIN)), \$3,250,000 was included for development of a shellfish hatchery on the lower Kenai Peninsula, \$4,000,000 was included for a water delivery system connecting the Anchorage Municipal Water Utility with the Fort Richardson hatchery, and \$2,000,000 was included as a grant to the Prince William Sound Aquaculture Corporation for upgrade of the Main Bay Hatchery.

• *We have heard that only the oil companies pay for all oil and hazardous substance release cleanups.* In fact, all cleanup activities that take place using the Response Fund are subject to cost recovery, even when the activity is overseeing the remediation efforts of the party responsible for the release. Where the state is the responsible party, cost recovery is not sought.

While the responsible party is notified immediately that they will be required to repay the state's costs, demand letters are normally generated at the end of the project, once most or all the state's costs are known. Therefore, it can be several months before a demand letter is sent. For example, Defense Fuels (DFSC) was the responsible party for a spill that occurred in Indian last August. The demand letter, for more than \$64,000, was sent to the DFSC just a few weeks ago.

• *Finally, we have heard that the Response Fund has been mis-managed by DEC, and that it has been used as the Department's "slush fund."* To these charges, I would simply ask that you read the Audit recently completed by the Division of Legislative Audit on the Response Fund (Audit Control Number 18-4463-94). A copy has been sent to you and the members of this committee under separate cover. What the Audit will show you is that in fact the Fund has been used by DEC appropriately and within both the bounds of the statutes which govern it and the appropriations made by the Legislature.

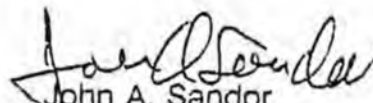
Honorable Bill Williams

-3-

March 15, 1994

I trust this information will be useful to the Committee as it continues its deliberations. If anything additional is needed, please do not hesitate to let me know.

Sincerely,


John A. Sandor
Commissioner

JA/MT/re (CO-COMM\REFUTE.RF)

cc: All Members, House Resources Committee
All Members, Senate Finance Committee
Pat Ryan, Chief of Staff, Office of the Governor
Shelby Stastny, Director, OMB
Raga Elim, Office of the Governor
Dick Eliason, Legislative Liaison, Office of the Governor

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

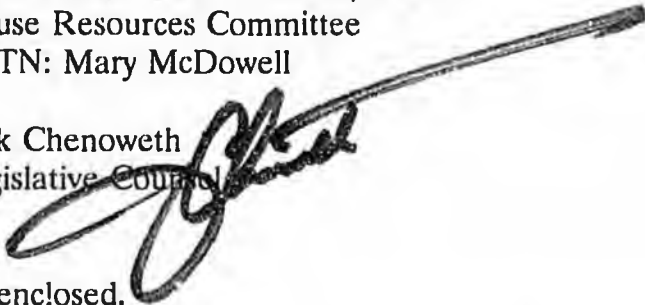
MEMORANDUM

March 29, 1994

SUBJECT: Amendments Z.1 - Z.3 to Draft CSHB 238 (Resources) (Work Order Nos. 8LS-0676\Z.1, Z.2, Z.3)

TO: Representative Bill Williams, Chair
House Resources Committee
ATTN: Mary McDowell

FROM: Jack Chenoweth
Legislative Council



Three amendments are enclosed.

In Z.2, I am troubled that the net effect of these changes is to leave the Oversight Council in the legislative branch, directing requests for money to the Council, but the actual financial support is addressed as a part of the changes proposed in AS 46.08. I guess some modification like that suggested is essential in light of the division of the single fund into two accounts, but it all seems somewhat awkward. Doesn't it seem that way to you?

JBC:gc
94-230.glc

Enclosure

A M E N D M E N T

Z.1

OFFERED IN THE HOUSE

TO: Draft CSHB 238(RES)

Page 11, following line 8:

Insert a new bill section to read:

"* Sec. 21. AS 46.08.010(c) is amended to read:

(c) The fund shall be used for actual expenses incurred under AS 46.08.040 and 46.08.045. Except as provided in AS 46.08.040(a)(2) and 46.08.040(d)(2) [AS 46.08.040(d)(2)], the fund may not be used for capital improvements."

Renumber the following bill sections accordingly.

Page 19, line 15:

Delete "sec. 36"

Insert "sec. 37"

Page 19, line 26, after "this Act":

Insert "and may be appropriated for a purpose described in AS 46.08.040(a)(2), amended by sec. 24 of this Act"

A M E N D M E N T

Z.2.

OFFERED IN THE HOUSE

TO: Draft CSHB 238(RES)

Page 11, following line 8:

Insert a new bill section to read:

** Sec. 21. AS 46.08.010(c) is amended to read:

(c) The fund shall be used for actual expenses incurred under AS 46.08.040. Except as provided in AS 46.08.040(d) [AS 46.08.040(d)(2)], the fund may not be used for capital improvements."

Re-number the following bill sections accordingly.

Page 14, line 18, after "AS 46.04.210;":

Delete "and"

Insert "[AND]"

Page 14, line 20, after "release":

Insert "and

(6) pay for the operation of the Citizens' Oversight Council on Oil and Other Hazardous Substances established by AS 24.20.600"

Page 14, line 28, through page 15, line 1:

Delete

"(1) the Alaska Legislative Council, the commissioner shall use money from the prevention account in the fund to reimburse the Alaska Legislative Council for expenditures that it makes for the operation of the Citizens' Oversight Council on Oil and Other Hazardous Substances, established under AS 24.20.600; and

(2)"

Insert

"[(1) THE ALASKA LEGISLATIVE COUNCIL, THE COMMISSIONER SHALL USE MONEY FROM THE FUND TO REIMBURSE THE ALASKA LEGISLATIVE COUNCIL FOR EXPENDITURES THAT IT MAKES FOR THE OPERATION OF THE CITIZENS' OVERSIGHT COUNCIL ON OIL AND OTHER HAZARDOUS SUBSTANCES, ESTABLISHED UNDER AS 24.20.600; AND

(2)]"

Page 19, line 15:

Delete "sec. 36"

Insert "sec. 37"

A M E N D M E N T

Z.3

OFFERED IN THE HOUSE

TO: Draft CSHB 238(RES)

Page 9, line 23, after "initial":

Insert "and any revision of the"

Page 16, line 28, following "(2)":

Insert "a summary of the activities paid for under AS 46.08.040(a) during the preceding fiscal year;

(3)"

Page 17, line 3:

Delete "(3)"

Insert "(4) [(3)]"

Page 17, line 5:

Delete "(4) [A DETAILED"

Insert "(5) [(4) A DETAILED"

AMENDMENT

Z.4

OFFERED IN THE HOUSE

TO: Draft CSHB 238(RES)

Page 1, line 3, after "substances;":

Insert "repealing the authority in law by which marine highway vessels may be designed and constructed to aid in oil and hazardous substance spill cleanup in state marine water using money in the oil and hazardous substance release response fund;"

Page 11, following line 8:

Insert a new bill section to read:

"* Sec. 21. AS 46.08.010(c) is amended to read:

(c) The fund shall be used for actual expenses incurred under AS 46.08.040 and 46.08.045. Except as provided in AS 46.08.040(a)(2) [AS 46.08.040(d)(2)], the fund may not be used for capital improvements."

Renumber the following bill sections accordingly.

Page 14, line 28:

Delete "(1)"

Insert "[(1)]"

Page 14, line 31:

Delete "; and"

Insert "[; AND]"

Page 15, lines 1 - 9:

Delete all material and insert:

"[(2) THE COMMISSIONER OF TRANSPORTATION AND PUBLIC

FACILITIES, THE COMMISSIONER SHALL TRANSFER MONEY FROM THE FUND TO THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES TO PAY FOR THE CONSTRUCTION OR REFURBISHMENT OF ONE OR MORE VESSELS OF THE ALASKA MARINE HIGHWAY SYSTEM THAT HAVE THE CAPABILITY TO ASSIST IN RESPONDING TO SPILLS OF OIL AND HAZARDOUS SUBSTANCES; IN EXPENDING MONEY IN THE FUND WHOSE USE FOR VESSELS OF THE MARINE HIGHWAY SYSTEM IS AUTHORIZED BY AS 19.65.025 AND THIS PARAGRAPH, THE COMMISSIONER SHALL GIVE PRIORITY TO CONSTRUCTION OF ONE OR MORE NEW VESSELS THAT HAVE THE CHARACTERISTICS REQUIRED BY THIS PARAGRAPH]."

Page 19, line 11, after "* Sec. 36.":

Insert "AS 19.65.025;"

Page 19, line 15:

Delete "sec. 36"

Insert "sec. 37"

Page 19, line 26, after "this Act":

Insert "and may be appropriated for a purpose described in AS 46.08.040(a)(2), as amended by sec. 24 of this Act"

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
410 Willoughby Avenue, Suite 105
Juneau, AK 99801-1795

Telephone No. (907)465-5050
FAX No. (907)465-5070

March 18, 1994

The Honorable Jeannette James
Alaska State House of Representatives
Room 501, State Capitol Building
Juneau, AK 99801-1182

Dear Representative James:

Thank you for your interest in response fund issues and for taking the time to express your concerns and questions to me. My letter will provide information you have asked for concerning long-term plans for emergency response depots and volunteer corps and contaminated sites.

In State statutes, the responsibility for establishing and managing the depots and corps rests with the Department of Military and Veterans Affairs (DMVA). I encourage you to contact DMVA directly for their response to this issue. Since our Department has worked with DMVA on this project over the years because of our responsibility to lead the State's response efforts for oil and hazardous substance spills, we are providing the following information as our best estimate at this time.

For the last two years, the Department of Environmental Conservation (DEC) has been working on the "Nearshore Demonstration Project" which was created by the Legislature in our FY 93 budget to develop a prototype nearshore oil spill response equipment package. This project will culminate in the deployment of two different equipment packages -- one for open water, crude spills and the other for inside passage, non-crude spills -- during April and May of this year for testing and evaluation. We expect to have the evaluation completed with recommendations for additional kinds of units not long after the tests. Based on the information we have developed so far, I am providing you estimates for coastal oil spill response packages that could be strategically placed around the State.

One unit, designed for open water coastal areas, consists of a small barge (to receive the product collected), deflection boom, and a skimmer designed to be operated by fishing vessels of opportunity. The estimated unit purchase price for

one of these is \$500,000. Annual operations and maintenance cost will vary by location but can be estimated at \$150,000 each. We think that there could be as many as a dozen sites around the State -- not covered by government or industry, but where spill risk exists -- where this kind of unit could be located. This results in a total purchase price of \$6 million with an annual estimated cost of \$1.8 million.

The other unit we have been working on is a rapid response vessel capable of moving equipment to a spill site in protected waters (like Southeast Alaska). The purchase price of these would be about \$250,000 each with an annual operation and maintenance cost of \$100,000 each. These units could be deployed in about 10 locations in Southeast Alaska and several each in Bristol Bay, Norton Sound and Kotzebue Sound, as well as throughout the Yukon and Kuskokwim Rivers. If the Legislature were to support purchase of 20 of these items, that costs out to \$5 million purchase price and \$2 million annual operations and maintenance.

Through local response agreements, DEC will be entering into partnership with local communities for responding to the routine spills (DEC receives about 2,000 reports of spills annually -- typically, all are non-disaster emergencies.). We will supply local communities with a basic, "first aid" response equipment capability and use the Response Fund ("470 Fund") to pay for the community costs to respond to these kinds of spills. Currently, we have a \$400,000 capital budget request to start the program for FY 95. We estimate that a total of \$1 million would cover this arrangement and we could seek cost recovery from spillers to maintain that capability in the future.

The Kenai Borough has put together an unsolicited request this year for a direct appropriation from the Response Fund to outfit a hazmat team for \$250,000. This amount does not include personnel costs, operations and maintenance, nor training. Their price tag for equipment seems reasonable, although we were not involved in developing the list. Once the statewide hazards analysis is completed, the State will have the specific information needed to identify the appropriate locations for these teams. My best guess at this time is these hazmat teams could be targeted for Fairbanks, Anchorage, Kenai, Juneau and Ketchikan. The total cost to establish these would be \$1.25 million. The annual training, operations and maintenance, and personnel costs are unknown, but these could be considered the local match.

You have also asked, "When are contaminated sites going to be cleaned up and what will it cost?" The following should answer your questions regarding the Department's role in cleaning up a contaminated site, the time it takes to cleanup a site, and the associated cost to the State.

What does the Department do with contaminated sites?

A contaminated site is a location where there has been a past improper discharge

or disposal of a hazardous substance that could threaten public health or the environment.

The Department oversees the investigation and cleanup of contaminated sites by the responsible party. By overseeing the responsible party's cleanup, the Department can assure Alaskans that the source of contamination has been removed, and that any remaining contamination is below levels that will harm the public or the environment. A strong oversight program conveys to the responsible parties their obligation under State law to clean up their contaminated site.

In addition to responsible party oversight, the Department directly cleans up sites where the responsible party cannot be found or is unwilling or incapable to do the cleanup directly. At these sites, the State hires and supervises term contractors who do the actual investigation and cleanup.

How long will it take to clean up contaminated sites?

The length of time needed to fully assess and clean up an average contaminated site ranges from three to five years. Very simple sites could take less time, while the most complex sites may take much longer. The number of contaminated sites is constantly changing. New sites are discovered and brought to the Department's attention and active sites are cleaned up. We estimate it would take 21 years to clean up the current inventory of 1051 sites and an additional 920 sites which we estimate will be discovered during that period and will need cleanup. Some sites are virtually impossible to clean up cost effectively or require only monitoring while Mother Nature does the job.

Sites that are expected to be added to the inventory in the future include:

- o The Department of Defense (DOD) has estimated it will spend \$1.1 billion to clean up the contaminated military sites in Alaska. To date, 350 sites have been discovered and we estimate an additional 90 sites will be discovered as a result of the high priority DOD has placed on the site discovery process over the next two years.
- o Discovery of approximately 500 contaminated sites is expected to result from the current initiative to bring rural bulk fuel tank facilities into compliance with federal and State spill prevention requirements.
- o Liability for contaminated properties will continue to cause buyers and sellers of real estate to practice due diligence and assess the property prior to completing a land transaction. These assessments are estimated to result in the discovery of 330 contaminated properties.

What will it cost the State to clean up contaminated sites?

Over the next 21 years at current staffing levels, cleanup standards, and technological abilities, we estimate it will cost the State approximately \$220 million to cleanup all the contaminated sites that have been discovered to date and sites which are expected to be discovered. The table below lists the number of sites, average cost per site, and total cost over the next twenty one years to cleanup each type of contaminated site. One of the reasons we support a strong Research and Development program is because we can continue to help reduce these costs with more effective technology.

Projected Contaminated Sites Cleanup Costs

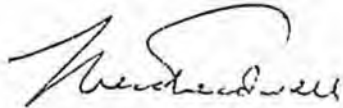
Type of Site	Number	Average State Cost/Site	21 Year Total Cost
RP	836	\$23,429	\$19,586,923
Federal	450	26,566	11,954,700
Orphan	88	644,450	56,711,600
Rural Bulk Orphan	100	644,450	64,154,998
RPs	398	23,429	9,329,561
State Owned	97	600,000	58,200,000
Total	1,969		\$219,937,781

The actual cost to the State differs by the type of contaminated site. The greatest cost to the State is for cleanup of sites where a responsible party is unable or unwilling to clean up or where the State is the responsible party. Where the Department oversees the cleanup of a site by the responsible party the cost to the State is much less. The Department's oversight of federal sites has the least cost to the State since the Department receives federal funds for this work under a cooperative agreement with DOD.

In addition to the contaminated sites situation described above, the Department also manages an underground storage tank program which is funded by the Storage Tank Assistance fund, not the Response Fund. Revenue for the Fund comes from the Mitigation Account of the General Fund and collection of registration fees. It is used to make grants and loans available to owners and operators of underground storage tanks for tank testing, closure, upgrade, and cleanup activities. Currently there are 826 unfunded requests for \$43 million in financial assistance. The Administration is working with the Legislature to apply a 1 penny per gallon motor fuel tax for appropriation to the Storage Tank Assistance Fund to replace the mitigation account in the future.

We are sharing this letter with other members of the House Resources Committee.
Thank you for asking.

Sincerely,



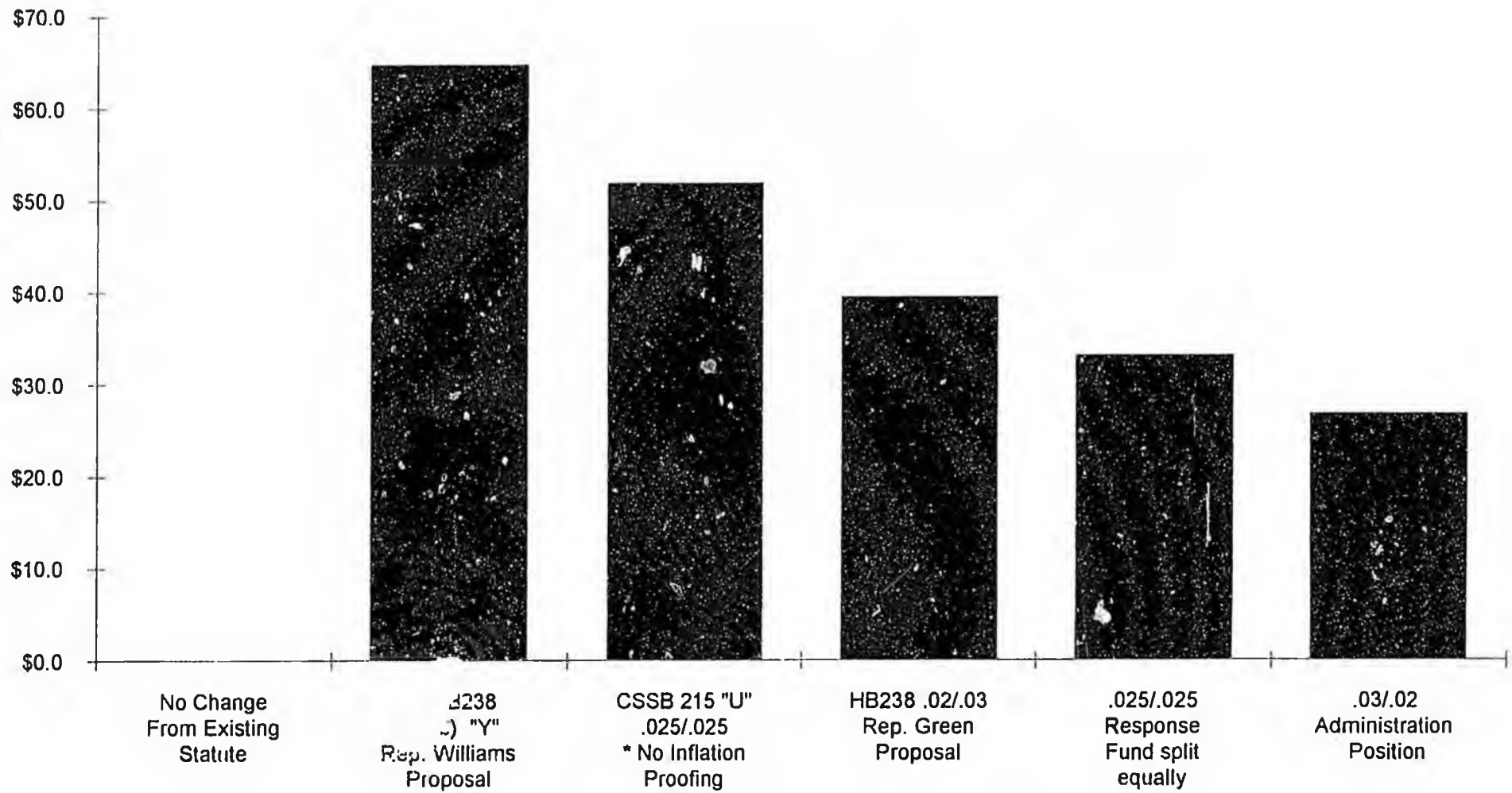
Mead Treadwell
Deputy Commissioner

MAC/jsg (G:\SPAR\MAC\REP.JIM)

cc: House Resources Committee Members

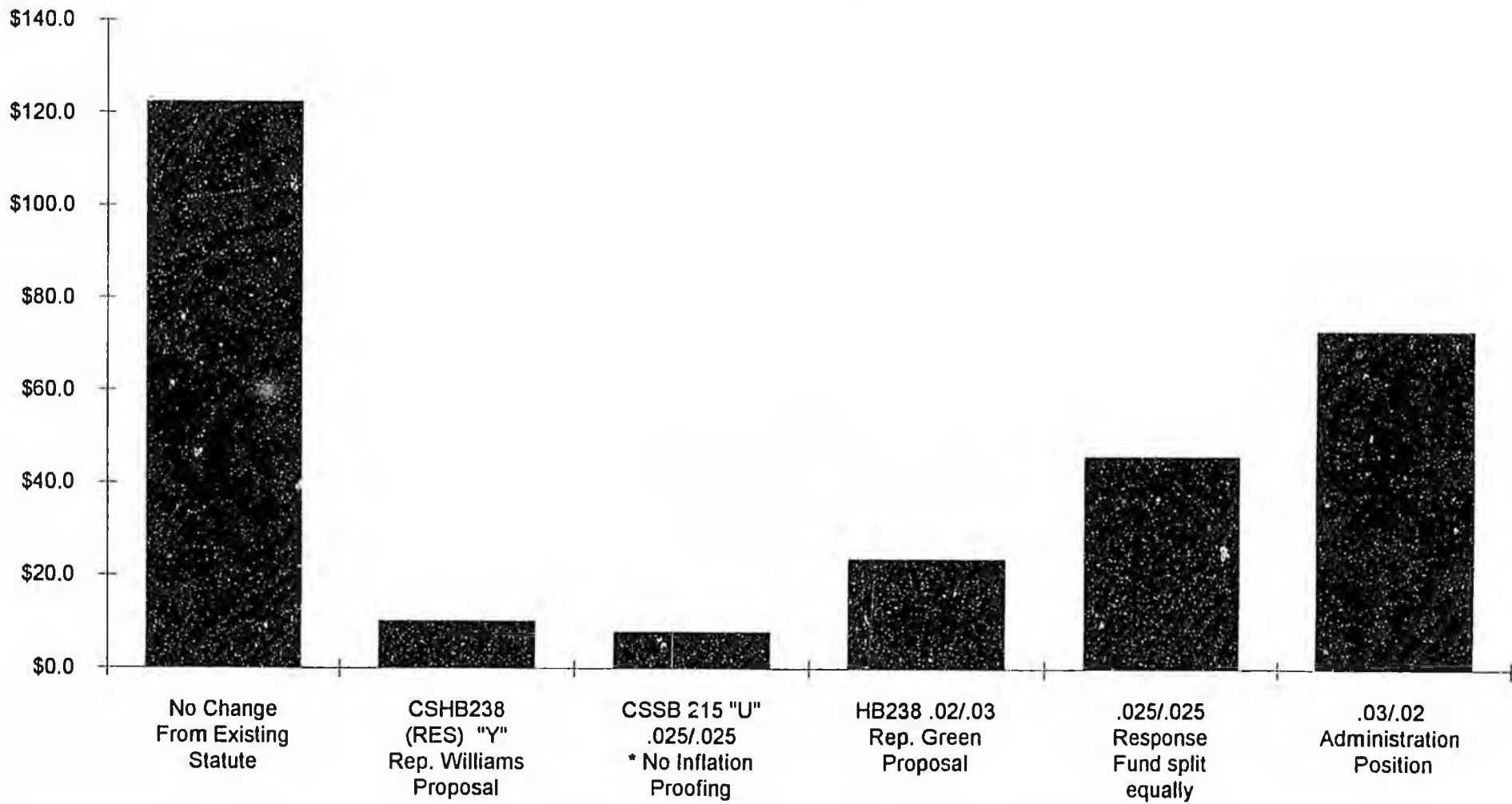
Representative Bill Williams, Chair
Representative Bill Hudson
Representative Con Bunde
Representative Joe Green
Representative Eldon Mulder
Representative David Finklestein
Representative Pat Carney
Representative John Davies
John A. Sandor, Commissioner, Department of Environmental Conservation
Major General Hugh L. Cox III, Commissioner, Department of Military and
Veterans Affairs

Response Fund Restructuring Options Initial Financial Benefit to Surcharge Payee

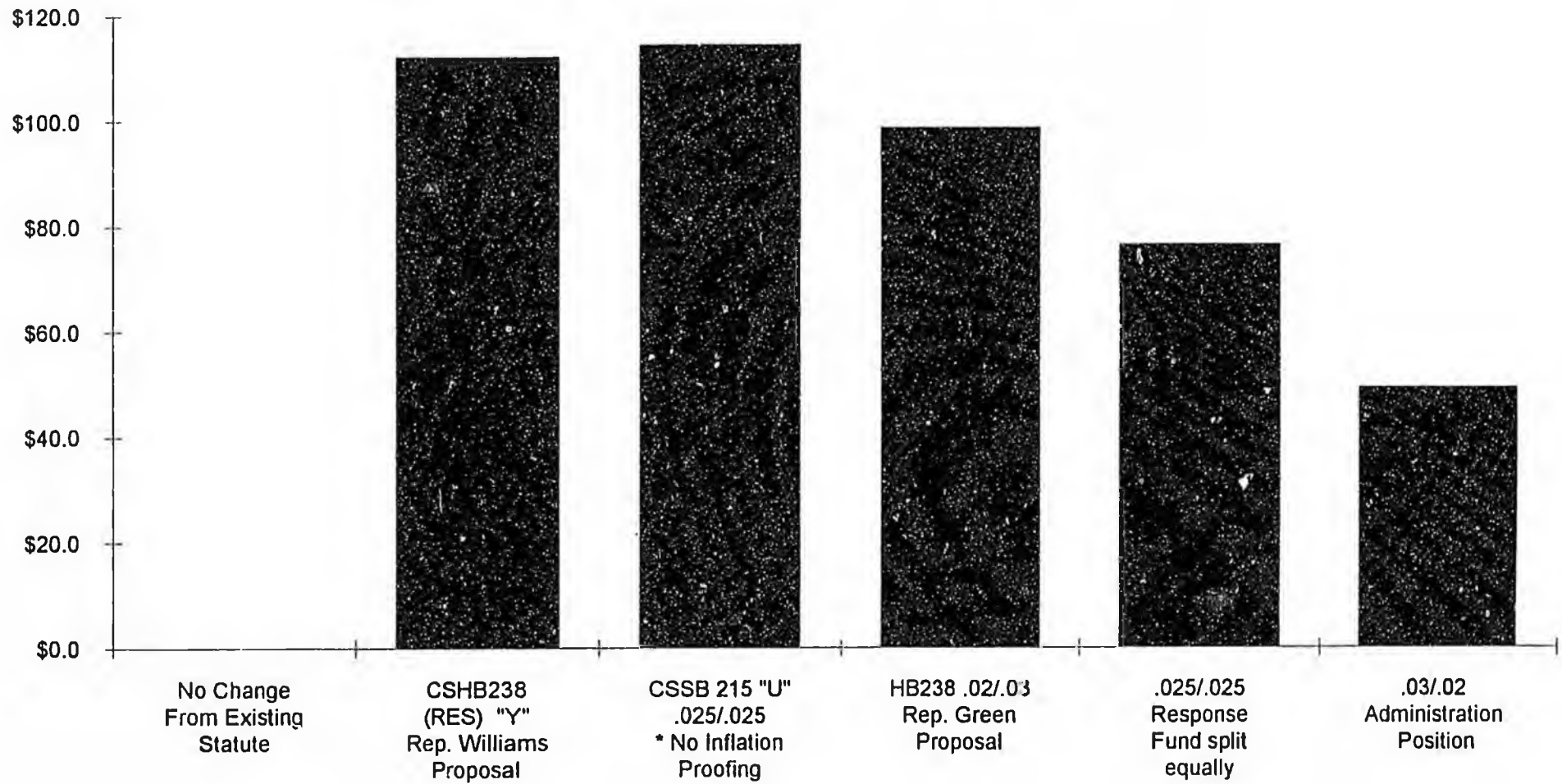


↑
also pertains to version "Z"

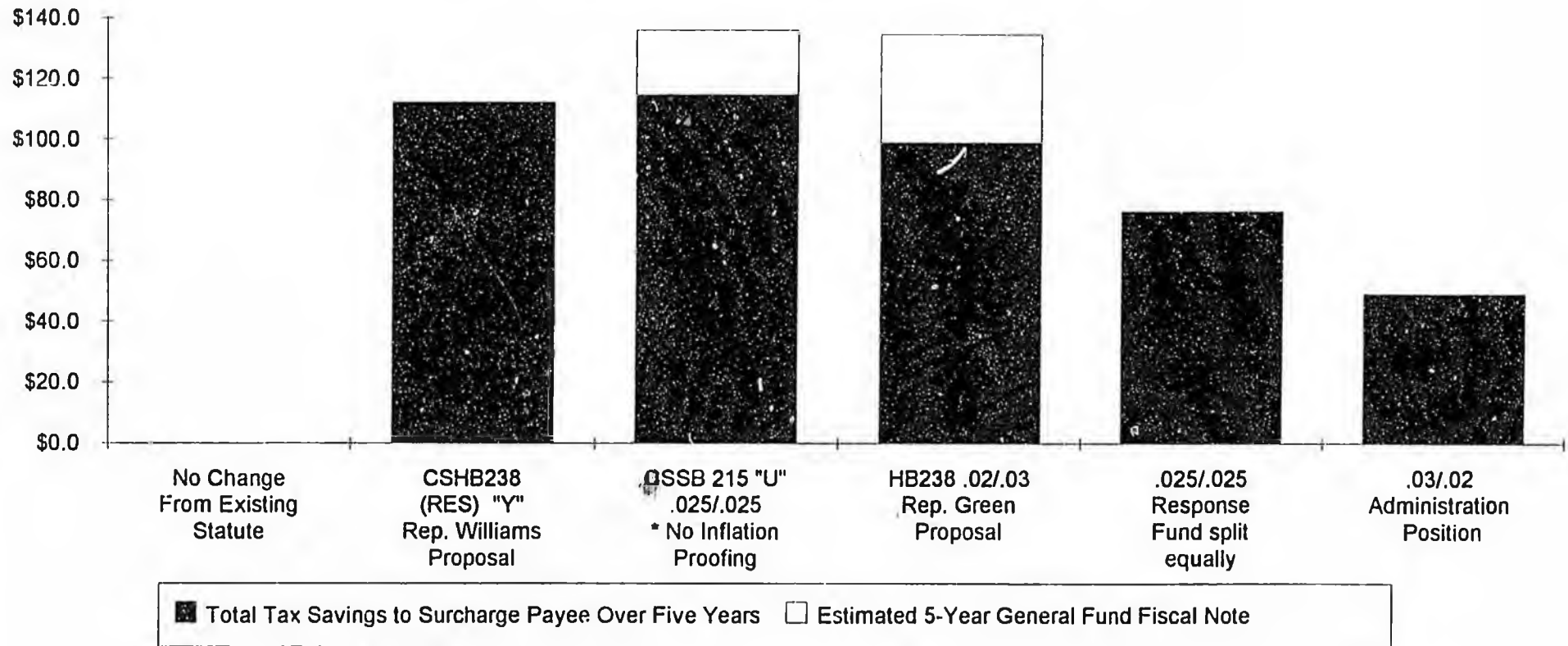
**Response Fund Restructuring Options
Total Net Cost to Surcharge Payees Over 5 Years**



**Response Fund Restructuring Options
Total Tax Savings to Surcharge Payee Over Five Years
When Compared to No Change to Existing Statute**



**Response Fund Restructuring Options
 Total Cost to the State of Alaska Over Five Years
 Total Tax Savings to Surcharge Payee
 Combined With Additional General Funds Required**



Response Fund Restructuring Options

	No Change From Existing Statute	CSHB238 (RES) Version "Y" Rep. Williams Proposal	SB 215 Version "U" .025/.025 entire Response Fund to Catastrophic Acct. * No Inflation Proofing	Original HB238 .02- Abatement Acct./ .03- Catastrophic Acct. Rep. Green Proposal	.025- Abatement Acct./ .025- Catastrophic Acct. Response Fund split evenly	.03-Abatement Acct./ .02- Catastrophic Acct. Administration Position
Fiscal Year 1995						
Initial Benefit to Surcharge Payee	\$0.0	\$64.7	\$51.8	\$39.4	\$33.1	\$26.8
Beginning Balance of Response Fund	\$63.2	\$63.2				
Beginning Balance of Spill Account			\$50.3	\$37.9	\$31.6	\$25.3
Beginning Balance of Abatement Account			\$12.9	\$25.3	\$31.6	\$37.9
Total .05 Surcharge Collected in FY95	\$26.2	\$26.2				
Total Spill Surcharge Collected in FY95			\$0.0	\$15.7	\$13.1	\$10.5
Total Abatement Surcharge Collected in FY95			\$13.1	\$10.5	\$13.1	\$15.7
Prevention & Response Prgm. All Agencies	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Forward Funding for FY96 Program		\$13.5				
Surcharge Tax Credit		\$11.9				
Ending Balance of Response Fund	\$48.9	\$48.9				
Ending Balance of Spill Account			\$50.3	\$37.9	\$31.6	\$24.5
Ending Balance of Abatement Account			(\$1.4)	\$11.0	\$17.3	\$24.4
Total Cost to Surcharge Payee	\$26.2	(\$50.4)	(\$39.0)	(\$13.5)	(\$7.2)	(\$0.9)
Suspension and Reimposition Calculation	(\$6.1)	\$50.0	\$50.8	\$53.9	\$45.0	\$35.3
Fiscal Year 1996						
Beginning Balance of Response Fund	\$75.1	\$63.5				
Beginning Balance of Spill Account			\$50.6	\$53.9	\$45.0	\$35.3
Beginning Balance of Abatement Account			\$11.7	\$21.5	\$30.4	\$40.1
Total .05 Surcharge Collected in FY96	\$25.3	\$25.3				
Total Spill Surcharge Collected in FY96			\$0.0	\$0.0	\$6.3	\$10.1
Total Abatement Surcharge Collected in FY96			\$12.7	\$10.1	\$12.7	\$15.2
Prevention & Response Prgm. All Agencies	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Forward Funding for FY97 Program		\$13.9				
Surcharge Tax Credit		\$10.5				
Ending Balance of Response Fund	\$60.7	\$48.8				
Ending Balance of Spill Account			\$50.6	\$53.9	\$45.0	\$34.5
Ending Balance of Abatement Account			(\$3.0)	\$6.8	\$15.7	\$26.2
Total Cost to Surcharge Payee	\$25.3	\$14.5	\$12.4	\$9.8	\$18.7	\$25.0
Suspension and Reimposition Calculation	\$4.5	\$50.0	\$50.9	\$54.2	\$51.8	\$44.9

Response Fund Restructuring Options

	No Change From Existing Statute	CSHB238 (RES) Version "Y" Rep. Williams Proposal	SB 215 Version "U" .025/.025 entire Response Fund to Catastrophic Acct. * No Inflation Proofing	Original HB238 .02- Abatement Acct./03- Catastrophic Acct. Rep. Green Proposal	.025- Abatement Acct./025- Catastrophic Acct. Response Fund split evenly	03-Abatement Acct./02- Catastrophic Acct. Administration Position
Fiscal Year 1997						
Beginning Balance of Response Fund	\$86.0	\$63.9				
Beginning Balance of Spill Account			\$50.9	\$54.2	\$51.6	\$44.9
Beginning Balance of Abatement Account			\$9.6	\$16.9	\$28.3	\$41.4
Total .05 Surcharge Collected in FY97	\$24.8	\$24.8				
Total Spill Surcharge Collected in FY97			\$0.0	\$0.0	\$0.0	\$7.4
Total Abatement Surcharge Collected in FY97			\$12.4	\$9.9	\$12.4	\$14.9
Prevention & Response Prgm. All Agencies	\$14.3	\$14.3	\$14.3	\$14.3	\$14.3	\$14.3
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Forward Funding for FY98 Program		\$14.3				
Surcharge Tax Credit		\$9.6				
Ending Balance of Response Fund	\$71.2	\$48.8				
Ending Balance of Spill Account			\$50.9	\$54.2	\$51.6	\$44.1
Ending Balance of Abatement Account			(\$5.5)	\$1.8	\$13.2	\$27.1
Total Cost to Surcharge Payee	\$24.8	\$14.9	\$12.1	\$9.6	\$12.1	\$22.0
Suspension and Reimposition Calculation	\$14.2	\$50.0	\$51.2	\$54.5	\$51.9	\$51.8
Fiscal Year 1998						
Beginning Balance of Response Fund	\$96.0	\$64.3				
Beginning Balance of Spill Account			\$51.2	\$54.5	\$51.9	\$51.8
Beginning Balance of Abatement Account			\$6.9	\$11.7	\$25.6	\$42.0
Total .05 Surcharge Collected in FY98	\$23.8	\$23.8				
Total Spill Surcharge Collected in FY98			\$0.0	\$0.0	\$0.0	\$0.0
Total Abatement Surcharge Collected in FY98			\$11.9	\$9.5	\$11.9	\$14.3
Prevention & Response Prgm. All Agencies	\$14.8	\$14.8	\$14.8	\$14.8	\$14.8	\$14.8
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Forward Funding for FY99 Program		\$14.8				
Surcharge Tax Credit		\$8.1				
Ending Balance of Response Fund	\$80.7	\$48.8				
Ending Balance of Spill Account			\$51.2	\$54.5	\$51.9	\$51.0
Ending Balance of Abatement Account			(\$8.6)	(\$3.9)	\$10.1	\$27.2
Total Cost to Surcharge Payee	\$23.8	\$15.4	\$11.6	\$9.2	\$11.6	\$14.0
Suspension and Reimposition Calculation	\$22.4	\$50.0	\$51.5	\$54.8	\$52.2	\$51.3

Response Fund Restructuring Options

	No Change From Existing Statute	CSHB238 (RES) Version "Y" Rep. Williams Proposal	SB 215 Version "U" .025/.025 entire Response Fund to Catastrophic Acct. * No Inflation Proofing	Original HB238 .02-Abatement Acct./ .03-Catastrophic Acct. Rep. Green Proposal	.025-Abatement Acct./ .025-Catastrophic Acct. Response Fund split evenly	.03-Abatement Acct./ .02-Catastrophic Acct. Administration Position
Fiscal Year 1999						
Beginning Balance of Response Fund	\$104.5	\$64.8				
Beginning Balance of Spill Account			\$51.5	\$54.8	\$52.2	\$51.3
Beginning Balance of Abatement Account			\$3.3	\$5.6	\$22.0	\$41.5
Total .05 Surcharge Collected in FY99	\$22.4	\$22.4				
Total Spill Surcharge Collected in FY99			\$0.0	\$0.0	\$0.0	\$0.0
Total Abatement Surcharge Collected in FY99			\$11.2	\$9.0	\$11.2	\$13.4
Prevention & Response Prgm. All Agencies	\$15.2	\$15.2	\$15.2	\$15.2	\$15.2	\$15.2
Estimated Spill Reserve Use	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Estimated Cost Recovery	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Forward Funding for FY00 Program		\$15.2				
Surcharge Tax Credit		\$6.3				
Ending Balance of Response Fund	\$88.8	\$48.8				
Ending Balance of Spill Account			\$51.5	\$54.8	\$52.2	\$50.5
Ending Balance of Abatement Account			(\$12.7)	(\$10.4)	\$6.0	\$26.3
Total Cost to Surcharge Payee	\$22.4	\$15.8	\$10.9	\$8.7	\$10.9	\$13.1
Suspension and Reimposition Calculation	\$28.8	\$50.0	\$51.8	\$55.1	\$52.5	\$50.8
Total Net Cost - 5 Years (no discount)	\$122.5	\$10.3	\$8.0	\$23.8	\$46.1	\$73.3
Total Net Cost After Tax Effect (40% tax)	\$73.5	\$6.2	\$4.8	\$14.3	\$27.6	\$44.0
Total Tax Savings to Surcharge Payee Over Five Years	\$0.0	\$112.2	\$114.6	\$98.7	\$76.4	\$49.2
Estimated 5-Year General Fund Fiscal Note	\$0.0	\$0.0	\$21.5	\$35.8	\$0.0	\$0.0
Total Cost to State of Alaska Over 5 Years	\$0.0	\$112.2	\$136.1	\$134.5	\$76.4	\$49.2

STATE OF ALASKA

WALTER J. HICKEL GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
410 WILLOUGHBY AVENUE, SUITE 105
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Phone: (907) 465-5050
Fax: (907) 465-5070

March 16, 1994

The Honorable Bill Williams
Chairman, House Resources Committee
Capitol Building
Juneau, AK 99801

Dear Representative Williams:

Legislative Audit recently completed its review of the Oil and Hazardous Substance Release Response Fund (470 Fund). The Department appreciated the work of the auditors, and their commitment to understanding the Fund and both its historical and current statutory rules.

A copy of that Audit has been previously sent to you for your review. While it contains a wealth of information, we would like to direct your attention to the Auditor's Comments beginning on page 33:

"DEC is already dangerously close to having to implement statute with limited resources. Any reduction of staff positions in the Spill Prevention and Response (SPAR) division will jeopardize the likelihood of a successful prevention program. AOSC [the Alaska Oil Spill Commission] addressed this same problem in their final report on the events leading up to the Exxon Valdez grounding, 'Rigor flagged, complacency took root. Prevention was neglected with disastrous results.'

"We wonder whether complacency is again taking root. Program consequences must be considered when SPAR funding is reduced. SPAR needs to be funded at least at the current level to maintain its ongoing operations. However, if the legislature decides to reduce funding for SPAR then statutes should be amended or repealed so that required programs can be eliminated. Reduction of funding alone does not eliminate a department's duty to fulfill statute."

House Resources Committee

March 16, 1984

Page 2

The Department of Environmental Conservation looks forward to working with the House Resources Committee on how to best address the recommendations of the Audit.

Sincerely,



John A. Sandor
Commissioner

JA/ch

cc: All Members, House Resources Committee

Walter J. Hickel
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FAX No. (907)465-5070

March 15, 1994

The Honorable Bill Williams
Chairman, House Resources Committee
Room 128, Capitol Building
Juneau, AK 99801

Dear Representative Williams:

I want to thank you for the amount of time you have given to HB 238, and the issues surrounding the Oil and Hazardous Substance Release Response Fund. Throughout the hearings, the public testimony has been at times pointed, but reflective of a concern that deserves the attention you have given it.

There have been a number of statements (paraphrased below in italics) made regarding the uses to which the Fund has been put that require clarification.

• *We have heard that the Fund has been used to cleanup a campground.* In fiscal year 1993, \$38,000 from the Response Fund was appropriated to DNR to address drinking water contamination at the Tok River Campground. A water sample showed 0.35 ppm (parts per million) petroleum hydrocarbons and trace amounts of xylene, and the source was suspected to be an old military fuel line between Haines and Fairbanks. Because this site is owned by the state and is used by both residents and tourists, it was included in the state owned contaminated sites to be addressed through the State Memorandum of Agreement. Whether the military fuel line is the source of contamination and the federal government is responsible for the associated cleanup costs has not yet been determined. If it is, we will seek cost recovery.

• *We have heard that the Fund was used to cleanup a greenhouse.* The state, through DNR, leased land for a commercial greenhouse in Soldotna. In 1984, the site was foreclosed upon, and management reverted back to DNR. The site is contaminated with dioxin, PCB, lead, and pesticides. There are also miscellaneous drums of waste oil. Starting in FY 90 under Kenai Special Projects funding (which were general funds) and continuing through FY 94, a total of \$306,191 has been spent on remediation, with \$219,000 coming from the Response Fund. There have been no funds expended on the construction of the greenhouse, as has been implied. All funds were expended on site assessment and cleanup of hazardous substances. The responsible party is insolvent.

Honorable Bill Williams

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March 15, 1994

- *We have heard that the Fund was used to build an airport.* In 1993, DNR removed underground fuel tanks at the airport in McGrath, and discovered extensive soil and groundwater contamination. In FY 93, \$42,613 from the Response Fund was appropriated to do a site assessment. In FY 94, \$123,000 from the Fund was appropriated to begin remediation, but this has not been spent while the project's priority is being conducted by DNR, who would be responsible for cost recovery. No drinking water wells appear to be threatened by this contamination but adjacent freshwater habitat may be impacted.
- *We have heard that the Fund was used to build a fish hatchery.* The only project we can identify is a project funded by the Exxon Valdez oil spill restoration fund. As part of the legislation which passed last session appropriating Exxon Valdez oil spill settlement funds (HCS CSSB 183 (FIN)), \$3,250,000 was included for development of a shellfish hatchery on the lower Kenai Peninsula, \$4,000,000 was included for a water delivery system connecting the Anchorage Municipal Water Utility with the Fort Richardson hatchery, and \$2,000,000 was included as a grant to the Prince William Sound Aquaculture Corporation for upgrade of the Main Bay Hatchery.
- *We have heard that only the oil companies pay for all oil and hazardous substance release cleanups.* In fact, all cleanup activities that take place using the Response Fund are subject to cost recovery, even when the activity is overseeing the remediation efforts of the party responsible for the release. Where the state is the responsible party, cost recovery is not sought.

While the responsible party is notified immediately that they will be required to repay the state's costs, demand letters are normally generated at the end of the project, once most or all the state's costs are known. Therefore, it can be several months before a demand letter is sent. For example, Defense Fuels (DFSC) was the responsible party for a spill that occurred in Indian last August. The demand letter, for more than \$64,000, was sent to the DFSC just a few weeks ago.

- *Finally, we have heard that the Response Fund has been mis-managed by DEC, and that it has been used as the Department's "slush fund."* To these charges, I would simply ask that you read the Audit recently completed by the Division of Legislative Audit on the Response Fund (Audit Control Number 18-4463-94). A copy has been sent to you and the members of this committee under separate cover. What the Audit will show you is that in fact the Fund has been used by DEC appropriately and within both the bounds of the statutes which govern it and the appropriations made by the Legislature.


Honorable Bill Williams

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March 15, 1994

I trust this information will be useful to the Committee as it continues its deliberations. If anything additional is needed, please do not hesitate to let me know.

Sincerely,


John A. Sandor
Commissioner

JA/MT/re (CO-COMM\REFUTE.RF)

- cc: All Members, House Resources Committee
- All Members, Senate Finance Committee
- Pat Ryan, Chief of Staff, Office of the Governor
- Shelby Stastny, Director, OMB
- Raga Elim, Office of the Governor
- Dick Eliason, Legislative Liaison, Office of the Governor

1337 Virginia Court
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March 9, 1994

Representative Bill Williams
Chairman, House Resources Committee
Alaska Legislature
Juneau, AK 99811

Dear Representative Williams:

I am writing on HB 238. I have been an environmental consultants for the past 18 years and wrote the State of Alaska's Oil and Hazardous Substance Spill Master Plan. While proud of that effort, I know the result will be just another useless document gathering dust on the shelf if the 470 Fund is significantly changed as some legislators are proposing.

Of all the proposed legislative fixes to perceived 470 Fund problems, yours (Version Y) is the best, or least objectionable, but before discussing its merits and demerits, it's important to examine some of the assumptions driving all of these proposals.

Assumption 1: The 470 Fund unfairly lumps oil with other hazardous substances.

Oil may be the current lifeblood of Alaska's economy, but it is a hazardous substance. Furthermore, its extraction and production creates the bulk of the state's other hazardous substances including highly toxic drilling wastes, wastewater, and spent drilling equipment that is radioactive. The oil we are discussing is not something we put on our salads. Crude oil is a hazardous substance which is why, in 1989 in the wake of the Exxon Valdez Oil Spill, the Legislature amended the existing 470 Fund to include oil spill prevention and response.

Assumption 2: The proposed legislation will correct problems with the 470 Fund and improve spill response and prevention.

In fact, the so-called problems with the 470 Fund are largely a myth created by the oil industry. What abuses have occurred have already been addressed and corrected administratively by the Alaska Department of Environmental Conservation. The proposed legislation is nothing more than a tax-break for a few of the world's richest and most powerful multi-national corporations.

Assumption 3: Consumers should pay more of their share for oil spill prevention and response.

Some legislator actually said this in today's hearing. What planet does he live on? Consumers already do pay for all these costs. The oil industry passes on all costs to consumers and add a little extra for a tidy profit, that's how they stay in business. They even pass on costs for lobbying legislators and for misleading television ads depicting themselves as responsible corporate citizens at the mercy of fickle bureaucrats and elected officials and rabid environmentalists. By giving the Oil Industry yet another tax-break, the proposed legislation would do would shift more of the environmental protection burden from the bulk of the consumers--those in the lower '48-- onto Alaskan consumers. Are your sure you want to be doing this in an election year?

Assumption 4: The legislation is designed to improve spill prevention and response in Alaska.

If this were the case, the Legislature would be holding hearings on the frightening pattern of oil spills and failure of oil spill prevention and detection equipment. Moreover, the Legislature would be holding hearings on how to fund and equip response depots and volunteer response organizations.

Let's be honest, the proposed legislation began as a tax-break for the oil industry. It strikes me as strange that the Legislature would be considering tax-breaks for an industry that still owes billions of dollars in back-taxes, and in some cases has for more than a decade!

I know that the legislature sincerely intends to address Alaska's fiscal crisis next year, after re-election. However, I seriously doubt that giving the oil industry a tax-break this year is going to be in anybody's interest, that includes the industry's and the Legislature's.

The various versions of the Legislation now before us are little more than variations of a Creature from the Black Lagoon. It's particularly ironic that EXXON, the people who brought us this particular Black Lagoon in the first place, are the ones pushing this legislation the hardest. Sure, they'd like to pretend the Exxon Valdez Oil Spill never happened. Most Alaskans wish the Exxon Valdez Spill never happened, but it did. And it will again and with the same or worse consequences, unless the Legislature exercises some restraint and leadership on this issue.

Assumption 5: The Industry needs and deserves tax-relief.

I haven't heard one Oil Industry lobbyist testify in all of the hearings thus far that the industry either needs or deserves tax relief. The reason why they haven't is because they are continuing to make money hand over fist on Alaskan oil. Instead, they say that the way the 470 Fund is structured is unfair. The industry may not want to pay money to an agency that watchdogs

it, but isn't paying the cost of doing business the basic tenet of the user-fee approach to government services advanced by Republicans and other self-proclaimed "fiscal conservatives"?

With all the problems facing the State, its incredible how much attention the Legislature is giving to fixing what isn't broken, the 470 fund. When one closely examines the assumptions underlying the "need" to "reform" the 470 Fund, it becomes apparent that the entire exercise is unwarranted. Here is a monster that deserves a quick and peaceful death.

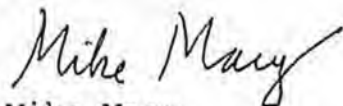
The Versions of HB 238

Having said all this, I will say that if we have to have any legislation, then I would support your "Y" version, Chairman Williams. I appreciate your attempt to make this oil-industry tax reduction less odious to the Alaskan people. Unlike Representative Joe Green's "S" version, or the original HB 238, your "Y" version, Chairman Williams, will at least allow ADEC to continue to use the 470 Fund to prevent and respond to spills. Unlike Representative Joe Green's "S" version, your "Y" version will not place insufferable burdens on municipalities and rural communities simply to give an unnecessary and unwarranted tax break to the wealthiest and most profitable multi-national corporations on the planet.

Public Process

I've gone to two hearings now where I didn't have a chance to testify. The first, a senate hearing was adjourned without hearing any testimony when the Chair realized there weren't any "Industry" people there to testify. Today, your committee ran out of time, but you suggested that your committee would revisit the issue to hear from "Industry". Both as a citizen and as a self-employed businessperson taking time away from his own livelihood without any compensation, I am appalled at this attitude. This makes a mockery of public process and further tarnishes the Legislature's image. Just whose government do legislators swear to uphold down there in Juneau, the people's, or the Big Peoples?

Sincerely,



Mike Macy

cc: Resource Committee Members, Reps. Phillips & Toohy

MICHAEL J. FRANK
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March 9, 1994

Representative Bill Williams
Chairman, House Resources Committee
Alaska Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Rep. Williams:

I attended the Resources Committee hearing today on legislation concerning the so-called "470 fund", but had to leave before I had a chance to testify. Therefore, I would appreciate it if you shared the following comments with other members of the committee.

I am opposed to current attempts to amend the 470 fund statutes. Instead, I think the Legislature should eliminate the \$50 million cap entirely, and expand the purposes of the fund.

I think the cap should be eliminated because in The Exxon Valdez Oil Spill Final Report, State of Alaska Response, ADEC (June 1993), it is made clear that \$50 million would not nearly have been enough to cover the out of pocket costs to the state arising from the T/V Exxon Valdez oil spill:

The state received just under \$80 million from Exxon in reimbursements based on state billings during the three years of the response. An additional \$27 million in unbilled expenses were repaid to the state treasury out of the \$1 billion state-federal claims settlement with Exxon, and at this writing (spring, 1993) roughly \$30 million in additional reimbursement is outstanding.

Id., p. 23. In total, therefore, out of pocket costs for state government easily exceeded \$137 million, for which the state had to seek reimbursement from Exxon. Had Exxon been unwilling to enter into a reimbursement agreement shortly after the spill, the state would have faced years of litigation to recover its oversight expenses. As it was, the state's expenditures for attorney's fees were not reimbursed until the \$1 billion Exxon settlement, and in any case only "hard", easily provable expenses were reimbursed.

Moreover, had the spiller not been Exxon, but a shell tanker "corporation" unwilling to perform any clean up, the state would have had to use general fund (or Permanent Fund) dollars to clean up the spill. This could easily have cost billions of dollars. Only after clean up would the state have been able to seek reimbursement and only following years of litigation. (The current financial responsibility laws do not create a clean up fund the state can tap into. They only guarantee that some minimal amount of money will be available to satisfy a judgment in the event the owner/operator/spill discharger disappears or is bankrupt.)

In light of this Exxon Valdez history, the \$50 million cap is much, much too low.

I also think the Legislature should expand the 470 fund to include a reserve for expenditures the state will have in decommissioning TAPS when the North Slope oil fields run dry. Under the TAPS tariff Settlement Agreement, the TAPS owners have been allowed to charge off literally tens of millions of dollars to their own "reserve" which they purportedly intend to draw from to pay expenses for decommissioning TAPS and restoring the right-of-way, as is required by state and federal leases with Aiyeska. The state, so generous with the TAPS owners and *their* need for a reserve, has in contrast set aside no moneys to pay for state oversight expenses during TAPS's decommissioning. The 470 fund provides a vehicle for creating just such a reserve. The Legislature should have at least the same foresight as the TAPS's owners have had in planning for the day when considerable sums of money will be needed to oversee restoration of the environment that TAPS now occupies.

I agree with comments made by RCAC chair Stan Stephens and others critical of the particulars of the pending legislation. While I appreciate your own effort in offering a better bill than Representative Green's, I simply do not see the need to satisfy the Prudhoe Bay producers' demand for relief from a tax which in any event is passed on to all American consumers of TAPS oil at the gas station pump.

Sincerely,

A handwritten signature in cursive script that reads "Michael J. Frank". The signature is written in dark ink and is positioned above the printed name.

Michael J. Frank

March 9, 1994 Re: HB 238 (Revising the 470 Fund)

To: Alaska House of Representatives Committee on Resources
From: Larry Smith, Executive Secretary, Kachemak Resource Inst.

My Exxon Valdez spill responsibilities included the prioritization for oil boom placement, the assignment of vessels and the provision of oil-spotting and supply aircraft, for the Kenai Peninsula Borough.

I participated in the legislatively sponsored all-interests working group which worked with the Senate Special Committee on Oil and Gas on post-spill legislative changes to fix the enormous problems uncovered by incompetent spill response by the state and by the industry.

I became the first chairman of the Prevention, Response and Operations committee for the OPA '90 mandated Cook Inlet Regional Citizen's Advisory Council. I represented CIRCAC in the Technical Implementation Working Group, another all interests effort, this one convened by ADEC to work up the regulatory package to implement the legislation. Even Exxon provided responsible negotiators in that process. We all knew, however, that as we worked many months on the issues in a cooperative manner that big oil lobbyists were diligently pushing quite different ideas than company spokesmen in the working group. Not the best basis for trust and cooperation.

Today, once again, representatives of companies that do not regularly pay royalties and taxes without causing great expense have come to you for tax relief, at a time the rest of us must tighten our belts and pay much more in local taxes for basic services for which the legislature can no longer find funding.

Seek no further. Stop up the reverse revenue streams that flow from the State to the oil industry: the state provides them many benefits, unavailable to anyone else: tax incentives, rebates, refunds, tariff netbacks, and settlements. The legislature would serve us well by a clear and complete exposition of these special privileges.

As to the nickel a barrel supposedly contributed to the 470 Fund I doubt that it ever amounted to much more than three cents after the reverse revenue stream is accounted for.

Compare this to California which has three funds to do the work of our Oil and Hazardous Substances Release Response Fund. The per

barrel contribution adds up to 33 cents. A surcharge of 4 cents a barrel for petroleum discharges, 4 cents a barrel for other hazardous substances, and 25 cents a barrel to create a big spill response fund of \$50 million. In addition California has an uncapped borrowing authority for catastrophic spill reponse that allows maximum reponse, with provision for the state to increase per barrel surcharges by another 75 cents until response and restoration expenses are repaid. At the time of enactment this was estimated to give California a \$13,000,000,000 (Thirteen Billion) emergency response capability in the absence of a responsible party willing and able to contain, cleanup and restore. Up to \$1/bbl would be surcharged to repay the state.

What is not working properly about the 470 Fund is not what it has been used for, but what it has not been used for. Where are the depots and corps? Where is the hazards analysis? Where are the storage tank farm repairs in rural Alaska?

Let me tell you how we can benefit from well funded depots and corps. Make agreements with Cook Inlet Spill Response Inc.(CISPRI), Alaska Clean Seas (ACS), Southeast Alaska Petroleum Resources Organization (SEAPRO), and others for an integrated program. State equipment staged in their depots and corps training coordinated by these reponse organizations, under the right terms can substantially reduce refined product carriers and tank farm contingency plan costs and we will all directly benefit by finally having as good a statewide program as we have now only at Alyeska. The state must come forward and pay its share. To do that a healthy funding source is required. At Alyeska the state pays a minimum of 25% of the Prevention and Response bill by tariff netbacks. We should do no less statewide, with the surcharge.

\$85,000,000,000 are just some of North Slope producers profits since oil started coming out of the Trans-Alaska Pipeline. That is the minimum estimate for after tax and expense profit at Valdez. Profits for transportation and refining and manufacturing are not known. The Alaska Department of Revenue studies estimate clear profit of \$6.59/barrel at Valdez from 1969 through 1987 (DOR report 3/15/89 by Deakin, p. i. of Summary, p. 1 of Overview.)

DOR's mid-case scenario for FY 2000 for a profit of 2.419 billion dollars of after tax profit based on 410 million barrels at a clear profit of \$5.90/barrel in 1993 dollars. 1993, not a good year, produced an estimated net profit of \$4.54/barrel for

589 million barrels for a total of \$2.674 billion dollars.

It has not been at all easy for the State of Alaska to collect tariffs, surcharges and taxes from the industry. Hasn't the state spent \$200 million for legal work on tax settlements? Didn't Charlie Cole, when he was Attorney General, ask the Federal Energy Regulatory Commission to order Alyeska to return over \$50 million improperly netbacked for prevention and response activities since 1989. It seems as if every tax and tariff bill from Alaska is appealed, negotiated and settled for about fifty cents on the dollar.

A committee member alluded to hypocrisy during today's hearing. It seems the height of it to complain about a nickel that has never amounted to much more than 3 cents a barrel in netback and taxbreak reality. Even if it was a whole nickel that is less than 15% of what the same companies pay per barrel in California, for the same purposes.

I don't see any hypocrisy in the differing views from coastal communities. The difference in opinion arises mainly from the very different levels of prevention and response capability around the state. Comparing Prince William Sound activity to the Interior, the Peninsulas, Bristol Bay, Southeast or Cook Inlet is like comparing Disneyland to penny arcades.

In answer to the question: Shouldn't other users contribute to the 470 Fund? I would say that ultimately that nobody pays but consumers -- in Alaska or elsewhere. We are the spigot from which big oil's Alaska profits spew in their tens of billions.

Please do what you can to remove the roadblocks to implementation of the 470 fund and other legislation. Remember it was the same lobbyists who wish now to hamstring the fund that have stalled the implementing regulations for legislation passed in 1990. Stalled the regs for three years and concurrently proposed tax breaks.

I am impressed by the honest efforts by Representative Williams and Senator Pearce, in particular, to try to move the debate along and to salvage the sense of the program for the benefit of Alaska.

My thanks to all legislators who are thorough and objective in their approach to issues.



Alaska State Legislature

Please enter into the record my testimony to the House Resource Committee
 committee name
 committee on HB 238, dated March 9, 1994
 bill/subject

The Prince William Sound Conservation Alliance feels very strongly that there need not be any changes to the 470 fund. We find it appalling that ~~the~~ our legislatures are even considering limiting funds for response when we are only 5 short years from such a catastrophic spill as the Exxon Valdez Oil spill. Tremendous progress has been made in these 5 years. Response capabilities have increased dramatically and necessarily, especially to 90% of spills which are not catastrophic but require quick and appropriate response. ~~These~~ ~~these~~ these response capabilities have existed because of the 470 fund as it presently sits. The only proposal thus far to HB 238 that even remotely recognizes those with memories reaching farther than 5 years who understand the importance of this fund is Representative Bill Williams. IF Any changes must be made to the current fund we can at least acknowledge Representative Williams' dedication to the legislative process and his attempt to listen to the concerns of citizens in this state - we urge ~~your~~ our legislatures to keep the 470 fund as is.

Signed:

Testifier Marnil J. GrahamPrince William Sound Conservation Alliance

Representing (Optional)

PO Box 3024, Valdez, AK 99686

Address

(907) 835-2799

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the of Resources
 committee name
 committee on HB 238 SPILL RESPONSE FUND, dated 3/9/94
 bill/subject

LET THE BELL STAND AS WRITTEN.
 USE SURPLUS FUND TO FUND D.E.C.
 MONITORING OF THE TERMINAL.
 ALASKA SELF MONITORING OF THE WATER
 BALLEST TREATMENT PLANT MUST STOP

Signed: [Signature]
 Testifier

Representing (Optional)
BOX 2493 VALDEZ AK 99686
 Address
535 5473
 Phone No.

MICHAEL S. O'MEARA
P.O. BOX 1125
HOMER, ALASKA 99603

MARCH 15, 1993

TESTIMONY TO THE
HOUSE RESOURCES COMMITTEE
HB 238 (2/3/94 CS WORK DRAFT)

The 5th anniversary of the Exxon Valdez disaster is upon us. Do you remember what it was like in coastal communities? A surprising number of us still experience the spill's effects. And we remember why we had to go through all of it.

We remember an oil industry prideful and arrogant in its unwillingness to provide reasonable and necessary prevention and response measures. We remember meek and ineffectual federal and state regulators emasculated by the money and power of the industry. And we know how it feels to be sacrificed for the greed, comfort, and convenience of others. We never want to see it happen again. Never.

As legislators with the knowledge of that experience you have the sacred responsibility to see that it never does.

House Bill 238 was originally conceived at the behest of an oil industry intent on avoiding payment of the five-cent per barrel surcharge imposed after the spill. Industry would deny the people of Alaska money needed to offset the risks and damages resulting from oil and gas activities. Underneath 21 pages of complicated wording, HB238 seems still to be a vehicle for granting the oil industry a massive tax reduction.

At least in the face of all the public testimony in opposition to this bill some accommodations to common sense and decency have found their way into the committee substitute. You are to be commended for:

Including hazardous substances as a subject of the bill

Redefining "catastrophic release" to include spills of 10,000 barrels or more

Providing some mechanism for minimal funding of response preparation, prevention, and mitigation.

Unfortunately, the bottom line is that splitting the fund in two assures inadequate funding for all aspects of spill prevention and response.

-- more --

-- HB 233, O'Meara, 3/15/94 --

Legislative appropriation of the surcharge to the funds remains discretionary, with no assurance to the public that needed programs will be supported. Limitations on the uses of money in the funds and deletion of annual, required revision of state and regional contingency plans reflects a stronger desire on the part of the legislature to assure savings for the oil industry than to prevent and respond effectively to spills. And the \$50 million cap on the "catastrophic response" fund, combined with a \$10 million per spill limit is a farce, in light of the costs of attempting to deal with the Exxon Valdez disaster.

Considering all of this I would make the following recommendations regarding HB 235.

Heed public concerns and scrap the bill -- but if you feel you must pass something, focus on the welfare of the people above all else:

Simplify and shorten the bill so that ordinary people can read it and understand

Increase the surcharge to ten-cents per barrel

If you must split the fund, apply 5-cents to "catastrophic response" and 5-cents to preparation, prevention, and mitigation

Increase the "catastrophic response" fund cap to at least \$100 million

Remove per spill expenditure limits

Retain your revised definition of "catastrophic" and continue to include hazardous substances

Find a way to make appropriations to both funds and all accounts mandatory.

Remember the Exxon Valdez. Remember the reasons it occurred. I find it difficult to believe that any of you would wish to be counted among those responsible for the next major spill. Tell the oil industry that to be welcome in Alaska it must be willing to pay its way by preserving and improving the "470" fund. Kill HB238.

END OF DOCUMENT





Cordova District Fishermen United

P.O. Box 939
Cordova, Alaska 99574
(907) 424-3447 FAX (907) 424-3430

March 16, 1994

Representative Bill Williams
Chair, House Resources Committee
State Capitol
Juneau, AK 99801-1182

Dear Representative Williams:

On behalf of Cordova District Fishermen United (CDFU) I wish to express our opposition to the "S" version of HB 238. There is no compelling reason for this bill other than to provide a tax reduction to the oil industry.

There is a great deal of misinformation being spread about the 470 Fund. Most of the examples being used to show how the fund is being misused actually involve small amounts of money and were all approved by the legislature through the appropriations process. If changes need to be made they should be made when the DEC budget is reviewed by the finance committees.

The most important lesson we learned from the Exxon Valdez oil spill is that prevention is the best tool we have to protect public health and the environment from oil spills. By splitting the nickel, the legislature is in effect, reducing funding for critical prevention programs.

The "catastrophic oil release response account" which would receive 3 cents of the per barrel surcharge would only be available for the most extreme spill events, and only for "emergency first response." Since the likelihood of an oil spill of 100,000 barrels or more is quite small, we can anticipate this fund will remain dormant and collect dust while the state is left without the ability to deal with the serious acute and chronic affects of smaller spills. Any spill can be catastrophic. The size of a spill matters far less than where the spill occurs (i.e., a municipal drinking water system or an anadromous fish stream) or what the spilled substance consists of.

The remaining 2 cents would go into a the "oil and hazardous substances release contingency and abatement account" that would be woefully inadequate to fund the ongoing spill prevention and response programs presently being funded from the 470 Fund. There are several other problems with the "S" version of HB 238. Among other things, it would:

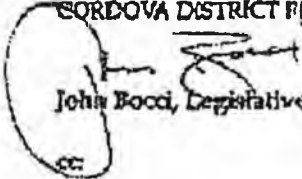
- cause detrimental reductions in spill prevention and response programs now and especially in the future, threatening public health and the environment;
- give a \$74 million reduction in the nickel-per-barrel tax that was intended to be ongoing;
- reduce DEC's ability to respond to hazardous substance spills and spills smaller than 100,000 barrels; and
- allow fines and penalties levied for illegal actions to be credited toward the suspension of the tax.

Apathy caused the Exxon Valdez Oil Spill. The state had virtually no spill prevention or response programs in place when it occurred. Nearly 5 years later, the legislature is threatening to return back to the same vulnerable position. What HB 238 "S" version removes much of the oversight that has been put in place since the 11 million gallon oil spill in Prince William Sound.

CDFU urges the House Resources Committee to oppose the "S" version of HB 238. If the Committee deems that a bill is necessary, we urge that the Committee pass the "Y" version of HB 238 that does not split the nickel. However, we oppose allowing fines and penalties to be used toward the \$50 million cap. These monies should be available to provide a buffer in future years when oil production declines and the nickel is not adequate to fund the spill prevention and response programs.

Sincerely,

SORDOVA DISTRICT FISHERMEN UNITED



John Bocci, Legislative Committee Chair

Governor Hickel
Rep. Barnes
Rep. Phillips
Rep. Finkelstein
Rep. Davies
Rep. Green
Rep. James
Rep. Hudson
Rp. Bunde
Rep. Mulder
Rep. Carney
Rep. Vezry
Rep. Larson
Rep. MacLean



Cordova District Fishermen United

P.O. Box 939
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(907) 424-3447 FAX (907) 424-3430

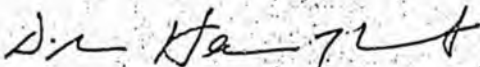
April 15, 1994

Chairman Bill Williams
House Resources Committee
Alaska State Legislature
State Capitol
Juneau, AK 99811-1182

Dear Chairman Williams:

Enclosed are five pages of signatures from people in Cordova who oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund. If you have any questions or require additional information, please call me any time. Thank you for your consideration.

Sincerely,
CORDOVA DISTRICT FISHERMEN UNITED


Dorne Hawxhurst, Executive Director

cc: House Resources Committee
Senator Georgianna Lincoln

**Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
7 Tera Winters	<i>Tera Winters</i>	NEVA WINTER 1703 ROOSEVELT AVE	501-371060 AK
Cantace L. Gregory	<i>Cantace L. Gregory</i>	Box 342 Cordova	424-3825
Diana Masolini	<i>DIANA MASOLINI</i>	Box 1131 Cordova	424-7328
Michael O'Leary	<i>Michael O'Leary</i>	Box 1052 Cordova	424-7755 AK 99574
Faye Paul	<i>FAYE PAUL</i>	Box 179 Cordova	AK 99574
Alex Strande	<i>Alex Strande</i>	Box 462 Cordova	AK 99574
JAMES E. HAGER	<i>JAMES E. HAGER</i>	P.O. Box 1952 Cordova	AK 99574
Dreama Schaffer	<i>Dreama Schaffer</i>	P.O. Box 443 Cordova	AK 99574
Ray Bonardi	<i>Ray Bonardi</i>	1592 Cordova	AK 99574
Sheeloy Chrisman	<i>Sheeloy Chrisman</i>	482 Cordova	AK 99574
Robert J. Kopchak	<i>Robert J. Kopchak</i>	Box 1126 Cordova	AK 99574
Kristen Ballum	<i>Kristen Ballum</i>	P.O. Box 1689 Cordova	AK 99574
Mitch Nowicki	<i>Mitch Nowicki</i>	Box 2232 Cordova	AK 99574
Karen P. Smith	<i>Karen P. Smith</i>	Box 1033 Cordova	AK 99574
R.T. Rowlett	<i>R.T. Rowlett</i>	Box 1748 Cordova	AK 99574
MATT SMALL		Cordova	
Robin M. Walsh	<i>Robin M. Walsh</i>	Box 956 Cordova	99574
Tommy Sullivan	<i>Tommy Sullivan</i>	Box 1366 Cordova	
Vanette B. Williams	<i>Vanette B. Williams</i>	Box 2324 Cordova	AK 99574
Belle Melindon	<i>Belle Melindon</i>	Box 325 Cordova	AK 99574
JAMES P. VANSANT	<i>James P. Vansant</i>	Box 1263 Cordova	AK 99574
BARCLAY JONES-KOPCHAK	<i>Barclay Jones Kopchak</i>	Box 1126 Cordova	AK 99574
Michael P. McCalla	<i>Michael P. McCalla</i>	Box May Glennallen	AK 99588
Kenneth D. Kritchman	<i>Kenneth D. Kritchman</i>	Box 1255 Cordova	AK 99574
Wendy Weisel	<i>Wendy Weisel</i>	Box 1989 Cordova	AK 99574
Laurie Berger	<i>Laurie Berger</i>	Box 1753 Cordova	AK 99574

Please send to Senator Pearce/Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

**Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

Name Signature Address Phone

C.K. WEAVERLING	Charles Weaverling	Box 895	Cordova AK 99574	424-5305
Ujela	Ralph E. Lohse	Box 14	Cordova AK 99574	424-7170
Linda Lohse	Linda Lohse	Box 14	Cordova AK 99574	424-7170
Mark King	Mark King	Box 965	Cordova AK 99574	424-3373
ROBERT PRUMBS	Robert Prumbs	Box 171	Cordova AK 99574	424-5657
Dan Lohrbergson	DAN TORGERSON	Box 1356	Cordova AK 99574	424-5719
Erwin Samuelson	ERWIN SAMUELSON	Box 1212	Cordova AK 99574	7718
Gail T. Nolan	GAIL T. NOLAN	770	CDV AK 99574	3503
Barry Thomas	Barry Thomas	Po 1331	CDV AK 99574	-3117
DAVID P. JANKA	David P. Janka	Po 1231	Cordova AK 99574	424-7602
BECKY CHAPEK	Becky Chapek	Box 1564	CDV AK 99574	424-5356
Christina Taylor	Christina Taylor	Box 850	Cordova AK 99574	424-5356
Robert Blake	Robert Blake	Box 718	Cordova AK 99574	424-5356
John A. Crouse	John A. Crouse	Box 2473	Cordova AK 99574	
Kevin G. O'Toole	Kevin G. O'Toole	Box 1875	Cordova AK 99574	
Sandy VanDyke	Sandra VanDyke	Box 473	Cordova AK 99574	
CATHY SHERMAN	Cathy Sherman	Box 1186	Cordova AK 99574	
DAVID GRAMES	David M. Grames	Box 1676	Cordova AK 99574	
SUSAN OGLE	Susan Ogle	Box 895	Cordova AK 99574	
KEENE KANIKIN	Keene Kanikin	Box 985	Cordova AK 99574	
Andy Reed	Andy Reed	Box 2234	Cordova AK 99574	
MICHAEL L. MEINTS	Michael L. Meints	Box 2402	Cordova AK 99574	
Kim J Ewers	Kim J Ewers	Box 1324	Cordova AK 99574	
Lia R. Smith	Lia R. Smith	Box 52	Cordova AK 99574	
Thea Thomas	Thea Thomas	Box 1366	Cordova AK 99574	
Sally Patch	Sally Patch	Box 956	Cordova AK 99574	
Maire Mannarino	Maire Mannarino	Box 1434	Cordova AK 99574	

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

**Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
William R REID	Wm Reid	Bx 1234 CDV.	424-7448
DORNE HAWKHURST	Dn Ha	711 Bx 856 CDV	424-3447/5757
Christine Honkola	Christine Honkola	Box 100 CDV	424-7530
JAMES MYKLAND	James L. Myland	Box 1241 CDV	424-7115
John Bocci	John Bocci	Bx 1312 CDV	424-5152
Michael Bredde	Michael Bredde	Bx 4584 CDV. AK.	424-3775
Kory Blake	Kory Blake	Box 1122 CDV	424-7194
Herb Jensen	Herb Jensen	Bx 294 CDV.	424-3767
JIM JOHNSON	Jim Johnson	Bx 263 CDV	424-3525
MITCH KOWICKI	Mitch Kowicki	BX 2232 CDV	5492
Linda Masolin	Linda M. Masolin	Box 102 CDV	424-7489
Lahn G. Arvidson	Lahn G. Arvidson	Box 11 Cordova AK	5373
MICHAEL B. SCOTT	Michael B. Scott	Box 855 Cordova, AK	3584
ANDREW F. ALLEN	Andrew F. Allen	Box 1836 CDV. AK.	99574 (3684)
TERESA LO DESIMONE	Teresa Lo Desimone	Box 169 Cordova, AK	424-7436
Dennis Carpenter	Dennis Carpenter	Box 1430 Cordova, AK	424-391
SUSAN LAIRD	Susan Laird	Box 1624 Cordova AK.	424-386
MAX L. BENNETT	Max L. Bennett	Box 1006 Cordova AK	99574
JAMES KAHANAN	James Kahanan	Box 2272 Cordova AK	99574 (424-7603)
MAX MCCARTHY	Max McCarthy	PO Box 368 Cordova AK	
TORIE BAKER	Torie Baker	PO Box 1159 CDV	424-3820
John F. ...			
Elizabeth Senec	Elizabeth Senec	Box 762 CDV	424-5691
CAROL KOMPKE	Carol Kompke	Box 435 CDV.	424-3521
Jim Jaeger	Jim Jaeger	570 St. Lazarus Cr. Anchorage, AK	357-8602

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

**Petition for Protecting the Oil and Hazardous Substance
Release Response Fund (470 Fund)**

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
Mark Heidbrink	Mark Heidbrink	PO Box 2084	—
Peter D Ochs	Peter D Ochs	Box 447	424-3191
Jeff P. Hawley	Jeff P. Hawley	Box 2318	424-7281
Darla Church	Darla Church	Box 406	424-3389
Ilen Hill	Kenneth A Hill	Box 1290	424-1498
Kenneth Varton	Kenneth Varte	Box 852 Cordova	424-7779
Charles Trowbridge	Charles Trowbridge	Box 1744 Cordova	424-3758
Tina M. Donovan	Tina M. Donovan	Box 114 Cordova	424-3951
Tina M. Donovan	Tina M. Donovan	Box 114 Cordova	424-3951
Jim Pahl	James R. Pahl	Box 179 CDV	424-3479
Georgi Kaeckling	Georgi Kaeckling	Box 533 Cordova	424-5108
Matt G. Miller	Mark Miller	PO 141483 Anch	99514
Evelyn Brown	Evelyn Brown	P.O. Box 306 Cordova	99574
Sylvia Lange	Sylvia Lange	Box 135 Cordova	55524
Annette Janka	Annette Janka	Box 1231 Cordova	99574
SELINA KEETON	Selina Keeton	P.O. Box 1841 Pt. Townsend WA	98368
Brian L. King	Brian L. King	Box 845 Cordova, AK	99574
Tracy Speier	Tracy Speier	Box 222211, Anch, AK	99522-2211
Lawrence Kairaimak	Lawrence Kairaimak	3501 E. 42nd #214, Anch, AK	99518
Cheryl M. Kettel	Cheryl M. Kettel	Box 2406 Cordova, AK	99574-2406
James Kallonen	James Kallonen	Box 2272 Cordova	4247603
KARI RECKER	Karl Becker	Box 1185 CORDOVA	424-7466
MARY STEEN	Mary H. Steen	Box 1310 CORDOVA AK	424-5455
JAMES FULTON	J. Fulton	P.O. Box 1435 ANTIOCH, CA	94509
J.F. OSBORN	J.F. Osborn	P.O. Box 1986 CORDOVA AK	99574
JUDY LIETEAU	Judy Lieteau	P.O. Box 2195 CORDOVA AK	99574
Jennifer Pollak	Jennifer Pollak	1675 W. Nickerson #1 Sea WA	98119

Please send to Senator Pearce, Co-chair Senate Finance Committee, State Capitol, Juneau, AK 99801-1182

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Petition for Protecting the Oil and Hazardous Substance Release Response Fund (470 Fund)

We the undersigned oppose any legislation that reduces funding for oil and hazardous substance spill prevention and response programs funded by the 470 Fund.

<u>Name</u>	<u>Signature</u>	<u>Address</u>	<u>Phone</u>
Mike Nelson	Pete Nibel	Box 225, Cordova	424-5111
Strickland	Jan Strickland	Box 9304-D Palmer, AK	745-1260
...	...	Box 290, Cordova	424-3604
...	...	Box 1136, Cordova	421-3664
...	...	Box 398, Cordova	424-7601
...	...	Box 1208, Cordova	424-7244
Babic	Jan & Babic	1208 CDU	424-7244
...	Robert J. Korhok	1126 CDU	424-7178
...	Jocia Carson	Box 1202 Homer, AK	235-555
...	...	Box 1236 CDU	424-3871
...	Cindy Appleby	Box 1795 CDU	7577
...	Heather McLarty	Box 2368 CDU	7485
...	Tony Homer	Box 1034	7387
...	Dave Frankland Jr	P.O. 460 Cordova	5790

Please send to Senator Pearce, Finance Committee, State Capitol, Juneau, AK 99801-1182

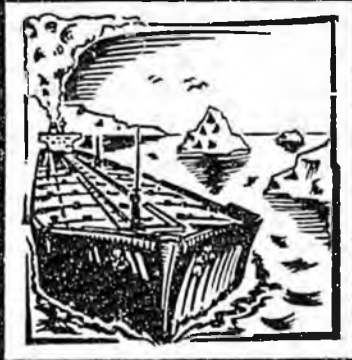
HB

238

Gen. Info.

File 1

HRES 1993/94
HP 238



Alaska Department of Environmental Conservation

Oil & Hazardous Substance Release Response Fund

ANNUAL REPORT

FISCAL YEAR 1993

July 1, 1992 — June 30, 1993

*Presented to the Second Session of the Eighteenth Alaska Legislature
March 1994 • Walter J. Hickel, Governor • John A. Sandor, Commissioner*



ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND
FISCAL YEAR 1993 ANNUAL REPORT
(JULY 1, 1992 through JUNE 30, 1993)

John A. Sandor, Commissioner

March 1994

OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND
FISCAL YEAR 1993 ANNUAL REPORT

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OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND FISCAL YEAR 1993 ANNUAL REPORT

Section I. Introduction

The Oil and Hazardous Substance Release Response Fund, referred to as the "Response Fund", was created by the Legislature in 1986 to provide adequate funding to investigate, evaluate, respond to and mitigate releases of oil and hazardous substances. Alaska Statute 46.08.030 says: "It is the intent of the legislature and declared to be the public policy of the state that funds for the abatement of a release of oil or hazardous substance will always be available." (§ 1 ch 59 SLA 1986)

Section II provides a brief history of the Response Fund, a description of the mechanics of the Response Fund, and answers to commonly asked questions. Some concepts, for example the conservation surcharge imposition and suspension mechanism, are complex and require a fair amount of explanation. This section will help clarify some common misperceptions surrounding the Fund.

Sections III and V include financial statements, information on Response Fund Legislative appropriations made during FY93, actual expenditures, conservation surcharge tax collected, mitigation account appropriations to the Response Fund, contractual payments made exceeding \$20,000 and purchases exceeding \$10,000. An outline of the Division of Spill Prevention and Response's primary responsibilities, goals and accomplishments are presented in Section IV.

Section VI outlines other agency appropriations and expenditures during the fiscal year. The remainder of the report focuses on specific site summaries on which more than \$1,000 have been expended.

Section II. What is the "Response Fund"?

The Oil and Hazardous Release Response Fund (Response Fund) was created in 1986 with the passage of House Bill 470. The original intent was to provide a readily available source to pay expenses incurred by the State in the protection of the environment from the release of oil or other hazardous substances. It was the intent of the Legislature and public policy of the State, that funds be available for the abatement of a release, be it oil or a hazardous substance.

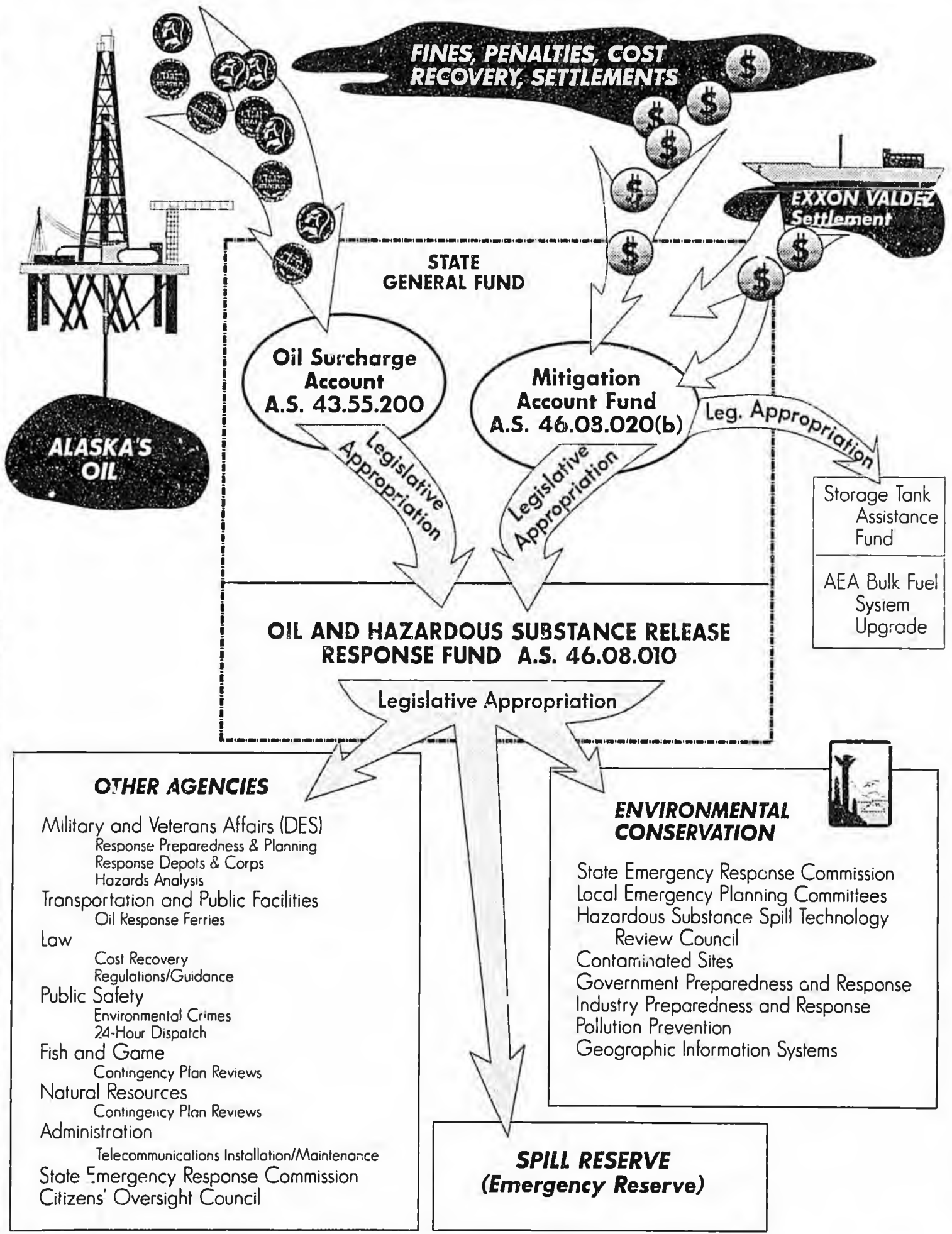
As it stands today, the Response Fund receives money from the Oil Conservation Surcharge which is a five cent surcharge imposed on each taxable barrel of oil produced in the State. During FY92, a total of \$26,142,600 was collected by the State in surcharge dollars. Each year, the Legislatures appropriates money from this "Oil Surcharge Account" established under 43.55.200 to the Response Fund. The Legislature can also appropriate money from the State General Fund (as it has done in the past) or from the "Mitigation Account" established under 46.08.020(b). The Mitigation Account consists of fines, penalties, cost recovery and settlement payments collected by the State for violations of Alaska's oil and hazardous substance pollution statutes. Please refer to the chart on the following page for a pictorial representation of these accounts within the State General Fund and their relationship to the Response Fund.

The Legislature then appropriates money from the Response Fund to support the State's spill prevention and response programs, industry and government preparedness programs, the State Emergency Response Commission and the contaminated sites program. These programs are all within the Department of Environmental Conservation (DEC). Other state agencies receive response funds as well, as some are mandated by state statute to participate in contingency plan review or the State Emergency Response Commission, for example.

The balance remaining after appropriations are made from the Response Fund is what is commonly referred to as the "Spill Reserve". The Spill Reserve has grown over the past few years, from \$9,000,000 in FY90 to more than \$37,400,000 today! The spill reserve is the emergency reserve that DEC may use to fund emergency responses to spills of oil or other hazardous substances. Historically, the total amount spent each year out of the spill reserve (not including Exxon Valdez project expenditures) is less than \$300,000.

DEC is only authorized to expend money from the Spill Reserve without specific Legislative appropriation in the case of a release or imminent and substantial threat of a release that poses a threat to human health or the environment. All other expenditures from the Response Fund are based on a specific Legislative appropriation (AS 46.08.040(b)).

FINES, PENALTIES, COST RECOVERY, SETTLEMENTS



STATE GENERAL FUND

**Oil Surchage Account
A.S. 43.55.200**

**Mitigation Account Fund
A.S. 46.08.020(b)**

EXXON VALDEZ Settlement

ALASKA'S OIL

OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND A.S. 46.08.010

Storage Tank Assistance Fund
AEA Bulk Fuel System Upgrade

- OTHER AGENCIES**
- Military and Veterans Affairs (DES)
 - Response Preparedness & Planning
 - Response Depots & Corps
 - Hazards Analysis
 - Transportation and Public Facilities
 - Oil Response Ferries
 - Law
 - Cost Recovery
 - Regulations/Guidance
 - Public Safety
 - Environmental Crimes
 - 24-Hour Dispatch
 - Fish and Game
 - Contingency Plan Reviews
 - Natural Resources
 - Contingency Plan Reviews
 - Administration
 - Telecommunications Installation/Maintenance
 - State Emergency Response Commission
 - Citizens' Oversight Council

- ENVIRONMENTAL CONSERVATION**
- State Emergency Response Commission
 - Local Emergency Planning Committees
 - Hazardous Substance Spill Technology Review Council
 - Contaminated Sites
 - Government Preparedness and Response
 - Industry Preparedness and Response
 - Pollution Prevention
 - Geographic Information Systems

SPILL RESERVE (Emergency Reserve)

The conservation surcharge is suspended when the total expenditures from the Response Fund exceed the total dollar amount of surcharge nickels collected by \$50,000,000. It would seem that since the balance of the Response Fund is approaching \$50,000,000 that the surcharge would soon be suspended. Because there have been other deposits to the Response Fund totalling more than \$70,000,000 from the General Fund, the total amount of expenditures exceeds total surcharge revenues collected. However, when you compare total expenditures against all revenues deposited to the Response Fund, you come up with a balance of approximately \$37,400,000.

Authorized uses of the Response Fund are listed under AS 46.08.040, Purposes of the Fund. Changes have been made to this section of the law to allow for Legislative appropriations to fund a state response vessel and to accommodate new programs that were created in the wake of the Exxon Valdez Oil Spill. For a complete legislative history of the Response Fund, please contact the Department.

At the end of each fiscal year, the amount of money that is left in the spill reserve, or Response Fund balance, lapses back to the Response Fund and is available for future year appropriations.

Section III. FY93 ALLOCATIONS

	<u>Authorized</u>
<u>DEC</u>	
Spill prevention planning and management	6,021.2
State Emergency Response Commission	350.8
Local emergency planning committees	1,200.0
Spill Response Office	1,318.1
Division of Emergency Services/Response Depots and Corps	800.0
Hazards Analysis	177.3
Geographic Information System	689.3
Contaminated Sites Program	3,528.6
Exxon Valdez Litigation	2,968.0
Exxon Valdez Clean-up and Cost Recovery	350.0
Arctic Marine Resources Commission	100.0
Spill Reserve	23,656.7
Northern Strike Team Demonstration Projects	1,200.0
Hazardous Substance Spill Technology Review Council	420.0
Extend to FY 93 the FY 92 Allocation for Site Investigation, Safety, Cleanup, and Cost Recovery	Balance
	<u>DEC Subtotal: 42,780.0</u>
<u>Other Agency</u>	
Citizens' Oversight Council on Oil and Other Hazardous Substances	237.3
Alaska Marine Highway System Vessel Replacement Fund	7,500.0
Mt. Edgecumbe - Contaminated Site Cleanup	430.0
Peninsula Greenhouse, Soldotna - Contaminated Site Cleanup	178.0
Forward Pad - Contaminated Site Cleanup	490.0
Childs Pad - Contaminated Site Cleanup	300.0
Tok River Campground - Contaminated Site Cleanup	38.0
Boniface/Northern Lights, DeBarr Contaminated Site Assessment	250.0
DOT/PF Maintenance Station, Soldotna - Contaminated Site Cleanup	157.0
Chatham Strait Fish Company, New Chenega - Contaminated Site Cleanup	30.0
University of Alaska, Anchorage, Soldotna Fire Training - Contaminated Site Cleanup	320.0
Extend to FY 96 the FY 92 Appropriation for Ferries with Oil Spill Response Capability	Balance
	<u>Other Agency Subtotal: 9,930.3</u>
	<u>Total SLA 93 Appropriations: 52,710.3</u>

Section IV. Division of Spill Prevention and Response

Primary Responsibilities

- * Serve as the State's lead agency for the prevention, control, containment, and cleanup from the release of oil or hazardous substances to the air, land, or water.
- * Oversee the cleanup of oil and hazardous substance spills by the responsible party to ensure an adequate cleanup is completed.
- * Maintain term contracts with professional response action contractors to control, contain or cleanup spills in cases where there is no responsible party or the cleanup is inadequate.
- * Certify that companies producing, storing, or transporting large volumes of oil have demonstrated the financial ability to respond in damages from a spill.
- * Certify industry spill prevention and response plans and register response action contractors listed in the plans .
- * Conduct drills and inspections to test approved industry spill prevention and response plans.
- * Register all commercial underground fuel storage tanks and ensure they are tested for leaks.
- * Provide financial assistance to owners and operators seeking to upgrade their underground storage tanks.
- * Investigate sites contaminated with oil or hazardous substances by past poor practices to determine their potential threat to public health and the environment and determine the priority in which they should be cleaned by the responsible party.
- * Prepare and drill the State and Regional Master Plans for State government response to oil and hazardous substance releases.
- * Provide technical and financial assistance to local communities for oil and hazardous substance spill prevention and response.

DIVISION OF SPILL PREVENTION AND RESPONSE
WHAT KIND OF SPILLS?

- * The actual or imminent uncontrolled release of oil or hazardous substances to Alaska's air, water, land or groundwater.
- * The immediate release of all or some of the contents of a storage tank, pipeline, vessel, or cylinder.
- * The ongoing release from a leaking storage tank, pipeline, vessel or cylinder.
- * An emergency where an actual or imminent discharge of oil or hazardous substance poses an immediate threat or presents an imminent or present threat to the public health or welfare, or the environment.

EXAMPLES:

- * A slow, ongoing leak from an underground fuel storage tank used for gasoline or home heating oil.
- * A site where drums of hazardous substances have been buried.
- * An immediate release from a chlorine gas cylinder at a community sewage treatment plant.
- * A release of diesel fuel from a sinking fishing vessel.
- * A long-forgotten burial pit for low level radioactive waste.
- * A release of PCB from leaking transformers found at a remote military site.
- * A site contaminated with lead from past industrial activities.
- * A release of methanol from a railroad car that has rolled off its track.
- * A release of crude oil from a supertanker run aground on Bligh Reef in Prince William Sound.

DIVISION OF SPILL PREVENTION AND RESPONSE
HOW ARE SPILLS PREVENTED?

- * Educating facility and vessel operators on methods for reducing the risks of an uncontrolled release from a facility producing, transporting or storing oil or hazardous substances.
- * Reviewing facility operation plans to identify where the possibility of spills can be reduced and how best to prepare for stopping a spill and limiting its spread.
- * Enforcing standards for the design, construction, operation and maintenance of facilities and vessels which have been proven to prevent, or reduce the amount of an oil or hazardous substance release.
- * Responding to reports of imminent threats of pollution before the spill occurs to ensure action is taken to remove or reduce the threat.

EXAMPLES:

- * Testing underground tanks for leaks and providing financial assistance to upgrade underground storage tanks to national spill containment and leak detection standards.
- * Reviewing and approving industry oil discharge prevention and response plans.
- * Requiring secondary containment structures around above ground storage tanks, containment booms around tankers during oil cargo transfers, and leak detection and system shut-down measures for pipelines.
- * Inspecting the structural integrity of facilities that produce, transport, or store oil or hazardous substances.
- * Conducting response drills to practice who will do what in the event of a spill.
- * Conducting hazards analysis to measure the risk of oil and hazardous substance releases to local communities.
- * Requiring crude oil tankers in Prince William Sound to be escorted by emergency assistance vessels.
- * Removing abandoned drums of hazardous substances found alongside of roadways or other properties without the owners knowledge or consent.

DIVISION OF SPILL PREVENTION AND RESPONSE
WHAT DOES RESPONSE MEAN?

- Stopping and containing an ongoing release of oil or hazardous substance.
- Investigating the cause of the spill and identifying the responsible party for the spill.
- Ensuring responsible parties adequately stop, contain and clean up spills.
- Monitoring the adequacy of containment, cleanup and disposal by the responsible party.
- Ensuring that cleanup operations are initiated in cases where there is no responsible party or the responsible party's cleanup actions are inadequate.
- Determining the volume of oil or hazardous substance spilled and collecting samples to determine what was spilled.
- Measuring the extent of contamination to the air, land or water.
- Pursuing cost recovery actions against the responsible party to reimburse the State's response expenses and damages to State resources.

EXAMPLES:

- Providing technical and financial assistance to the owner of a gasoline station to cleanup soil contaminated from a leaking underground storage tank.
- Contracting with a professional response action contractor to cleanup contamination from a hazardous substance spill that happened in the past, or for the proper containment and disposal of leaking containers or drums when the responsible party can not be found.
- Participating with other State and federal agencies, and the responsible party in the Incident Command System to manage response operations carried out by the responsible party.
- Overseeing the Department of Defense cleanup of contamination on military bases.
- Providing technical and financial assistance to a local fire department that is responding to an emergency release of Chlorine from a municipal sewage treatment plant.

INDUSTRY PREPAREDNESS PROGRAM

GOALS AND SERVICES

GOALS

Increase industry prevention efforts and ensure industry response capabilities.

SERVICES

- Review and approve spill prevention and response contingency plans for oil facilities and vessels.
- Coordinate with appropriate state and federal agencies to ensure complimentary rather than duplicative review policies and procedures.
- Take enforcement action on regulated vessels or facilities operating without an approved plan.
- Register qualified Response Action Contractors listed in spill prevention and response contingency plans.
- Conduct announced or unannounced spill drills to test, evaluate and improve approved spill response contingency plans.
- Inspect facilities and vessels to verify compliance with approved spill prevention and response contingency plans.
- Review financial responsibility applications and issue certificates of financial responsibility.
- Track all operator accounts to verify timely submission of applications, renewals, and affidavits.
- Take corrective or enforcement action as necessary to ensure that no regulated vessel or facility operates without approved proof of financial responsibility.

INDUSTRY PREPAREDNESS PROGRAM

ACCOMPLISHMENTS

- Every regulated operation -- nearly 400 vessels, facilities, and pipelines -- received technical assistance in complying with new spill prevention and contingency planning regulatory requirements.
- Every regulated operation in the State submitted revised spill prevention and response plans demonstrating upgraded prevention practices and response capability.
- Over 30 enforcement actions have been taken to ensure compliance with the stricter standards.
- Spill prevention and response plans for approximately 20% (35) of the highest-risk operations in the State have been approved. Of the remaining plans approximately 73% (102) are nearing approval, and 27% (39) are awaiting operator completion of missing information.
- Financial Responsibility Certificates have been issued for every regulated operation in the State.
- Regulations implementing a State registration program for oil spill primary response action contractors took effect September 25, 1993.
- 50 vessel and 150 facility inspections were conducted to verify compliance with spill prevention and response requirements. 64 discharge exercises were conducted to ensure the preparedness of regulated operators and their ability to implement their prevention and response plan.
- Signed an agreement with California, Oregon, Washington and British Columbia to form an Oil Spill Task Force for working on West Coast spill prevention and response issues.
- Resolved a number of oil pollution prevention and response regulatory issues, including plan format, noncrude response planning standards, temporary storage tank and tank inspector requirements, effective storage capacity criteria, and prevention credits.

CONTAMINATED SITES REMEDIATION PROGRAM

GOALS AND SERVICES

GOALS

Reduce risk to public health and the environment from hazards posed by sites contaminated by past improper disposal or discharges of hazardous substances.

Pursue cost effective solutions to contaminated site problems which will give the greatest overall reduction in risk for each dollar spent.

SERVICES

- Identify and assess sites to determine their potential threat to public health and the environment and rank sites to determine the priority in which they should be addressed.
- Adopt regulations for the assessment and cleanup of contaminated sites.
- Perform preliminary site assessments on contaminated sites to determine if no further action is necessary or establish the priority for further site assessment and cleanup activities.
- Ensure that contaminated sites undergo investigation and clean up in a priority order.
- Conduct responsible party searches and notifications on contaminated sites as necessary prior to expending Response Fund dollars.
- Maintain a current list of high priority orphan and responsible party contaminated sites to be assessed or cleaned up using DEC term contractors.
- Issue and maintain term contracts for contaminated site cleanup or assessment work.
- Prepare scopes of work and provide project oversight for orphaned site cleanups or site assessments.
- Provide oversight and document review for responsible party cleanups.
- Prepare community agreements to allow consideration of community values in the prioritization of contaminated site work and sharing of site cleanup information.

CONTAMINATED SITES REMEDIATION PROGRAM

ACCOMPLISHMENTS

- Provided oversight and technical assistance for assessment and/or cleanup of over 600 responsible party contaminated sites.
- Completed cleanup at the Alaska Battery Enterprises Superfund site.
- Convened an advisory working group of public and private stakeholders to develop program regulations that will define the remediation process, establish cleanup goals, and provide incentives for voluntarily cleanup.
- Established guidance to ensure that potentially responsible parties associated with high priority contaminated sites are contacted and asked to take responsibility for cleanup of contamination prior to expending the Response Fund.
- A total of 150 sites have been closed and unlisted from the database inventory. 1051 sites remain in the database inventory.
- Provided technical and contracting assistance to four State agencies participating in cleanup of 33 contaminated sites on State-owned lands.
- Prepared FY 94 and FY 95 budget proposals to clean up high priority contaminated sites which have no owners willing to assume cleanup responsibilities. In FY 94, \$900,000 was allocated to address 11 sites and for FY 95 a proposed budget of \$900,000 was submitted for eight sites.
- Maintained term contracts with private contractors for assessment and cleanup of contaminated sites which have no owners willing to assume cleanup responsibilities.
- Completed negotiations for a three party interagency agreement between the EPA, Department of Defense and the Department for Naval Air Station on Adak and Elmendorf Air Force Base, and began negotiations for Fort Richardson. These agreements ensure that contamination problems other than Superfund sites will be addressed.
- A "no further action" status was given to 23 federal facility sites that were determined to not need further investigation. Removal or remedial actions reduced the threat to human health and the environment at 47 federal facility sites. 15 Public Meetings were held to encourage public involvement in federal facility cleanup activities.

GOVERNMENT PREPAREDNESS AND RESPONSE PROGRAM GOALS AND SERVICES

GOALS

Carry out the State's responsibilities to protect public health and the environment from the potential impacts of oil and hazardous substance releases.

SERVICES

- Establish minimum safety and technical training standards for DEC response team members and schedule safety training courses to comply with OSHA and the Department's minimum safety standards.
- Investigate all significant spills to determine the cause, responsible party, extent of contamination and impact on public health or the environment.
- Monitor the responsible party's response and ensure cleanup either through the responsible party or through Department contractors is carried out to the Department's satisfaction.
- Recover state costs for responding to oil and hazardous substance spills.
- Develop effective local, regional and statewide response plans which direct a coordinated governmental response to oil and hazardous substance releases.
- Prepare agreements with other State, federal and local agencies necessary to implement State, regional and local contingency plans.
- Schedule, plan, design, execute and evaluate drills to practice operating the State, regional and local contingency plans.
- Maintain a DEC spill response equipment inventory and database, with procedures for acquisition, management, and maintenance.
- Maintain an up-to-date spill response directory and 24 hour spill response number.
- Issue and maintain term contracts for oil and hazardous substance spill cleanup work.
- Take appropriate enforcement actions in consultation with the Attorney General's office on civil and criminal penalties.
- Maintain a statewide spills database to analyze spill data, trends and causes.

GOVERNMENT PREPAREDNESS AND RESPONSE PROGRAM

ACCOMPLISHMENTS

- During FY 93, received 2,185 oil spill reports and 411 reports of hazardous substance spills.
- Responded to 724 oil spills and 85 hazardous substance spills.
- Completed the State Master Plan for oil and hazardous substance spill response which was approved by the State Emergency Response Commission.
- Established and maintained spill response resources:
 - * Awarded term contracts to VRCA, Northwest Enviroservice and Martec for emergency oil spill response services.
 - * Maintained, calibrated, inventoried and kept all response equipment ready for deployment on a 24 hour emergency basis.
 - * Developed a statewide Department equipment database to inventory and track the status of all response gear.
 - * Developed a draft response agreement with Alaska Clean Seas to be used as prototype with other spill response cooperatives in Alaska.
 - * Maintained an updated statewide Callout List of State and federal agency spill response personnel, for use by the Alaska State Trooper dispatchers who operate an emergency 24 hour spill notification telephone number.
- Awarded a contract to North Slope Telecom to develop a statewide telecommunications plan for emergency response to oil and hazardous substance releases.
- Completed an OSHA required Safety and Training Program for Department response staff.
- Awarded a contract to demonstrate nearshore spill response strategies utilizing State equipment and local volunteers.
- Developed a draft Local Response Agreement for reimbursing municipalities who assist the State On Scene Coordinator in the containment, control and cleanup of oil and hazardous substance releases.
- Designed a command and control system as part of a new Alaska Marine Highway vessel for use in responding to major offshore oil spills.

Section V. Financial Statements

Table A
FY93 EXPENDITURES AND OBLIGATIONS

<u>CURRENT YEAR AUTHORIZATION</u>	<u>Authorized</u>	<u>Expended</u>	<u>Obligated</u>	<u>Total Expended & Obligated</u>
<u>DEC</u>				
Spill prevention planning and management	6,021.2	4,964.2	1,026.4	5,990.6
State Emergency Response Commission	350.8	177.5	170.8	348.3
Local emergency planning committees	1,200.0	833.4	152.5	985.9
Spill Response Office	1,318.1	1,122.4	195.7	1,318.1
Division of Emergency Services/Response Depots and Corps	800.0	156.0	644.3	800.3
Hazards Analysis	177.3	0.0	177.3	177.3
Geographic Information System	689.3	91.6	595.2	686.8
Contaminated Sites Program	3,528.6	1,919.2	1,352.0	3,271.2
Exxon Valdez Litigation	2,968.0	1,968.0	0.0	1,968.0
Exxon Valdez Clean-up and Cost Recovery	350.0	243.0	83.0	326.0
Arctic Marine Resources Commission	100.0	90.0	10.0	100.0
Spill Reserve	23,656.7	209.4	86.8	296.2
Nearshore Strike Team Demonstration Projects	1,200.0	3.3	1,193.6	1,196.9
Hazardous Substance Spill Technology Review Council	420.0	269.2	76.6	345.8
Extend to FY 93 the FY 92 Allocation for Site Investigation, Safety, Cleanup, and Cost Recovery	Balance	785.0	433.1	1,218.1
<u>Other Agency</u>				
Citizens' Oversight Council on Oil and Other Hazardous Substanc	237.3	88.3	6.6	94.9
Mt. Edgecumbe - Contaminated Site Cleanup	430.0	109.0	3.0	112.0
Peninsula Greenhouse, Soldotna - Contaminated Site Cleanup	178.0	61.8	38.9	100.7
Forward Pad - Contaminated Site Cleanup	490.0	22.7	2.0	24.7
Childs Pad - Contaminated Site Cleanup	300.0	16.7	1.1	17.8
Tok River Campground - Contaminated Site Cleanup	38.0	0.7		0.7
Boniface/Northern Lights, DeBarr Contaminated Site Assessment	250.0	0.0	15.4	15.4
DOT/PF Maintenance Station, Soldotna - Contaminated Site Clea	157.0	11.6		11.6
Chatham Strait Fish Company, New Chenega - Contaminated St	30.0	0.0	30.0	30.0
University of Alaska, Anchorage, Soldotna Fire Training - Contan	320.0	88.4		88.4
Ferries with Oil Spill Response Ability	500.0	1.5		1.5
Fund Transfer to AMHS Vessel Replacement Fund	7,500.0	7,500.0		7,500.0
<u>Subtotal</u>	<u>53,210.3</u>	<u>20,732.9</u>	<u>6,294.3</u>	<u>19,527.2</u>
<u>PRIOR YEAR AUTHORIZATION</u>				
<u>DEC</u>				
State and Regional Contingency Planning		49.7		49.7
Spill Prevention, Response, Planning, Safety, Cleanup et.al.		421.6		421.6
State Emergency Response Commission		8.7		8.7
Local Emergency Planning Committees		206.3	84.6	290.9
Response Office, Depots, and Corps		1,384.6		1,384.6
Hazardous Substance Spill Technology Review Council		6.1		6.1
Kenai Cleanup Project		177.9		177.9
Exxon Valdez-Spill Cleanup		249.6		249.6
Exxon Valdez-Assessment and Restoration		47.4		47.4
Exxon Valdez-Litigation		735.5		735.5
Spill Reserve		59.1		59.1
Prince William Sound Regional Citizens' Advisory Council		10.2	99.4	108.6
Oil Spill Contingency Plans/Requirements		15.0		15.0
State & Regional Contingency Plan		5.0		5.0
Spill Response, Containment, et.al.		71.0		71.0
Exxon Valdez Project			309.4	309.4
<u>Other Agency</u>				
Natural Resource Damage Assessment		59.4		
Exxon Valdez - Assessment & Restoration		359.6		
<u>Subtotal</u>		<u>3,866.7</u>	<u>492.4</u>	<u>4,359.1</u>
<u>Grand Total FY 93</u>	<u>53,210.3</u>	<u>24,599.1</u>	<u>6,786.7</u>	<u>31,385.8</u>