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have received training on the manual reported to us a reluctance to implement the policy. Specifically staff feel the public needs to be adequately notified of DEC's policy change of seeking cost recovery for containment and cleanup efforts.

Not all applicable DEC personnel have received training on the Cost Recovery Policy and Procedures manual. In some districts, we found staff unaware that a cost recovery procedures manual was available.

We recommend DEC revise the draft Cost Recovery Policy and Procedures manual to address public notification and consistent statewide implementation. After the manual is revised, training should be provided to DEC personnel so that the department's policy will be consistently implemented. The manuals need to be made available in each region and district office.

Recommendation No. 3

DEC should develop a systematic method of addressing contaminated sites so those sites that pose the greatest risk to public health or the environment are addressed first.

A. Program personnel and resources have been allocated to contaminated sites based on the identity of the PRP and the willingness/insistence of the RP to clean up a site.

The Contaminated Sites Remediation Program is in place to carry out one of the original purposes of the Response Fund, to clean up oil or hazardous substances that pose an imminent and substantial threat to the public health or welfare, or to the environment. The program has a limited amount of resources that must cope with a large and ever increasing number of contaminated sites. Because there exists more contaminated sites than resources to address them, a system must be in place to allocate resources to the highest priority sites. Central office of the Spill Prevention and Response division, has drafted policy which sets criteria for determining priority and allocates resources to the highest priority sites. However, district personnel are reluctant to implement the proposed policy change. As a result, highest priority sites are not being addressed.

As discussed in Report Conclusions, district personnel spend most of their time providing oversight to RPs who are willing to clean up contamination. Because RP searches, PRP notification, and negotiation with unwilling RPs is timeconsuming and frustrating, district staff prefer to allocate their resources to sites where the RP is known and is willing to cleanup. This method of allocating resources is efficient in that it allows more sites to be cleaned given districts' limited staffing. It also provides the easiest way to cope with pressure from insistent RPs who need their sites cleaned for socioeconomic reasons, such as real estate transactions or potential construction. However many of the sites with a willing RP do not pose an imminent and substantial threat relative to other sites.

Such an approach only provides limited assurance that Response Funded activities are addressing sites that pose the most "imminent and substantial" threat to the general public. While we recognize district personnel have a legitimate basis for wanting to work with willing RPs, their approach does not ensure that the statutory purpose of the Response Fund is met.

DEC should work to implement their draft guidance policy entitled Prioritization of Contaminated Site Work. The policy addresses allocating resources in such a way that the highest priority sites are addressed first. In addition, DEC should redefine their role in monitoring RPs with relatively low priority sites. Any change in DEC's policy of providing oversight to willing RPs should be accompanied with a thorough public notice campaign.

B. Contrary to what the department has reported to the legislature, DEC has not maintained a current complete prioritized list of state-lead[a] sites.

In budget papers presented to the legislature, DEC stated that they maintained a list of state-lead sites and prioritized them based on their threat to human health or the environment, or unique social or economic factors. The department also claims that sites are placed on the list only after DEC staff have determined that PRPs will not clean up the site or when no PRP can be determined or located.

DEC also made it clear to the legislature that the list of state lead sites accompanying the budget request is dynamic. If a responsible party decides to perform cleanup or a site's relative priority changes, the funding allocated to that site will be used to fund the next highest priority site.

In practice, DEC has not maintained a complete prioritized list of state-lead sites. In addition, the department has not always completed the proper notification process before placing sites on the state-lead list. As discussed in Report Conclusions, district staff are reluctant to perform RP searches or go through the RP notification process because the procedures are timeconsuming. Once a site is allocated funding, taking lead in cleanup is highly labor intensive.

DEC has not documented their rationale for allocating funding among state-lead sites. We recognize that a state-lead list is dynamic. However, in our view, the dynamic nature of the program makes a current list of prioritized state-lead sites essential. In addition, the dynamic nature of the program makes it imperative that the rationale used to justify funding decisions be documented and presented to the legislature.

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[a]As stated in the Organization and Function section, if a site poses a substantial threat and no responsible party has been identified or the responsible party is unable or unwilling to clean up, the State will take the lead in cleanup efforts. These sites are commonly called state-lead or orphan sites.

DEC should make an effort to pursue state-lead on sites that present an imminent and substantial threat to public health and the environment. As part of this effort, an updated list should be prepared and maintained to guide in the allocation of funding. Before sites are placed on the state-lead site list, their orphan status should be confirmed through the proper notification process.

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AUDITOR COMMENTS

State better able to prevent and respond to oil spill, but ability jeopardized by cuts in staffing

The Prince William Sound Regional Citizens' Advisory Council (PWS-RCAC) and staff in the Department of Environmental Conservation (DEC) both believe the State has improved its prevention and response capabilities for oil and hazardous substance spills. Both organizations feel that the State is in a better position than it was on March 24, 1989, the date of the *Exxon Valdez* spill. Much of the reason for these improved capabilities is attributed to the financing of prevention and response activities made possible by the Oil and Hazardous Substance Release Response Fund (Response Fund). However, the two organizations are concerned about the current trend of reducing staff positions in DEC. In a pamphlet entitled "*Then and Now: Changes Since the Exxon Valdez Oil Spill*" the PWS-RCAC points out:

> *Laws that appear strong when enacted can be weakened through vague regulations and inadequate funding. Laws must be implemented through clear, strong regulations and enforced by committed agencies that are given the funding necessary to monitor, oversee and enforce compliance.*

PWS-RCAC's point echoes one of the observations made in the report produced by the Alaska Oil Spill Commission (AOSC). AOSC said, "*The Valdez DEC office always has been seriously understaffed, which weakened the state's position relative to Alyeska. The state cannot negotiate or enforce effectively without adequate competent personnel.*"

As we explain in Report Conclusions, DEC's progress in reviewing contingency plans has lagged behind the department's projections. To increase staff time devoted to contingency plan review and approval, inspections and drills have been severely limited. DEC's oil program consists of several interrelated parts. Prevention includes contingency plans, inspections, and drills. Other parts include response and cleanup, which occur only when prevention has failed. If any part of DEC's program is hindered, the department does not have an effective, viable program.

We understand the decision DEC was forced to make in allocating resources to contingency plan review and approval. However, inspections and drills are a fundamental portion of a successful prevention program. 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 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.

SPAR needs general funds if contaminated sites are to be cleaned for socioeconomic reasons

As explained in Recommendation No. 3, district staff often monitor the cleanup of willing responsible parties (RPs). While many of these sites do meet Response Fund criteria (that is, they pose an imminent and substantial threat to public health or the environment) others clearly do not. The RP is often motivated to clean their site in order to obtain bank financing for the sale of the property or obtain a permit to do construction on the property. While these sites may not pose a substantial risk, the monitoring of the site cleanup by DEC is important to the owner for their own socioeconomic reasons. If the legislature feels that DEC is providing a valuable and valid public service by providing technical assistance on sites that do not pose an imminent and substantial threat, then the legislature needs to make general funds available to SPAR.

ISSUES NEEDING FURTHER STUDY

It was beyond the scope of this audit request for us to test Oil and Hazardous Substance Release Response Fund (Response Fund) expenditures and accounting procedures developed in agencies other than the Department of Environmental Conservation (DEC). However, as explained in the Background Information section, other agencies are significant users of the Response Fund. In FY 92 DEC entered into over $18.5 million in Response Fund reimbursable services agreements (RSAs) with other agencies; in FY 93 DEC entered into almost $5 million in Response Fund RSAs with other agencies. Consistently, the largest participants in using the Response Fund outside of DEC are the Department of Law, the Department of Military and Veterans Affairs, and the Department of Fish and Game.

As stated in Report Conclusions and Recommendation No. 1, DEC has little authority and receives limited information supporting requests for reimbursement on the RSAs. Supporting information submitted with the request for reimbursement usually provides little detail and DEC is forced to rely on the other department's accounting procedures.

We suggest that the Legislative Budget and Audit Committee may want to consider reviewing the support for selected expenditure transactions, the accounting procedures, and project results of Response Fund activity in agencies outside of DEC. Those agencies we recommend be considered for review include the Department of Law, Department of Military and Veterans Affairs, and the Department of Fish and Game.

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TABLE A

RESPONSE FUND SUMMARY AS OF JUNE 30, 1993

Sources of funding:	
Oil Surcharge Revenue	$82,500,000
General Fund	44,447,000
Program Receipts: Exxon Reimbursements 1989 & 1990	30,000,000
Mitigation Revenue	4,346,600
	161,293,600
Uses of funding:	
Expenditures through FY 93 (Note 1)	119,567,992
Reserve for Encumbrances	6,786,808
Reserve for Prior Year Appropriations	2,190,914
Accounts receivable recorded for Exxon Valdez cleanup	2,338,795
Fund Balance/Spill Reserve (Note 2)	$30,409,091

Note 1: Expenditures are inception to date as reported in Response Fund Annual Reports for FY 87 - FY 93. This amount is the same as the total reported in our Table B.

Note 2: Department of Environmental Conservation has stated their fund balance/spill reserve is $27,084,100; which is $3,324,991 less than what we have calculated. Review of their backup indicates the discrepancy occurred in FY 91 and FY 92 when information for the annual report was pulled from the Alaska accounting system. The department needs to reconcile this discrepancy.

TABLE B

SUMMARY OF EXPENDITURES BY FISCAL YEAR
(NOTE 1)

PROJECT	FY 87	FY 88
Contaminated site investigation, safety, cleanup, and cost recovery	$428,815	$329,977
Spill Response containment, safety, cleanup, and cost recovery		
Spill prevention and response preparedness		
State and regional contingency planning		
Spill response office, depots, and corps		
Mt. Redoubt Volcano/Publication of 1990 annual report		
Spill reserve		
Spill response drills		
Kenai cleanup project		
State Emergency Response Commission and local emergency response planning		
Local Emergency Planning Committees		
UAA - Soldotna Fire Training		
DFG - Spill prevention and response preparedness		
LEG - Citizen's Oversight Council		
Hazardous Substance Spill Technology Review Council		
Arctic Marine Resources Commission		
Prince William Sound Regional Citizens' Advisory Council		
Non-crude Oil Tanker/Barge Study		
Nearshore Strike Team Demonstration Projects		
Oil spill contingency plans/requirements		
Geographic Information System		
Advisory Council/transportation of oil		
Ferries with oil spill response ability		
Natural resource damage assessment		
Subtotal of Non-Exxon Related Expenses	$428,815	$329,977

FY 89	FY 90	FY 91	FY 92	FY 93	Total
$320,900	$774,500	$1,671,700	$1,262,400	$2,926,700	$7,714,992
	211,000	690,200	378,500	71,000	1,350,700
		1,056,200	3,846,200	5,385,800	10,288,200
	158,400	556,700	223,500	54,700	993,300
	199,800	967,700	1,125,100	2,663,000	4,955,600
	112,800	4,800			117,600
	245,500	313,600	71,400	268,500	899,000
		4 ..500	105,700		554,200
		583,700	555,900	177,900	1,317,500
		399,600	257,000	186,200	842,800
			575,200	1,039,700	1,614,900
				88,400	88,400
		119,800			119,800
		119,500	237,300	88,300	445,100
			112,400	275,300	387,700
			100,000	90,000	190,000
			57,200	10,200	67,400
			29,900		29,900
				3,300	3,300
			84,200	15,000	99,200
				91,600	91,600
			120,300		120,300
			102,400	7,501,500	7,603,900
			1,358,400	59,400	1,417,800
$320,900	$1,702,000	$6,932,000	$10,603,000	$20,996,500	$41,313,192

PROJECT	FY 87	FY 88	FY 89
Subtotal of Non-Exxon Related Expenses (from page 38)	$428,815	$329,977	$320,900
DEC - Exxon Valdez			5,456,300
RSAs - Exxon Valdez			609,700
Local Response - Exxon Valdez			205,600
LAW - Exxon Valdez Litigation			
DFG - Exxon Valdez Damage Assessment			
Exxon Valdez - Spill Cleanup and Cost Recovery			
Exxon Valdez - Assessment and Restoration			
Exxon Valdez Litigation			
Exxon Valdez Project			
Subtotal for Exxon expenses			6,271,600
Total Expenses	*$428,815*	*$329,977*	*$6,592,500*

Note 1: This table was prepared from expenditures reported by the Department of Environmental Conservation in their Response Fund Annual Reports for FY 87 - FY 93. We have not audited this information and therefore do not express an opinion on its reliability. Since project titles changed over the seven years, for comparability purposes we have grouped those activities that seemed the same despite small title changes.

FY 90	FY 91	FY 92	FY 93	*Exxon Valdez*	Total
$1,702,000	$6,932,000	$10,603,000	$20,996,500		$41,313,192
24,005,400	11,977,700			41,439,400	
4,560,000				5,139,700	
3,210,200				3,415,800	
	4,100,000			4,100,000	
	8,834,400			8,834,400	
		2,337,300	492,600	2,829,900	
		6,654,400	407,000	7,061,400	
		1,576,900	2,703,500	4,280,400	
		1,123,800		1,123,800	
31,775,600	24,912,100	11,692,400	3,603,100	78,254,800	78,254,800
$33,477,600	*$31,844,100*	*$22,295,400*	*$24,599,600*		*$119,567,992*

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TABLE C

DESCRIPTION OF RESPONSE FUND ACTIVITIES APPROPRIATED IN FY 92 AND FY 93

As reflected by discussion in Background Information, there have been numerous changes to the Oil and Hazardous Substance Release Response Fund (Response Fund) since its inception in 1986. Many of the amendments expanded the authorized purposes of the fund. The following table illustrates all Response Fund appropriations for FY 92 and FY 93. The table indicates if these appropriations would have been covered under the original purposes of the fund or if they are allowed due to amendments subsequent to 1986 inception.

The first two columns of the table give the name of the project or activity and a brief description of the purpose of the project. FY 92 operating appropriation amounts came from Ch 73, SLA 91. FY 93 operating appropriation amounts come from Ch 136, SLA 92 and capital appropriation amounts come from Ch 5, FSS 1992.

Some projects meet both original and expanded legislation and are so indicated by a checkmark in both columns. One project, Arctic Marine Resources Commission, in our opinion, does not appear to meet either the original or any expanded use of the Response Fund, but there is nothing that prevents the legislature from appropriating from the Response Fund for other uses.

Project/Activity	Description
Department of Environmental Conservation (DEC) Operating Programs - except Contaminated Sites	Operating programs include the Director's Office and the Division of Spill Prevention and Response (SPAR). The Director's Office is responsible for administrative support, safety and data management. In addition to contaminated sites, SPAR is composed of three sections: Government Preparedness and Response, Industry Preparedness Program, and Underground Storage Tank Program. Government Preparedness develops regulations and guidelines for SERCs and LEPCs, ensures that local plans are under development and are integrated with other plans, ensures that there is a complete compilation of hazards analysis for the State, and conducts drills on the state and local plans. Industry Preparedness reviews oil discharge prevention and contingency plans for oil operations, conducts inspections and spill drills, and administers the statewide financial responsibility program to ensure that oil operators demonstrate sufficient proof of ability to respond.
Exxon Valdez Oil Spill Project	Response funded activities in FY 92 included data compilation and documentation, monitoring, and select restoration activities. The funding was also allocated to coordinate support efforts by state agencies. FY 93 monies funded DEC's Oil Spill Response Office whose staff gathered data regarding the extent of subsurface oil and surveyed selected beaches. In addition, staff archived records and created a records database.
Contaminated site projects identified by DEC	Contaminated sites are ranked based on a hazard ranking model that prioritizes sites based on their threat to human health or the environment. DEC also takes into account unique social or economic factors. However, the ranking model allows for numerous unknowns, which affects the reliability of the numeric scores. The cleanup list is subject to constant change as responsible parties assume cleanup responsibilities and as new contaminated sites become known. DEC provides oversight only on sites where the responsible party is taking action. Contaminated sites that require cleanup, but where the potential responsible party is unknown, unwilling, or unable to clean up are referred to as orphan sites. DEC must go through a notification process to the potential responsible party before a site is placed on the orphan site list. The State initiates cleanup on orphan sites.
Contaminated sites identified by other agencies	Beginning in FY 92, contaminated sites with the State as the responsible party were dealt with by a Memorandum of Agreement between several state agencies. Department of Natural Resources, Department of Transportation and Public Facilities, and DEC formed a work group that determined which sites were the highest priority and submitted a capital budget request for funding. The major tool used by the group to rank the various sites was DEC's ranking model. The work group recommended funding for 10 projects in FY 93 for a total capital request of $2.6 million. Actual expenditures in FY 93 came to slightly over $310,000.
Oil Spill Reserve	The legislature established the spill reserve so that funds would always be available for the abatement of a release of oil or a hazardous substance. The spill reserve can only be accessed to address a release that poses an imminent and substantial threat to public health or the environment. DEC only uses the spill reserve to address unbudgeted activities that pose an imminent and substantial threat. Eleven spills were responded to in FY 92 for a total of $71,382.76, and thirty were responded to in FY 93 for a total of $245,995.37.
Oil Response capable ferry	The legislature authorized expanding the use of the fund to include refurbishment or construction of marine response vessels. Alaska Marine Highway System is currently in the design phase of constructing a vessel that could be used to respond to oil spills. For FY 93, the legislature appropriated $7.5 million from the Response Fund to the Alaska Marine Highway System Replacement Fund for the oil response ferry. But these funds will not be used until the vessel is in construction phase, which is currently targeted for the first quarter of FY 95.
State Emergency Response Commission (SERC)	SERC was established by executive order in 1987 and formalized in 1990 with the passage of HB 566. SERC guides and coordinates a state-wide emergency response plan. SERC designates Local Emergency Planning Districts (LEPDs) and approves LEPCs for those districts. SERC reviews and comments on local emergency plans, including oil facility and vessel spill contingency plans.
Local Emergency Planning Committees (LEPCs)	The State has been divided into 26 LEPDs. SERC establishes and appoints a Local Emergency Planning Committee for each district; however, only 14 LEPCs have been established to date.

FY 92 Appropriation	FY 93 Appropriation	Original Legislation	Expanded Legislation	Cite for Expanded Legislation
$5,731,300	$7,339,300	✓	✓	SB 261 [Ch 90, SLA 89] HB 567 [Ch 191, SLA 90]
$20,081,900	$3,318,000	✓	✓	SB 261 [Ch 90, SLA 89] SB 264 [CH 113, SLA 89]
$4,203,200	$3,528,600	✓		
$0	$2,193,000	✓		
$12,627,400	$23,656,700	✓		
$500,000	$7,500,000		✓	SB 165 [Ch 48, SLA 91]
$329,900	$350,800		✓	SB 261 [Ch 90, SLA 89]
$900,000	$1,200,000		✓	SB 261 [Ch 90, SLA 89]

Project Activity	Description
Response office, depots/corps	The legislature authorized that depots and corps were to be planned through the DEC master and regional contingency planning and the State Emergency Response Commission approval process. The exact determination of locations was left to the DEC and SERC planning process. The State was to pay for training volunteers in communities selected as depot sites and pay them when necessary to combat a spill or participate in training. Exact types and amounts of containment equipment and materials to be stored at depots was also left to the DEC and SERC planning process. DEC and DMVA have jointly expended over $4 million on depots and corps to date. The only depot that has been established to date is a $1.6 million project for a communications depot, which is 50% Response Funded and 50% funded by the Federal Emergency Management Authority. Other expenditures have been used to train 823 first responders and develop an Incident Command System and an Advanced Integrated Management System.
Citizens' Oversight Council on Oil and Other Hazardous Substances	This council was established in 1990 following the passage of HB 578. The council assesses the performance of state and federal agencies in preventing and responding to releases of oil and hazardous substances, identifies risks, and recommends improvements for environmental safety to the legislature, governor, and federal agencies.
Nearshore Strike Team Demonstration Projects	The legislature appropriated $1.2 million for FY 93 to provide coastal communities that are not connected by a highway system with the resources to be able to respond to a major oil spill. Currently, contingency plans do not always address industry's preparedness to respond to a spill in communities for extended distances downstream from an oil terminal facility or tank vessel route. One purpose for the demonstration project was to define the optimum array of equipment needed in communities to mobilize and respond to spills which have escaped initial containment or to orphan spills which may occur within the operating range of nearshore communities. Two informal planning committees were organized - one for the Gulf of Alaska region and the other for Southeast Alaska region. Each region developed their own project design criteria.
Hazards Analysis	A Hazards Analysis covers four stages: (1) identifying the hazard, which is defined in AS 46.03.826. (2) performing a vulnerability analysis, (3) conducting a risk analysis, and (4) assessing response capability by industry and local response. After DEC had prepared a request for proposals to perform a statewide Hazards Analysis, LEPCs indicated that they preferred to control this project themselves. In FY 92, DEC delegated the responsibility and funding to LEPCs for the Hazards Analysis. As of October 15, 1993, hazards analyses are completed for four LEPDs, are in process for twelve LEPDs, and the other ten LEPDs are scheduled for completion in June 1994 as part of a statewide Hazards Analysis contract. Once the hazard analyses are complete, DEC believes they will have an inventory of between 80%-90% of all facilities with hazardous substances required to report under SARA Title III. DEC will need t[illegible]eep their database of information up-to-date.
Geographic Information System (GIS)	The legislature appropriated $689,300 for a GIS. DEC administered $250,000 and signed a reimbursable services agreement with the Department of Military and Veterans Affairs (DMVA), Division of Emergency Services (DES) for the remaining $439,300. GIS will be a map-based system that monitors where a spill has occurred in comparison to the natural surroundings. The GIS will be able to track the response of industry or the responsible parties and can be used to project what path the spill will follow. The GIS could store countless data useful in making decisions, such as population centers, location of contaminated sites and hazardous substances, and location of equipment. Two demonstration projects have been completed for DEC. One problem that has not been reconciled is how the DEC and DMVA, DES systems will coordinate. DES is developing an Advanced Integrated Incident Management System to respond to an emergency situation. DES is interested in knowing where manpower, communication, and aircraft are located. DEC will not be able to view DES' information on a geographic base.
Hazards Substances Spill Technology Review Council	The council exists within the SERC. The council's duties include responsibility for reviewing and recommending research topics to DEC, establishing testing protocols for the department to use to evaluate the effectiveness of hazardous substance spill technologies within the State, and compiling and maintaining information relating to containment and cleanup technology.

FY 92 Appropriation	FY 93 Appropriation	Original Legislation	Expanded Legislation	Cite for Expanded Legislation
$1,700,000	$800,000		✓	SB 264 (Ch 113, SLA 89)
$237,300	$237,300		✓	HB 578 (Ch 199, SLA 90)
$0	$1,200,000		✓	HB 567 (Ch 191, SLA 90)
$0	$177,300		✓	SB 261 (Ch 90, SLA 89)
$0	$689,300	✓	✓	SB 261 (Ch 90, SLA 89)
$236,800	$420,000		✓	HB 567 (Ch 191, SLA 90)

Project/Activity	Description
Arctic Marine Resources Commission (AMRC)	The legislature appropriated $100,000 to fund the commission through FY 92, with the intent to form a Regional Citizens' Advisory Council for residents of Alaska's Arctic coastal communities. AMRC would review Arctic oil exploration and development issues affecting Alaskans and attempt to secure federal and industry recognition and support as an Arctic Regional Citizens' Advisory Council.
Alyeska Terminal Ballast Water Testing/Monitoring	The legislature appropriated $175,000 for DEC to disburse to the Prince William Sound Regional Citizens Advisory Council. RCAC was to retain technical experts who would review and evaluate three monitoring programs being conducted by DEC at the Alyeska Valdez Marine Terminal. The three programs, which have been completed with final reports, were to monitor the influent ballast water to the ballast water treatment facility, to monitor the treated discharge from the ballast water treatment facility, and to monitor sediment hydrocarbon chemistry and sediment toxicity in Port Valdez.

FY 92 Appropriation	FY 93 Appropriation	Original Legislation	Expanded Legislation	Cite for Expanded Legislation
$100,000	$100,000			See discussion on page 43
$175,000	$0	✓		

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TABLE D

EXAMPLES OF EXTERNAL FY 92 AND FY 93 RSAs

FY 92 RSA, DEC/DMVA Oil Spill Depots/Corps $1,700,000

Over $1.2 million has been spent on this RSA through fiscal year end 93.

The "communications depot" is the only depot in place. The communications depot is a $1.6 million project that will be 50% Response Funded and 50% federally funded by the Federal Emergency Management Agency. The equipment includes two 4.5 meter trailer mounted satellite communication dishes, four foamy satellite communication packages, and two mobile satellite telephones.

On the same RSA, DMVA trained 823 people to be first responders in the event of a spill. First responders include such persons as police and fire personnel. DMVA and the LEPCs worked together to determine who should be trained and in what localities. A database of people who were trained was prepared and given to GPRP.

FY 93 RSA, DEC/DMVA Oil and Hazardous Substance Release and Response Preparation and Planning $800,000

This RSA, which only had $155,000 in expenditures through fiscal year end 93, was to fund six different projects, many of the projects being continuing and open-ended. On Response Corps and Emergency Response Depots DMVA assisted and will continue to assist SPAR is preparing a 3-year strategic plan on the development of depots and corps to facilitate planning and budgeting.

For the State Emergency Response Commission, the Chief of Logistics was appointed by the Adjutant General as his designee and vice-chair on the commission. DMVA staff assisted and will continue to assist the Chief of Logistics in his membership roles on various SERC committees. DMVA provided and will continue to provide a person to serve as the State's alternate member of the Alaska Regional Response Team.

DMVA provided and will continue to provide an ex-officio, non-voting member to the board of directors on each of the two Regional Citizens' Advisory Councils in Alaska. For Emergency Response Planning, DMVA provided technical assistance to Local Emergency Planning Committees to ensure their response plans are consistent with the State Emergency Operations Plan. DMVA assisted and will continue to assist SPAR in developing a communications plan for response to oil and hazardous substance releases.

FY 93 RSA, DEC/DMVA Geographic Information Systems (FEMME) $439,300

This RSA is to be used primarily for contractual services from the University of Alaska, Anchorage and the purchase of hardware and software. DMVA will develop an emergency management decision system for the State Emergency Operations Center with this funding ensuring that the system aids management of oil and hazardous substance release incidents. The system will incorporate a graphic user interface which will be compatible with DEC's geographic information system (GIS). GIS will provide an automated decision support system and an automatic resource tracking system. The GIS system will use computer graphics to show a map of response capabilities.

For an estimated $250,000, the university will prepare a briefing paper on the emergency management decision system which includes: estimated costs for equipment, software, and training; a phasing plan; schedules and project milestones; cost/benefit analysis; and personnel utilization.

The hardware and software for the emergency management decision system is estimated to cost $175,000.

FY 93 RSA, DEC/DFG Spill Prevention Planning and Management Assistance and State Emergency Response Commission Contingency Plans $202,200

This RSA is to have DFG's participation on three distinct projects. DFG is expected to be reimbursed $5,000 for their participation in the quarterly State Emergency Response Commission meetings and in any Emergency Response Committee meetings. DFG will complete work tasks assigned by the commission or committees and provide expertise on fish and wildlife services.

DFG anticipates having $127,200 in reimbursable expenditures for their participation in oil pollution control. DFG will review and comment on approximately 180 oil spill contingency plans submitted by industry for compliance with state regulations. DFG's primary focus is to enhance protection of fish and wildlife populations, habitats, and public uses of these resources.

DFG anticipates having $70,000 in reimbursable expenditures for their participation in reviewing the state master and regional plans

FY 93 RSA, DEC/DNR Industry Contingency Plan Reviews and State Emergency Response Commission $28,900

This RSA is to have the Department of Natural Resources' (DNR's) participation on two distinct projects. DNR is expected to be reimbursed $5,000 for their participation in the quarterly State Emergency Response Commission meetings and in any Emergency Response Committee meetings. DNR will complete work tasks assigned by the commission or committees.

DNR anticipates having $23,900 in reimbursable expenditures for their participation in oil pollution control. DNR will review and comment on approximately 170 oil spill contingency plans submitted by industry for compliance with state regulations. DNR's primary focus is to ensure that sensitive natural resource areas are adequately protected.

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DEPT. OF ENVIRONMENTAL CONSERVATION
410 Willoughby St., Juneau, AK 99801 (907)465-5010

Mr. Randy S. Welker
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Mr. Welker:

Thank you for the opportunity to reply to the Division of Legislative Audit's Preliminary Audit of the Oil and Hazardous Substance Release Response Fund (Response Fund). First I would like to formally thank Ms. Cynthia Ryan and Ms. Kristin Dolquist for the professional and thorough manner in which they conducted this audit. I have heard this comment made by several members of my staff.

In general, we believe that this draft audit report accurately reflects the legislative and Department of Environmental Conservation (DEC) history of the Response Fund. We also generally agree with the description of current DEC management of the Response Fund. In the face of the many misunderstandings currently existing about the Response Fund and its intended purpose, it is refreshing to see such an accurate explanation of the Fund.

Recommendation No. 1

The legislature should make statutory changes to clarify the role of the fund administrator.

We agree with the proposed statutory changes and will work with the Attorney General's Office and the respective Senate Finance and House Resource Committees to investigate ways that these statutory changes can be made.

Recommendation No. 2

DEC should revise the department's draft Cost Recovery and Policy and Procedures manual, implement the policy with due public notice, and provide training to all relevant personnel.

We generally agree with this recommendation and will take immediate steps to implement it.

DEC has been pursuing cost recovery on selected oil and hazardous releases since FY90. A formal cost recovery notification policy and process has been in place since April of 1992 and a draft cost recovery manual and training was completed in August of 1993.

We agree that these policies and procedures should be finalized and that any training inadequacies should be remedied as soon as possible.

Recommendation No. 3

DEC should develop a systematic method of addressing contaminated sites so those sites that pose the greatest risk to public health or the environment are addressed first.

This is an excellent recommendation and one that will require coordinated assessments with other government agencies, especially the Department of Defense (DOD). The DEC has a formal Statement of Cooperation with the DOD and an assessment of the effectiveness of joint environmental programs is now underway. Opportunities for improvements in contaminated sites management will be identified and implemented as a result of this assessment.

What the DEC has been providing is a prioritized list of high priority contaminated sites determined by the ranking model and judgement by regional staff with the suspicion that the responsible party is reluctant or unwilling to conduct the necessary cleanup. We agree with the recommendation to provide a better listing and have been developing policies and guidance during this fiscal year to put in place a more aggressive approach to confirm responsible party intent and prioritize all contaminated sites into a high/medium/low category.

Thank you again for the opportunity to respond to this draft audit and we look forward to working with your office toward the completion of the proposed management recommendations.

Sincerely,

John A. Sandor
Commissioner

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 personal services, operations and maintenance, nor training. Their price tag for equipment seems reasonable, although we were not involved in developing the list. Until 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.

<u>What does the Department do with contaminated sites?</u>

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:

- 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.

- 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.

- 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

STATE OF ALASKA

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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."*

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

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

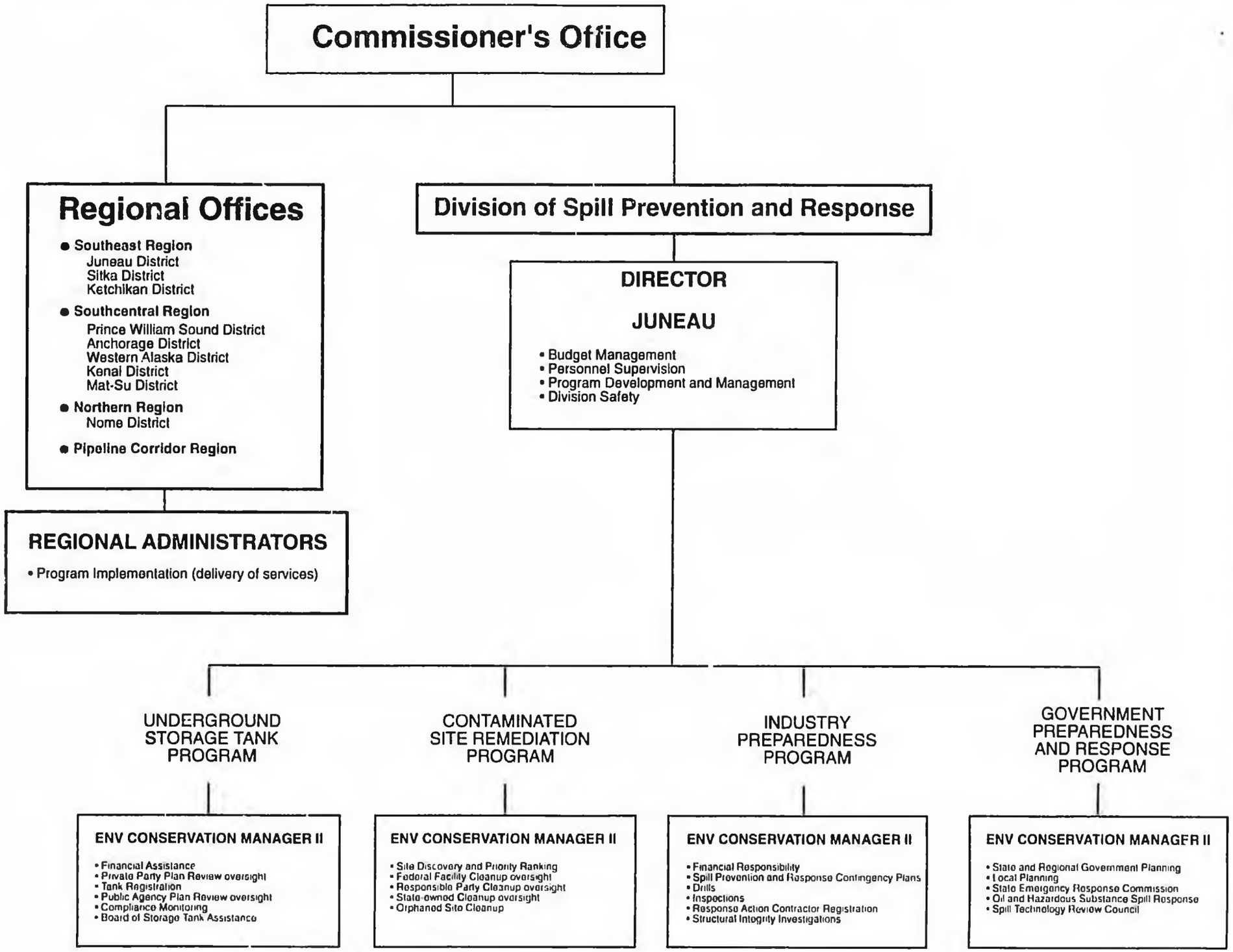
DIVISION OF SPILL PREVENTION AND RESPONSE

FY 95 BUDGET OVERVIEW

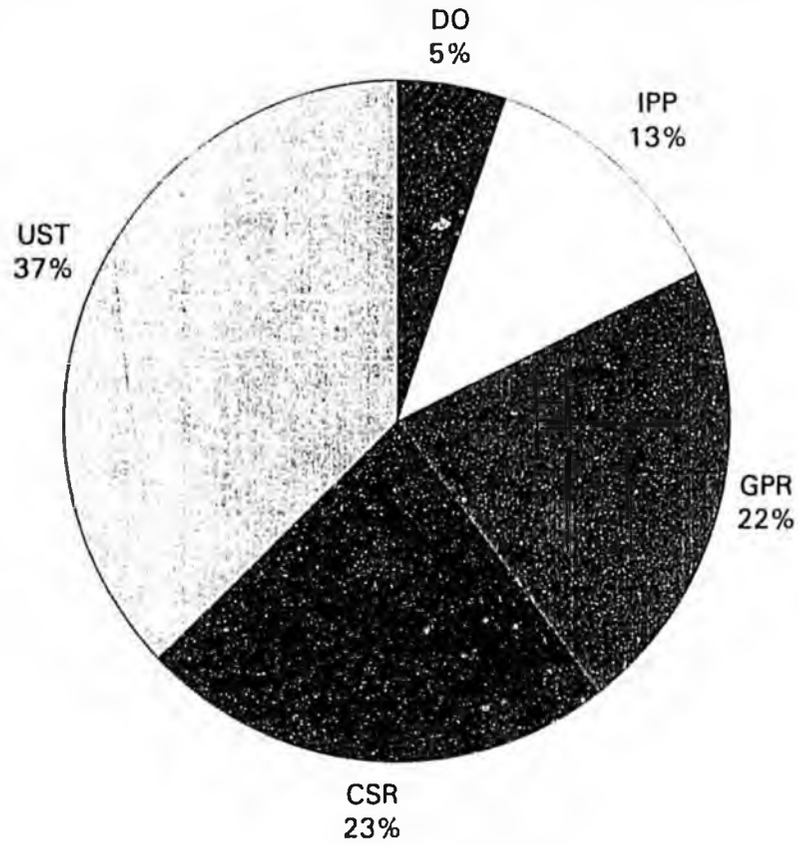
DIVISION RESPONSIBILITIES

PROGRAM GOALS, SERVICES AND ACCOMPLISHMENTS

January 1994


Commissioner's Office
Regional Offices
• Southeast Region
Juneau District
Sitka District
Ketchikan District
• Southcentral Region
Prince William Sound District
Anchorage District
Western Alaska District
Kenai District
Mat-Su District
• Northern Region
Nome District
• Pipeline Corridor Region
REGIONAL ADMINISTRATORS
• Program Implementation (delivery of services)
Division of Spill Prevention and Response
DIRECTOR
JUNEAU
• Budget Management
• Personnel Supervision
• Program Development and Management
• Division Safety
UNDERGROUND STORAGE TANK PROGRAM
CONTAMINATED SITE REMEDIATION PROGRAM
INDUSTRY PREPAREDNESS PROGRAM
GOVERNMENT PREPAREDNESS AND RESPONSE PROGRAM
ENV CONSERVATION MANAGER II
• Financial Assistance
• Private Party Plan Review oversight
• Tank Registration
• Public Agency Plan Review oversight
• Compliance Monitoring
• Board of Storage Tank Assistance
ENV CONSERVATION MANAGER II
• Site Discovery and Priority Ranking
• Federal Facility Cleanup oversight
• Responsible Party Cleanup oversight
• State-owned Cleanup oversight
• Orphaned Site Cleanup
ENV CONSERVATION MANAGER II
• Financial Responsibility
• Spill Prevention and Response Contingency Plans
• Drills
• Inspections
• Response Action Contractor Registration
• Structural Integrity Investigations
ENV CONSERVATION MANAGER II
• State and Regional Government Planning
• Local Planning
• State Emergency Response Commission
• Oil and Hazardous Substance Spill Response
• Spill Technology Review Council

DIVISION OF SPILL PREVENTION AND RESPONSE
PROPOSED FY 95 BUDGET



Contaminated Sites Component Activities	Personal Services	Travel	Contractual	Supplies	Equipment	Grants	Total
DO - Director's Office	716.3	36.2	227.2	11.6	25.9	0.0	1,017.2
IPP - Industry Preparedness	1,677.5	193.1	403.6	47.0	30.7	0.0	2,351.9
GPR - Government Preparedness & Response	2,403.7	265.8	1,277.9	82.7	97.3	0.0	4,127.4
CSR - Contaminated Sites Remediation	2,433.8	251.5	1,518.4	51.6	51.0	0.0	4,306.3
UST - Underground Storage Tanks	1,422.3	115.3	559.5	27.9	21.0	4,836.3	6,982.3
Total Component	8,653.6	861.9	3,986.6	220.8	225.9	4,836.3	18,785.1

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

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 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.

* Provinding 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

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 delisted 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 Supefund 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 invoivement in federal facility cleanup activities.

UNDERGROUND STORAGE TANK PROGRAM

GOALS AND SERVICES

GOALS

Know the condition of all regulated underground storage tanks in Alaska.

Help owners and operators of regulated underground storage tanks prevent leaks from their tanks.

Assist owners and operators of regulated underground storage tanks in cleanup of soil and water contaminated by their leaking tanks.

SERVICES

- Register all underground storage tanks and collect tank registration fees.
- Maintain a list of tank owners which have not paid tank registration fees and provide copies to the Attorney General for collection.
- Priority rank, public notice, and issue cleanup and upgrade grants and loans to underground storage tank owners and operators.
- Hold public workshops on state regulations, tank worker certification, laboratory methods and reporting formats and requirements for tank owners, operators, contractors and consulting firms.
- Approve applications and enforcement of private laboratory accreditation.
- Review upgrade and closure plans and enforce tank upgrade, cleanup, and closure requirements.
- Review Quality Assurance Program Plans, Tank Tightness Testing results, Site Assessment/Release Investigation Reports, Corrective Action Plans and Corrective Action reports.
- Conduct site reconnaissance, inspections, and oversight during site assessments, release investigations, corrective actions, tank installations, upgrades and closures.
- Published a quarterly program information newsletter and maintain a technical information lending library at locations throughout the State.
- Held meetings of the Board of Storage Tank Assistance to hear appeals from tank owners and operators.

UNDERGROUND STORAGE TANK PROGRAM

ACCOMPLISHMENTS

- Completed cleanups at over 100 leaking UST sites for a new total of 243 cleaned sites.

- Distributed over $10 million in Storage Tank Assistance Grants and Loans to tank tightness testing, site assessment, cleanup, upgrade, and closure projects.

- Reviewed and ranked over 500 FY 94 financial assistance applications for cleanup grants and loans, upgrade grants, and closure grants.

- Issued three Emergency Grants to sites that posed an imminent threat to public health in Fairbanks, Sterling, and Wasilla, Alaska.

- Initiated an Information Bulletin series for distribution to UST owners, operators, contractors, consultants, and others for streamlined deadline and compliance information outreach.

- Operated the UST tollfree telephone hotline to answer technical questions from over 500 callers.

- Worked with the Attorney General's Office to negotiate 5 UST compliance agreements and management plans with State, Federal, and large Corporations to facilitate a systematic approach to large facility compliance.

- Streamlined the UST regulations dealing with financial assistance and cleanup in consultation with a working group comprised of representatives from industry and the regulated public.

- Completed a nationally recognized testing contract with the International Fire Code Institute for the certification of UST workers.

- Collected UST registration fees in the amount of $443 thousand for 1993 (a 90% collection rate), and invoiced $440 thousand for 1994.

- Prioritized 744 leaking sites by ranking with the Alaska Hazard Ranking Model.

- Published the Alaska Underground, a quarterly program newsletter for distributing technical information to over 1800 program participants.

- Held public hearings throughout the state to explain technical requirements, financial assistance procedures, and enforcement as applicable to the UST leak prevention and cleanup requirements.

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.

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The Storage Tank Assistance Fund -- What is it all about?

* AN ENVIRONMENTAL CLEANUP PROGRAM RESTORING ALASKA'S DRINKING WATER SUPPLIES.

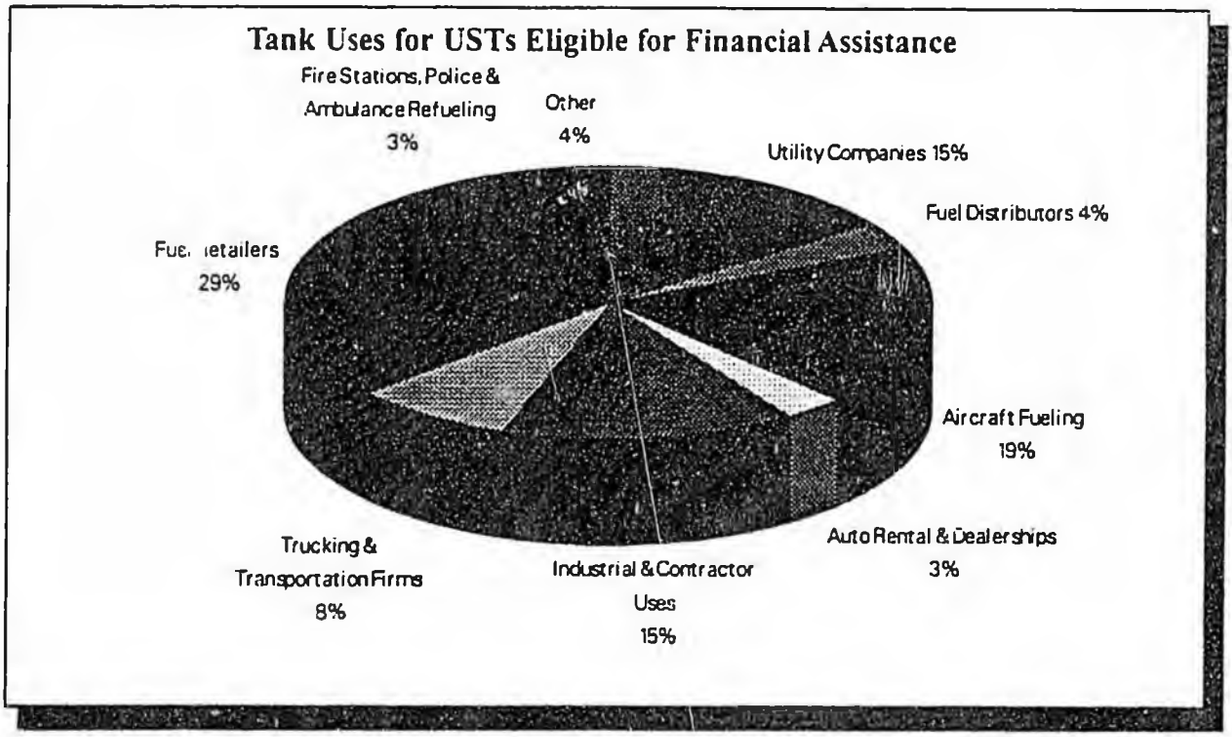
* Providing grants and loans to Alaskan businesses to offset the high cost of environmental cleanups to keep Alaskan businesses in business.

* A POLLUTION PREVENTION PROGRAM FOR UNDERGROUND PETROLEUM STORAGE TANKS

* Providing incentives and grants to tank owners and operators to upgrade or close their tanks to prevent future leaks.

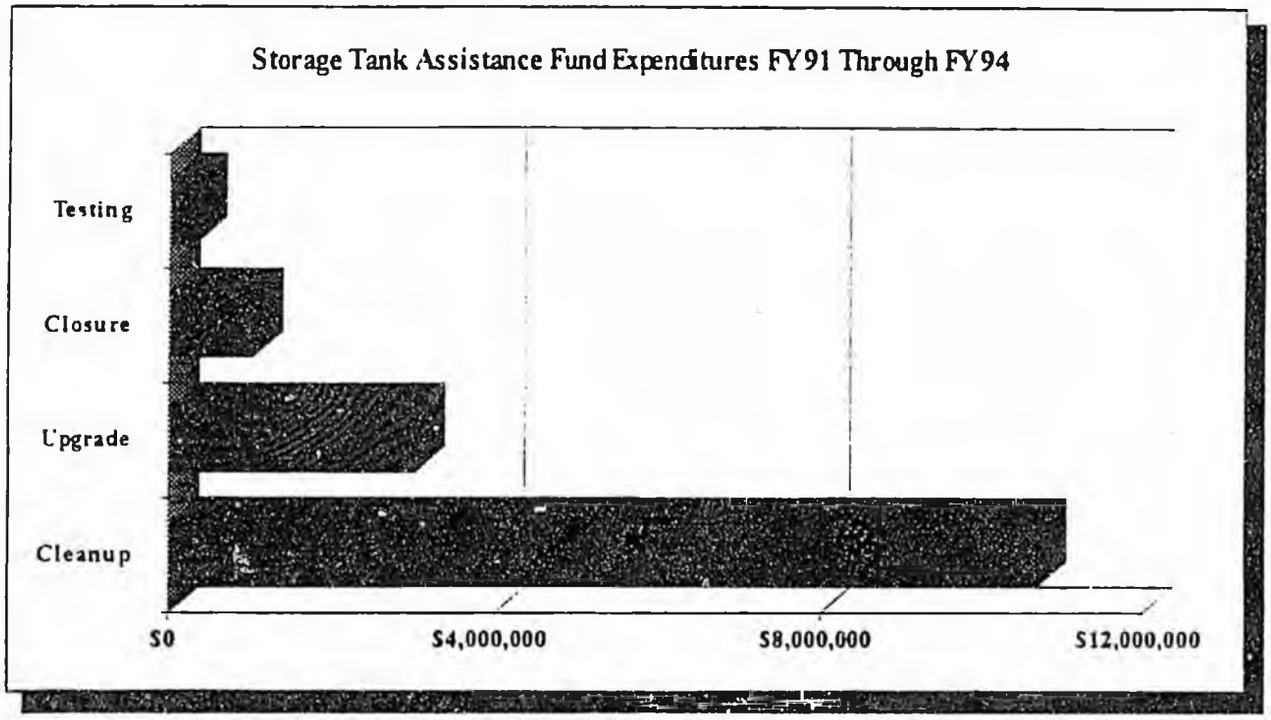
* AN ALASKAN BUSINESS ASSISTANCE PROGRAM.

* Providing relief to Alaskan businesses and private individuals faced with the high cost of environmental compliance.



Since Program Inception in 1991

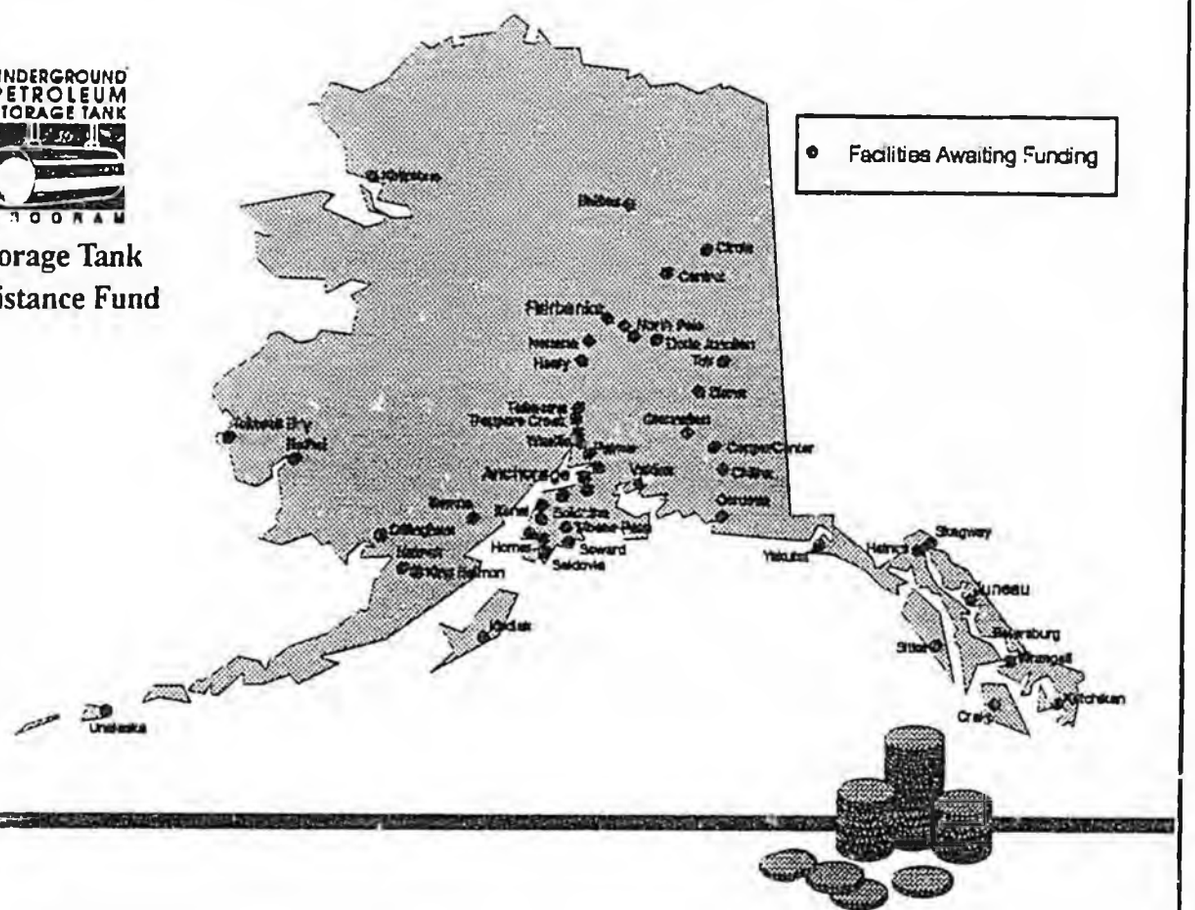
- By the end of FY 94, nearly $ 15 Million will have been expended or encumbered for financial assistance grants and loans.
- A total of 386 financial assistance requests for tank tightness testing or site assessments have been funded.
- 89 financial assistance requests for soil or groundwater cleanup will have been funded by the end of FY 94.
- 63 financial assistance requests to upgrade tanks to new EPA standards and prevent future leaks have been funded.
- 109 financial assistance requests to close out old or unused tanks have been funded.



Statewide Distribution of UST Closure, Upgrade and Cleanup Assistance Requests

UNDERGROUND PETROLEUM STORAGE TANK PROGRAM

Storage Tank Assistance Fund

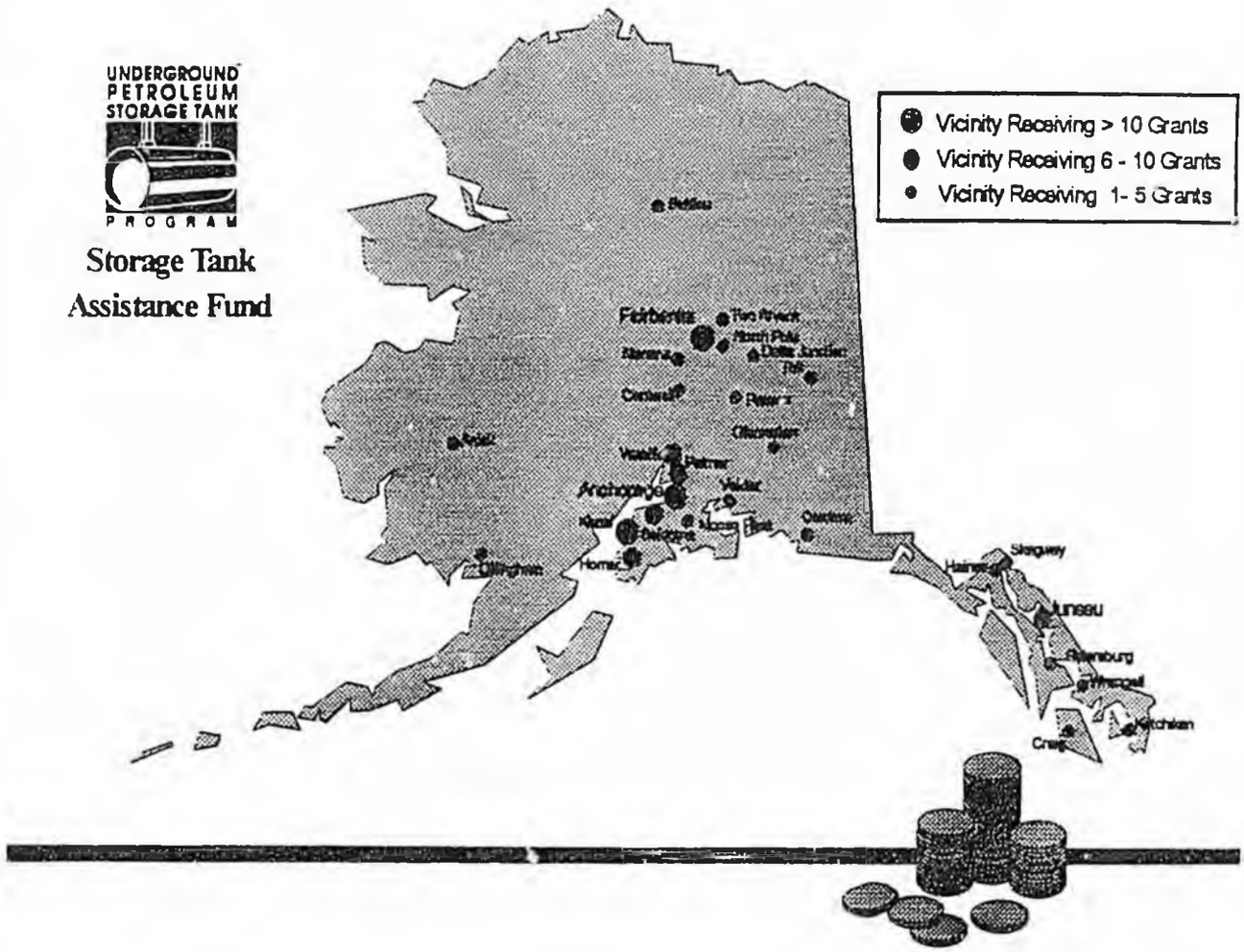


Presently, there are 826 unfunded requests for financial assistance for testing, closure, upgrade or cleanup activities in the State of Alaska. The unfunded requests total in excess of $42 million.

Statewide Distribution of UST Closure, Upgrade and Cleanup Grants

UNDERGROUND PETROLEUM STORAGE TANK PROGRAM

Storage Tank Assistance Fund

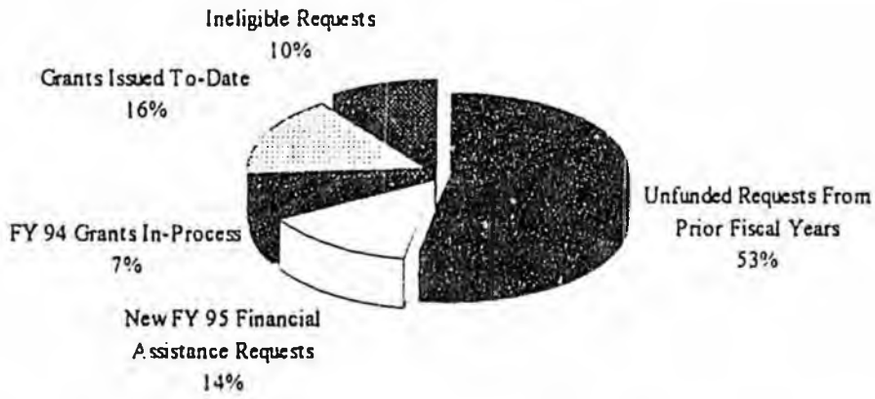


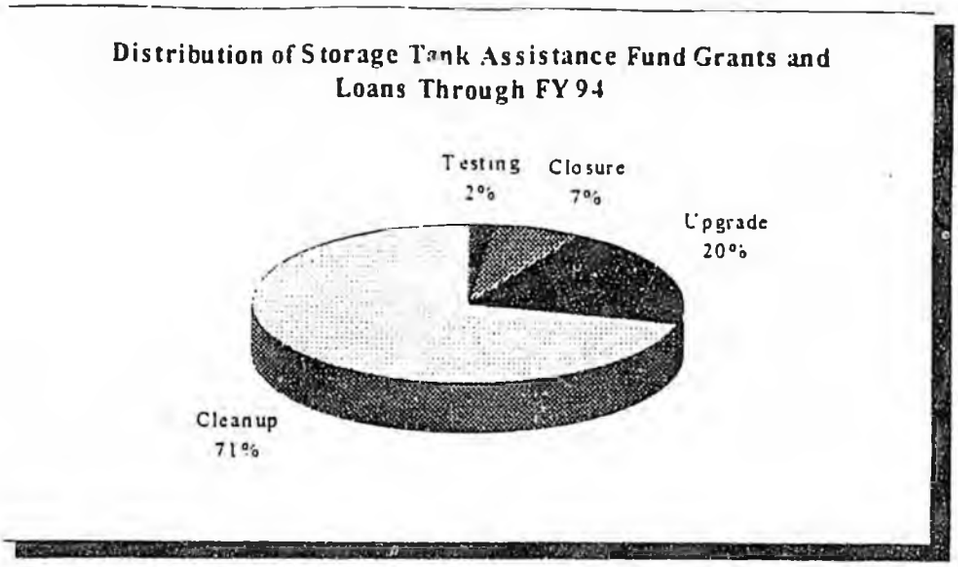
Financial Assistance Program Summary

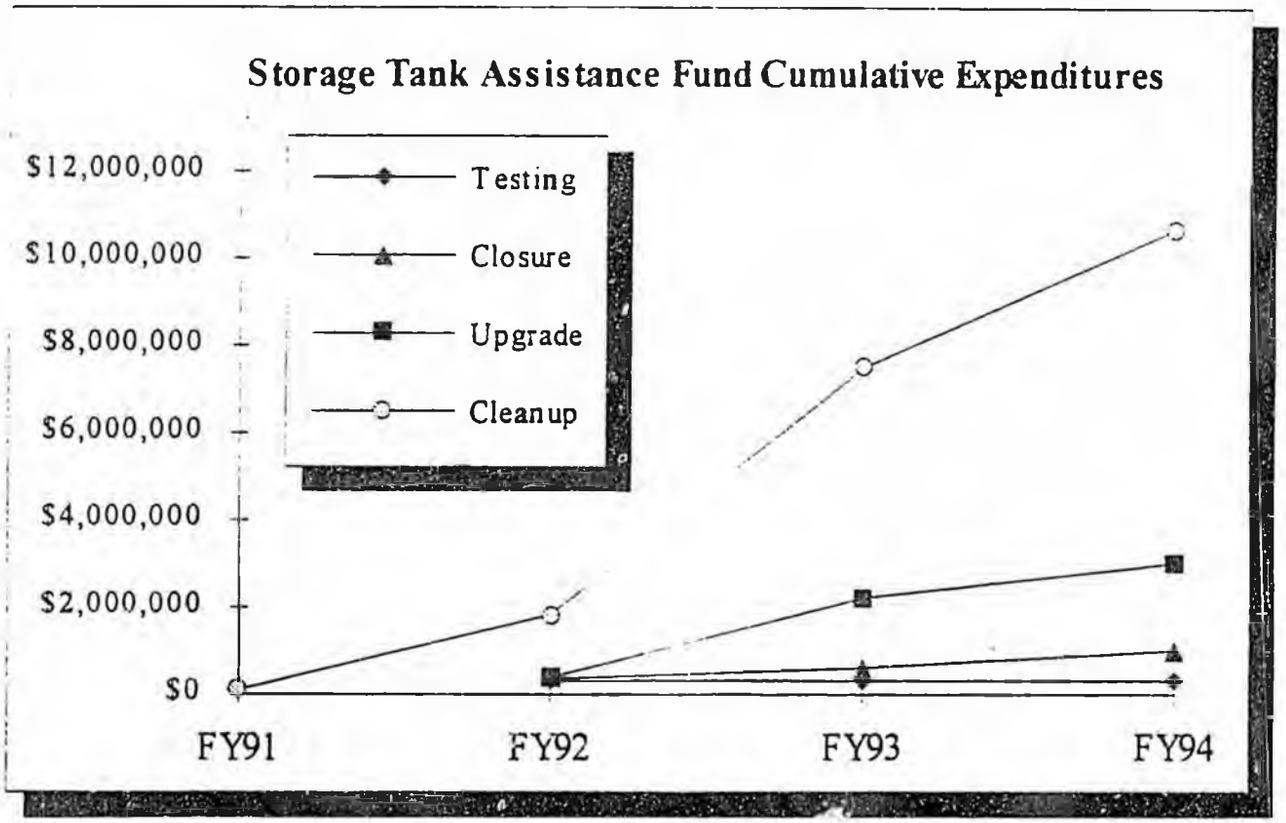
Applications Received	1617
Applications Funded	576
Applications In-Process for FY 94	64
Unfunded Applications from Prior Years	670
New Applications Received for FY 95 Funding	156
Applications Determined Ineligible By DEC	151

Applications Received	$64,529,302
Funded Applications To-Date Including Applications In-Process for FY 94	$15,040,640
Unfunded Applications from Prior Years	$34,060,137
New Applications Received for FY 95 Funding	$ 8,845,074
Applications Determined Ineligible By DEC	$ 6,583,451

Financial Assistance Summary in Dollar Percentages From Program Inception in Fiscal Year 91 Through Fiscal Year 95



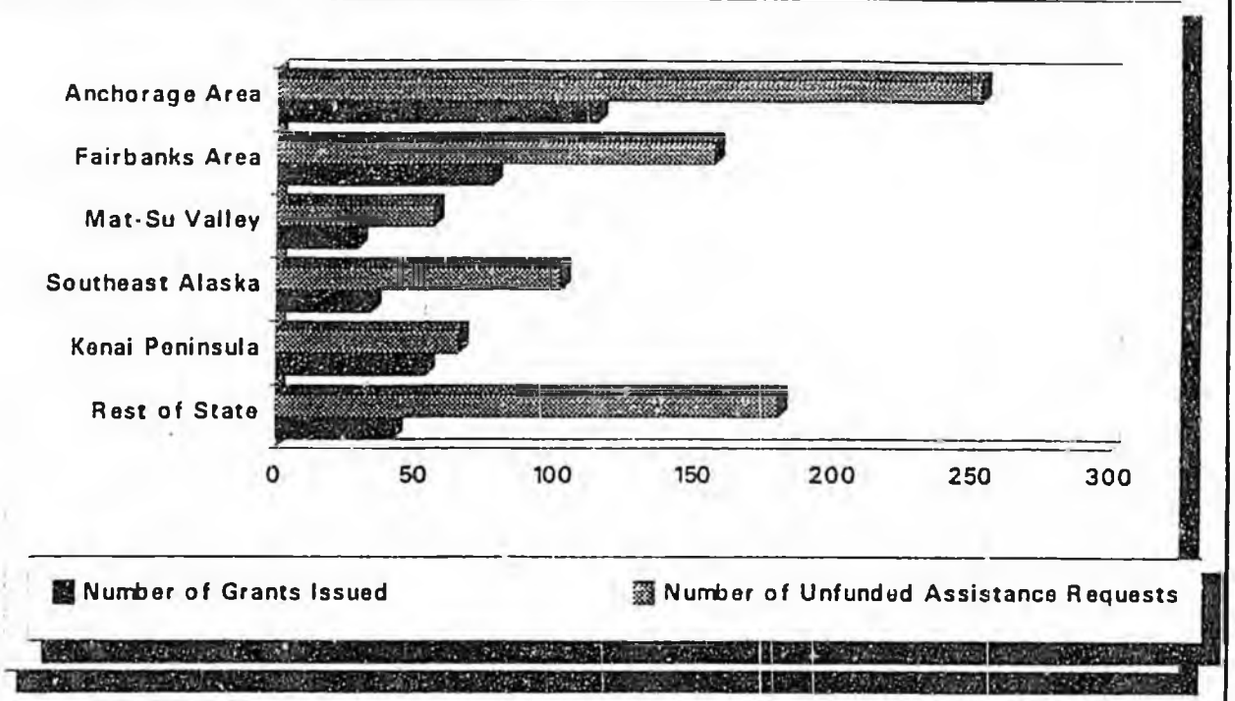


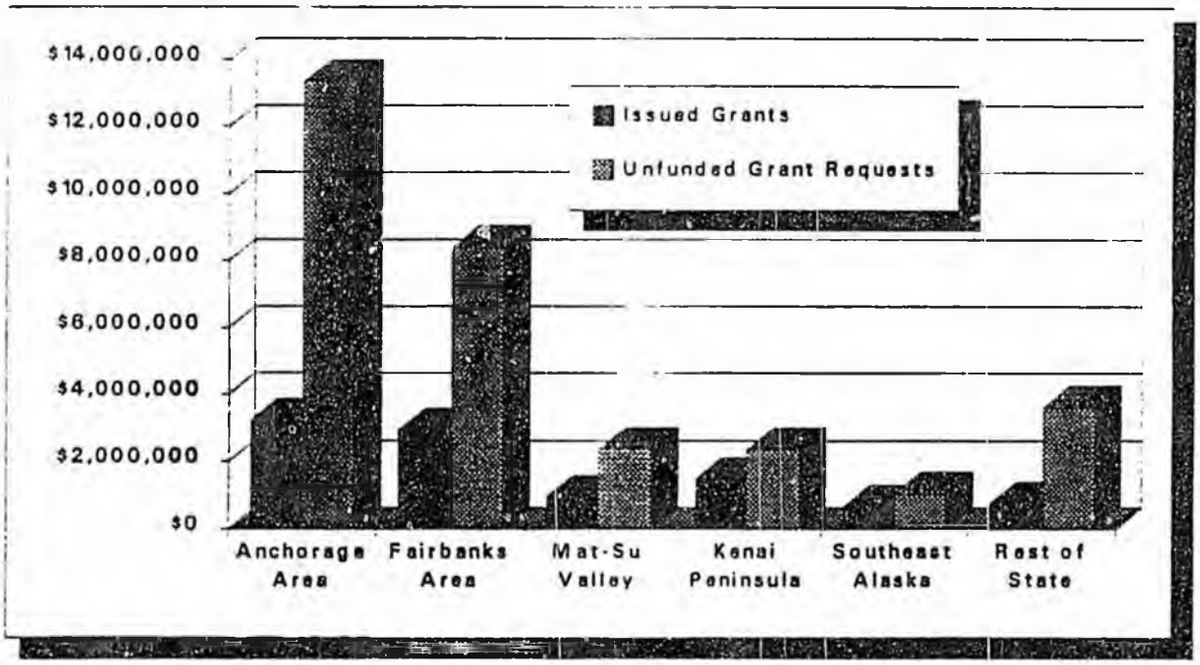


Cleanup expenditures have increased as UST Owners and Operators discover the true extent of the petroleum contamination present at their facilities.

Statewide Grant Activity

(As of 11/1/93)

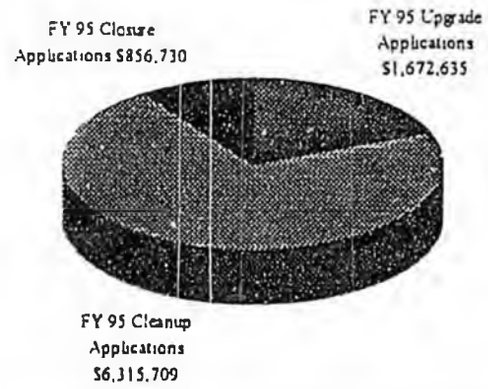




Fiscal Year 1995 Financial Assistance Requests

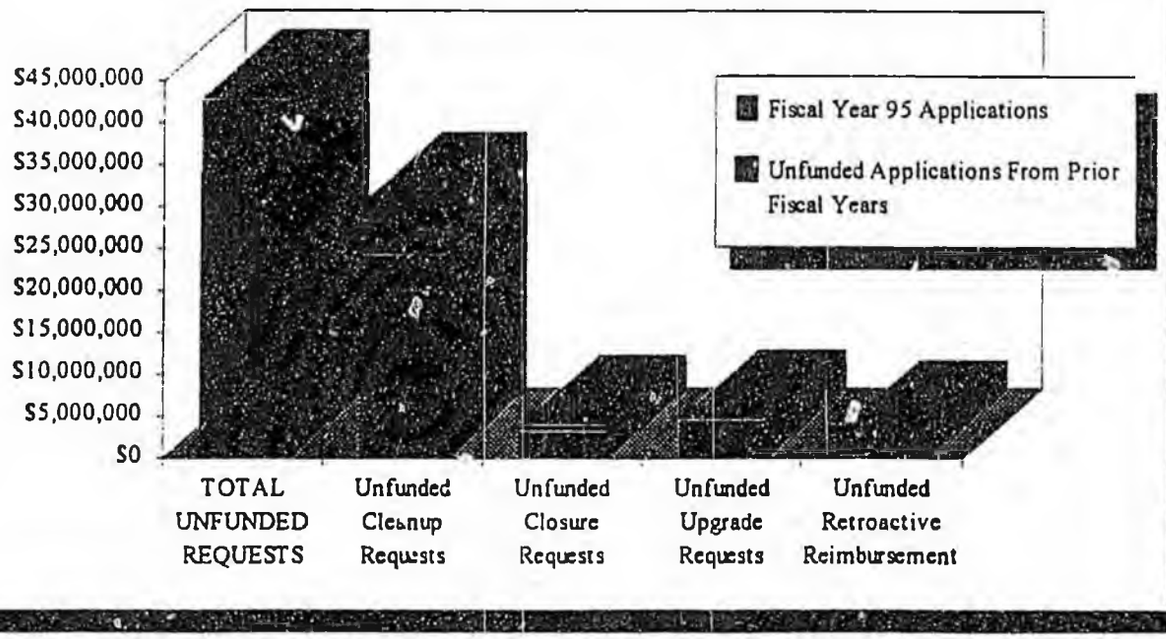
As of December 31, 1993, a total of 156 new applications for financial assistance had been received. These applications would be eligible for funding beginning in FY 95. These new requests total $ 8,845,074. Of the 156 new applications, 49 were requests for cleanup funds, 40 were for tank upgrade activities and 67 applications were received for tank closure assistance.

Fiscal Year 1995 Financial Assistance Applications Received To-Date



The total number of unfunded financial assistance applications as of December 31, 1993 is 826. The total dollars requested that still remain unfunded is $42,905,211. This total includes unfunded applications from prior years as well as new applications eligible for FY 95 funds.

Summary of Unfunded Financial Assistance Requests



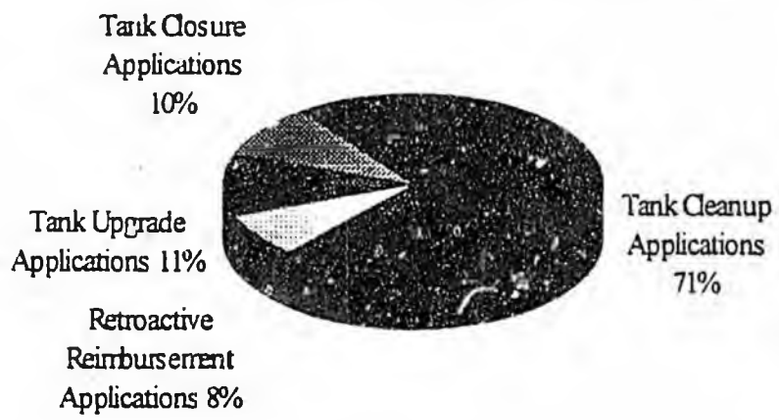
Unfunded Financial Assistance Requests

Tank Upgrade Applications	121
Tank Closure Applications	322
Tank Cleanup Applications	225
Retroactive Reimbursement Applications	158
	826

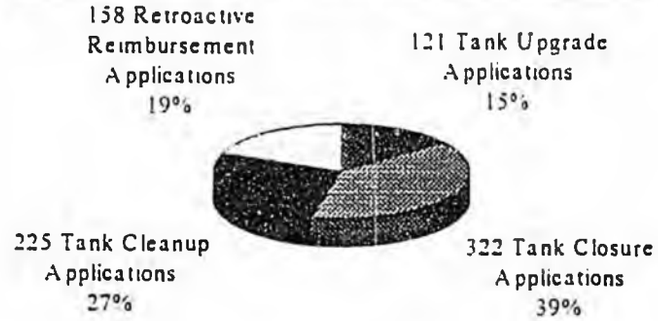
Tank Upgrade Applications	$ 4,757,337
Tank Closure Applications	$ 4,129,172
Tank Cleanup Applications	$ 30,630,265
Retroactive Reimbursement Applications	$ 3,388,437
	$ 42,905,211

Presently, there are 826 unfunded requests for financial assistance for testing, closure, upgrade or cleanup activities in the State of Alaska. The unfunded requests total in excess of $42 million.

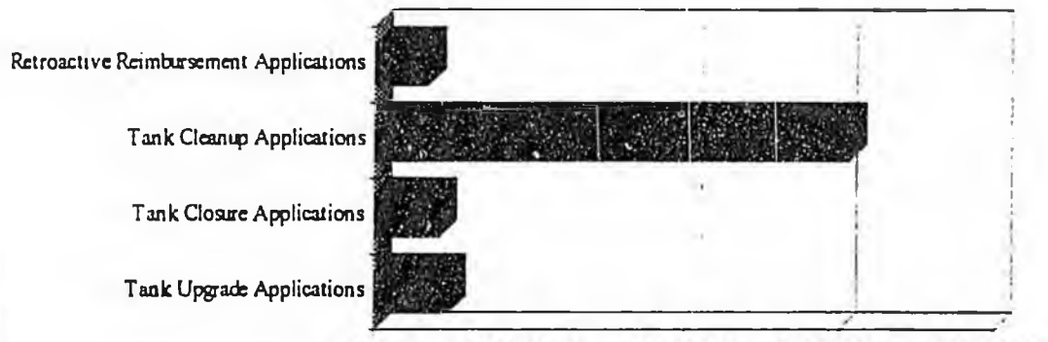
Unfunded Applications In Dollar Percentages



Unfunded Financial Assistance Requests



Unfunded Financial Assistance Requests



Emergency Grants

Emergency Grants are issued to an applicant when an imminent threat to public health occurs and funds are not readily available to undertake the appropriate assessment or corrective action activities. In order to receive an Emergency Grant, the UST owner or operator must apply to the Board. The Board will then review the circumstances and discuss alternatives with the both the UST owner or operator and the Department of Environmental Conservation. After further consultation with the Department, and with the Department's concurrence, if conditions warrant, the Board will issue an Emergency Grant.

In FY 91, one Emergency Grant was issued. This was actually the first cleanup grant issued in the program. That facility was finally determined "clean" by DEC in September, 1993.

In FY 92, no Emergency Grants were issued. During FY 93, five Emergency Grants were issued to three different facilities. Thus far in FY 94, only one Emergency Grant has been issued to-date.

Board of Storage Tank Assistance

As of 22-Feb-94

Emergency Grants

Meeting Date	Emergency Grant Authorized	Applicant	Reason for Emergency Grant
4/26/91	$109,460	Wasilla Stop & Shop Wasilla, Alaska	Customer's vehicle damaged turbine pump connection which resulted in a subsurface discharge of approximately 2400 gallons of regular gasoline. Water wells threatened.
7/21/92	$6,000	Moose Creek General Store North Pole, Alaska	Local resident detected fuel vapors in basement, possibly resulting from numerous overfills at adjacent service station. Emergency grant for tightness testing of UST's on site.
7/31/92	$75,000	Moose Creek General Store North Pole, Alaska	Local resident detected fuel vapors in basement, possibly resulting from numerous overfills at adjacent service station. Water wells threatened. Release investigation ordered.
9/18/92	$215,000	University Car Care Fairbanks, Alaska	Extensive contamination from leaking tanks and numerous overfills created large contaminant plume which was impacting adjacent property (UAF) drinking water wells.
3/30/93	$85,000	Cooks Sterling Tesoro Sterling, Alaska	Release investigation was neccessary to investigate possible off-site impacts from historic releases of petroleum from this site and other sources. Additional work on existing soil treatment cell.
3/30/93	$100,000	University Car Care Fairbanks, Alaska	Extensive contamination from leaking tanks and numerous overfills created large contaminant plume which was impacting adjacent property (UAF) drinking water wells. Supplemental work.
11/19/93	$70,000	4 Corners Tesoro Wasilla, Alaska	Significant dangar to drinking water wells in the area, including potential danger to a local elementary school. 800 cubic yards of contaminated soil needed to be removed to reduce the risk to public health.

Appeal Hearings and Dispute Resolution

Since program inception, there have been dozens of grievances filed about the financial assistance program, tank regulations or regulation implementation and enforcement. Nearly all have been resolved informally either through internal review of Department procedures or by one-on-one discussions with the concerned individual. However, the Board has acted on several formal appeals since the program was implemented.

Board of Storage Tank Assistance

Appeal Action

As of 22-Feb-94

Meeting Date	Appeal Action Board Ruled In Favor of:	Appellant / Basis for Appeal	Board Findings
7/21/92	DEC	Anchorage Clean Sweep/ENSR Anchorage, Alaska (Denied Markup Charges)	Markups were not previously allowed by financial assistance staff. Board had earlier ruled in January, 1992 that markups would be allowed after January, 1992. Work at this site was conducted prior to January, 1992.
7/21/92	DEC	Anchorage Clean Sweep/ENSR Anchorage, Alaska (Denied Customary Costs)	Customary charges invoiced by this firm were higher than listed on allowable customary cost sheets that had been published by financial assistance staff. Consultant was aware of allowable customary costs at time of work.
12/7/92	APPELLANT	ERA Aviation Juneau, Alaska (Unique Design Points)	Firm had installed a unique aircraft refueling system that exceeded normal standards and considered local climatic fluctuations to further protect public health and the environment. Unique design enabled firm to receive additional ranking points.
12/18/92	DEC	Campbell & Sons Texaco Wasilla, Alaska (Priority Ranking Position)	Firm conducted cleanup activities and prevented soil contamination from reaching groundwater. Due to groundwater not presently being threatened, facility was ranked as medium priority. Board commended action but did not rank site higher.
4/13/93	APPELLANT	Wasilla Chevron Wasilla, Alaska (Eligible Costs)	Facility's consultant collected monitoring well samples. DEC staff determined costs were not eligible due to unqualified sampler. Board determined that samples had been collected by a person who was supervised by a qualified person in accordance with existing regulations. Costs determined eligible.
12/9/93	APPELLANT	Alaska Chevron Fairbanks, Alaska (Priority Ranking Position)	Board directed DEC to re-rank Dale Millers Alaska Chevron site to reflect a corrected Alaska Hazard Ranking Model score resulting from 3000 cubic yards of contaminated soil at the site. Board found the original score to be inconsistent with submitted site data.
12/14/93	APPELLANT	Kelly's Tire and Wheel Fairbanks, Alaska (Priority Ranking Position)	Board directed DEC to re-rank Bud Kelly's Tire and Wheel site to reflect a corrected Alaska Hazard Ranking Model score resulting from 3000 cubic yards of contaminated soil at the site. Board found the original score to be inconsistent with submitted site data.
12/14/93	APPELLANT	Remers Full Serve Anchorage, Alaska (Priority Ranking Position)	Board directed DEC to re-rank Darrel Remers Full Serve site to reflect a corrected Alaska Hazard Ranking Model score resulting from private wells serving less than 25 people within one mile of the site.
12/14/93	APPELLANT	Remers Gas & Save #3 Anchorage, Alaska (Priority Ranking Position)	Board directed DEC to re-rank Terry Remers Gas & Save #3 site to reflect a corrected Alaska Hazard Ranking Model score resulting from private wells serving less than 25 people within one mile of the site.

March 1994

The Industry Preparedness Program

Alaska Department of Environmental Conservation

Division of Spill Prevention and Response

MISSION

"To ensure that each regulated oil industry operator in Alaska takes specific steps to prevent oil spills, and remains in constant readiness to clean up spills."

The Industry Preparedness Program (IPP) ensures that oil industry operators take specific steps to prevent and respond to releases or threatened releases of oil. These steps are set in laws which apply to operators of:

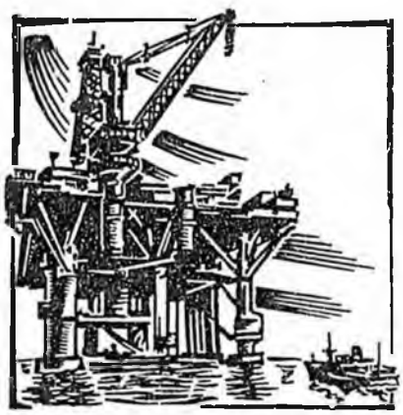
- ***oil tank vessels and barges***;
- ***crude oil transmission pipelines***;
- ***oil production and exploration facilities***; and
- ***oil terminal or storage facilities*** with over 5,000 barrels (210,000 gallons) of crude oil or 10,000 barrels (420,000 gallons) of non-crude (refined) oil.

Alaska's oil spill prevention and response planning regulations spell out the requirements, which are found in Title 18, Chapter 75 of the Alaska Administrative Code. About 300 Alaskan operations fall into these categories.

Past accomplishments

Where We've Been

IPP was created to improve the Department's focus on industry's responsibilities under state law. In its short history, IPP has:



- solicited participation of industry, interest groups and the public during implementation of new and tougher regulations for oil pollution prevention and response;
- developed new and comprehensive guidelines for all aspects of oil spill prevention and response plans;
- provided extensive technical help and outreach to ensure that each operator has submitted an improved,updated plan to meet the new requirements;
- put in place an aggressive program to review all plans for compliance with the new law, and taken appropriate enforcement action when necessary;
- developed procedures for cooperative plan reviews with other state and federal agencies, successfully convincing federal agencies to accept operators' state plans to satisfy federal planning requirements;

- developed and implemented, with extensive public input a response contractor registration program, and registered contractors in all state regions of operation;
- worked with the American Petroleum Institute and the Alaska Oil and Gas Association to present workshops on tank farm spill prevention measures; and
- completed studies of crude oil pipelines in Cook Inlet, and small oil facilities in rural Alaska.

DEC Spill Prevention and Response Assurance System

Five key projects within IPP contribute its mission's success:

- ***Financial Responsibility Project*** — which ensures that every regulated operator has access to sufficient financial resources to respond to damages from a spill, in amounts mandated by the state;
- ***Spill Prevention and Response Plans Project*** — which ensures that detailed plans are submitted by each regulated operator, and are approved as meeting state requirements;
- ***Response Action Contractor Registration Project*** — which ensures that those contractors upon which approved plans rely are state-registered, and obligated to respond to a spill;
- ***Spill Drills Project***— which tests the preparedness and ability of plan holders to respond to an actual spill, through drills and exercises; and
- ***Inspections Project*** — which ensures that regulated facilities and vessels are in compliance with spill prevention laws and applicable response plans.

Financial Responsibility

What is it?

State law (AS 46.04.040) requires regulated oil operators to prove access to enough money to pay for a spill's response and damages, and sets minimum amounts for each type of operation. The financial responsibility project ensures that every regulated operator meets this important requirement.

Why is Financial Responsibility Necessary?

Although spill prevention is the best cure, operators without access to sufficient money to pay for spill damages would place responsibility for those damages on the shoulders of the public rather than the responsible party. There must be a strong financial commitment and significant financial consequences to ensure that activities are conducted in the safest manner possible.

What are the Key Features?

IPP personnel receive, review, and issue decisions on applications for approval of proof of financial responsibility. A statewide database aids in the 24-hour monitoring and tracking of operators needed to ensure compliance with state law. Operators demonstrating acceptable proof are issued a Certificate of Approval.

Financial responsibility can be demonstrated by letter of credit, insurance, surety or guaranty bond, self-insurance, or other means approved by the Department. The majority of operators meet their requirements through self-insurance or guaranty bond from another company capable of self-insurance. About 25 operators rely on insurance to meet this obligation.

Proof of Financial Responsiblity

Type of Facility	Amount Required
Oil Terminals	
Oil Terminals/Crude (5,000 bbl & up)	$50 million
Oil Terminals/Non-Crude (10,000 & up)	$1 million minimum $50 million maximum
Pipelines and Exploration Facilities	
Pipeline and Offshore Exploration or Production	$50 million
Onshore Production	$20 million
Onshore Exploration	$5 million
Vessels and Barges	
Tank Vessel and Oil Barge/Crude	$300 per bbl. cargo capacity $100 million minimum; no maximum (largest current amount is approxiamately $500 million)

Oil Spill Prevention and Response Plans

What Are They?

Oil operators must apply for and receive Department approval of a plan to prevent and respond to spill, according to state law (AS 46.04.030). This approval must be renewed every three years. In order to receive approval, a plan must demonstrate that the operator has met the state's **response planning standard** for that particular class of operation, which is set forth in Alaska Statute.

Alaska's spill prevention and response planning requirements, which have been extensively revised in recent years, are considered among the most comprehensive in the world. A prevention plan, incorporating all agency requirements and additional voluntary measures, and a response plan demonstrating in-region resources and capability to meet specific planning targets, are essential parts. Basic prevention and response plan requirements include:

- an analysis of past and potential spills;
- a description of specific spill prevention measures in place;
- an emergency action plan for responding to an oil spill;
- spill scenarios which describe response strategies and equipment deployment;
- inventories of spill response resources and equipment;
- estimated response times;
- call-out lists of trained response personnel;

and other pertinent information.

Why Are These Plans Necessary?

First, operators have an obligation to systematically plan for spill prevention. Putting these plans on paper provides a way to communicate to agencies and the public exactly what steps are being taken to prevent spills.

Second, only comprehensive planning and pre-positioned response resources can ensure that an operator can effectively combat an oil spill. An approved plan demonstrates access to sufficient equipment and trained personnel.

What are the Key Features?

Plan review includes opportunities for the public and other state and federal resource agencies to review and comment on plans prior to DEC approval. Representing the lead agency, IPP staff provide extensive technical assistance to the operator both prior to and during plan preparation. Significant investments of staff time are also required to ensure that the valid concerns of all parties, including affected regional citizens' advisory councils, local coastal districts, and the interested public, have been fully considered.

Once the plan has been approved, spill drills and inspections (further described on the following pages) help to ensure that the plan remains an effective blueprint for prevention and response preparedness.

Response Action Contractor Registration

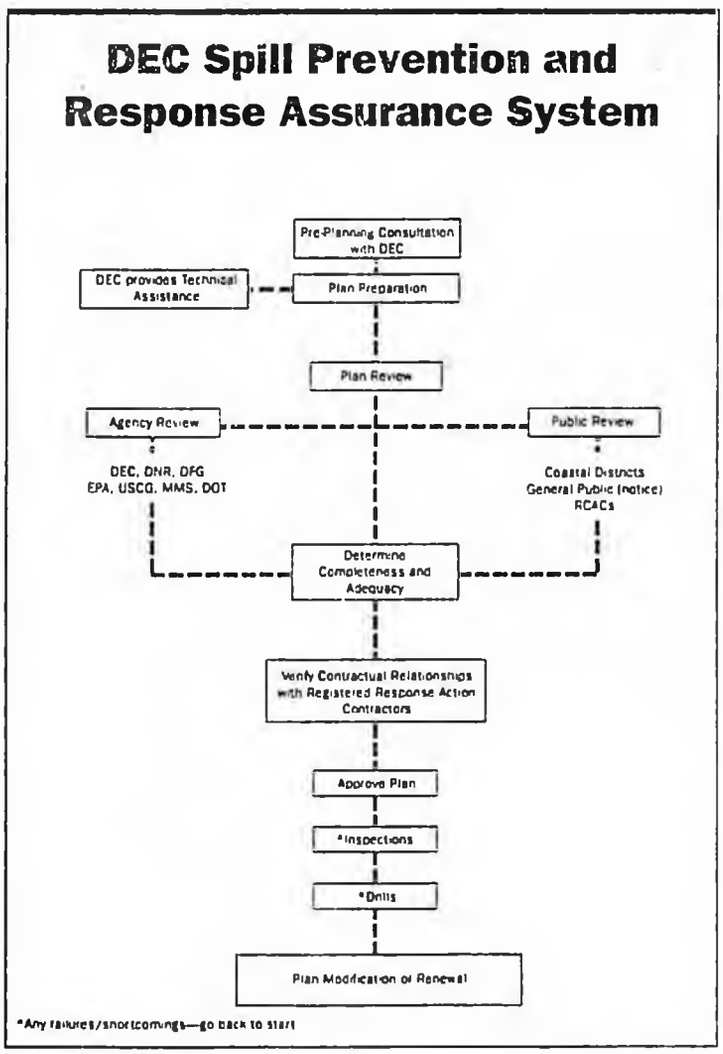
What is it?

The registration project clarifies the contractual relationship between regulated operators and those contractors who are listed as primary responders in the operator's plan. State law (AS 46.04.035) requires those Oil Spill Primary Response Action Contractors whose resources have been identified in an approved plan to be state registered and approved.

Why is Registration Necessary?

Registration protects

- the public, which depends on these plans as demonstration of adequate spill preparedness;
- operators, who depend on contractors for response services; and
- contractors, who cannot stay in business without clear obligations from plan holders.



In the past, contractors had been included in plans without their knowledge; contractors had refused or were unable to respond despite their inclusion in plans; and operators had relied upon the services of contractors which were not obligated in any way to respond to a spill — hence the passage of the enabling legislation.

What are the Key Features?

Applications for registration are submitted to IPP for approval. Contractors and spill-response cooperatives are registered for specific areas of the state, and must renew their registration every three years. A completed U.S. Coast Guard Application for Certification as an Oil Spill Removal Organization (OSRO) can be submitted in lieu of some of the information required in the application for state registration.

Operators are required to submit "statements of contractual terms" as part of their plan application. In order for the plan to receive approval, these statements must show a clear obligation to respond on the part of the registered contractor. Plan holders who rely directly upon another plan holder's response resources through "mutual aid" agreements are not required to register, but must submit similar statements which demonstrate the contractual obligation to respond.

IPP staff maintains a current list of contractors which have been registered and approved, and monitors and tracks compliance through a registration database. A Letter of Registration is provided to approved contractors.

Spill Drills

What are they?

Spill drills are exercises or demonstrations, often unannounced, which test the ability of a plan holder to implement a prevention and response plan. IPP staff review, evaluate, plan and conduct drills for all operations with approved plans in order to verify response capability. Drills can range from a simple telephone notification exercise to a full-scale, on-water equipment deployment.

Why are the Drills Necessary?

Only constant training and exercising of a plan can ensure response readiness and that the plan will really work during a spill.

What are the Key Features?

Drills and exercises are initiated either by IPP staff (including "surprise" drills) or by the plan holder. In the latter case, the Department may accept the exercise as proof of readiness if it has been invited to participate or evaluate the drill and the drill meets certain criteria. Drills are conducted at least once every three years per operation, and up to twice per year for major crude oil operations.

Evaluation of a drill takes into account many factors, and is not a "pass/fail" exercise. If problems are uncovered during the exercise, IPP staff will work with the operator to correct deficiencies and may require response plan modifications if necessary.

Inspections

What are they?

IPP staff conduct first-hand examinations of the spill prevention measures, response preparation and equipment of regulated operators to ensure compliance with state requirements and operator plans.

Why are Inspections Necessary?

Past experience has shown that good intentions are enhanced when there is regular verification. Without periodic inspections, the prevention and response efforts of some operators will suffer. Inspections can range from simple "spot checks" to detailed inventories, records verification, and physical testing of facility components.

What are the Key Features?

Inspections are conducted yearly, as resources allow. If problems are uncovered during an inspection, IPP staff work with the operator to correct deficiencies and may require modifications to an approved plan as necessary.

Inspection checklists used by IPP staff can also be used by operators to conduct periodic "self-inspections" of their operations.

For further information, contact:

Industry Preparedness Program
Division of Spill Prevention and Response
Department of Environmental Conservation
410 Willoughby Avenue,
Suite 105
Juneau, Alaska 99801-1795
(907) 465-5275

Some Success Stories

IPP and Alaska's Environment

- ***Alyeska API 653 Tank Inspections*** — The Alyeska Pipeline Service Company invited Department personnel to observe the mandatory inspections of its Valdez Terminal tanks. As a result, advanced corrosion problems were discovered and corrected and the potential for significant leakage from the tank bottoms was averted.

- ***Drift River Spill*** — An estimated 42,000 gallon crude oil spill from a tank valve ruptured by falling ice was completely contained by the secondary containment dike at the Drift River Terminal on Cook Inlet. Contractors removed the spill, with Department oversight, without any impacts to the adjacent surface waters.

- ***Spill Response Cooperatives*** — New requirements affecting the registration of response contractors and cooperatives have resulted in additional industry funding and enhanced response resources and preparedness for cooperatives such as Cook Inlet Spill Prevention and Response, Inc., Southeast Alaska Petroleum Resource Organization, and Chadux Corporation in western Alaska.

- ***Substandard Facilities*** — Around the state, substandard oil storage facilities have been faced with the need to upgrade or cease operations. A number of problem facilities have been entirely replaced with new, state-of-the-art tank farms, while others have lowered their storage capacity, thus reducing the cumulative risk to the environment.

- ***Level Playing Field*** — Operators who have taken steps in the past to voluntarily upgrade their facilities beyond the minimum requirements have received "prevention credits" for such measures as impermeable secondary containment and corrosion protection. Those who have not earned the credits must maintain a higher level of spill response preparedness, as well as ensure that their facilities meet the minimum standards now mandated by state law.

- ***Yutana Barge Lines*** — A viable plan for responding to spills for a barge operator in remote areas of Alaska was developed through extensive consultation, the technical assistance of IPP staff, and the cooperation of company officials. The plan has served as a model for other operators seeking compliance with state requirements.

Industry Preparedness Program
Division of Spill Prevention and Response
Department of Environmental Conservation
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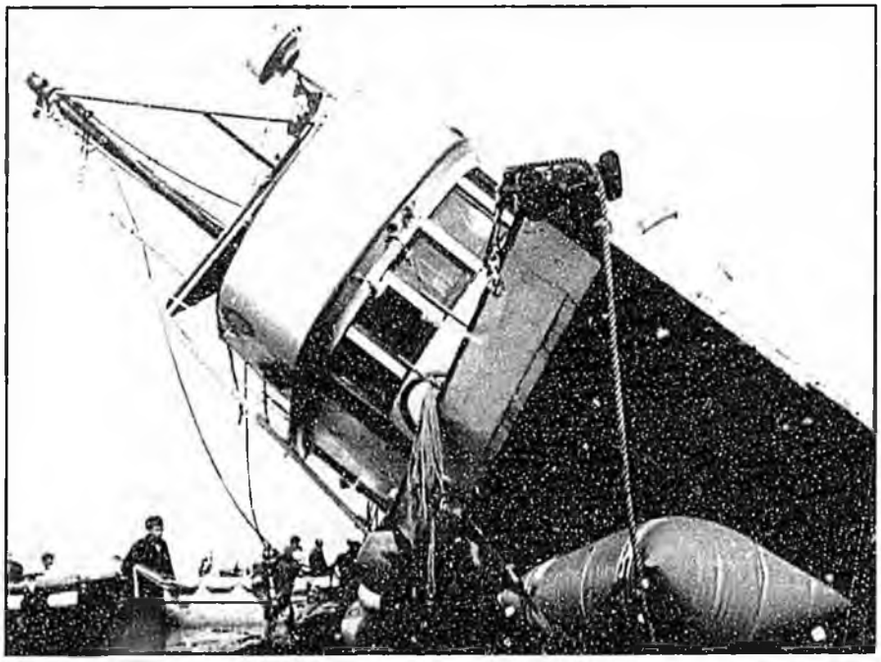
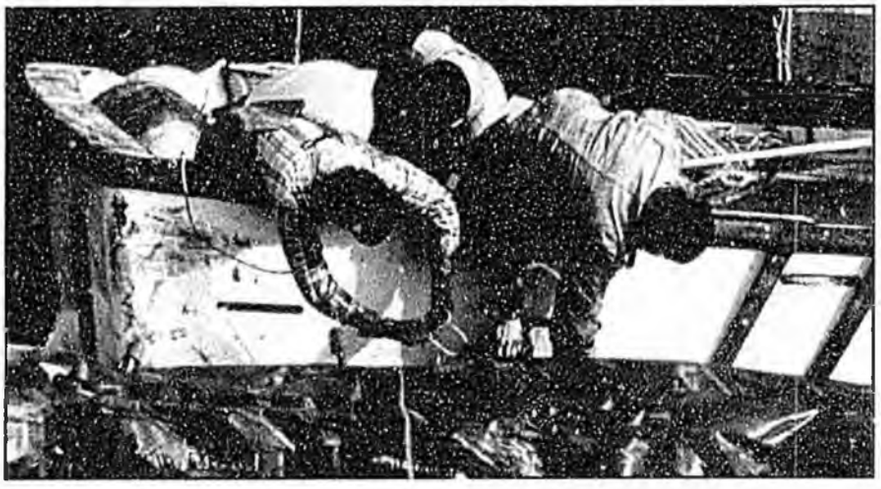
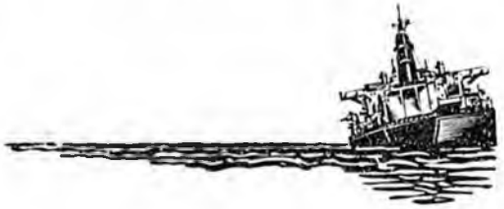
Alaska Department
of Environmental Conservation

Spill Response Program







MISSION

The handling of oil and hazardous substances can pose a significant threat to the economy and environment of the state. The social and economic history of the state has been altered by oil development and expanded chemical use since the discovery and development of Kenai and Cook Inlet oil and gas in the 1950's and '60s.

Alaskans have long recognized the need for protection of its natural resources and prudent management of oil and hazardous substances and have developed the laws to ensure it will happen. These laws prohibit the discharge of oil or hazardous substances, require notification when a spill does occur, and containment, control, removal, and proper disposal of all waste materials. Under existing state and federal law the spiller is responsible for cleanup.

The Alaska Department of Environmental Conservation (ADEC) is tasked with carrying out these laws. The Division of Spill Prevention and Response is responsible for ensuring prevention of spills and response to spills that do occur. ADEC regional staff are there day-in and day-out making this happen.

To make sure spills get cleaned up Alaskans have established the Oil and Hazardous Substance Release Response Fund, which pays for state and local government costs. The Department is mandated by statute to seek cost recovery and reimburse the fund for its costs to ensure cleanup and restoration of damaged resources.

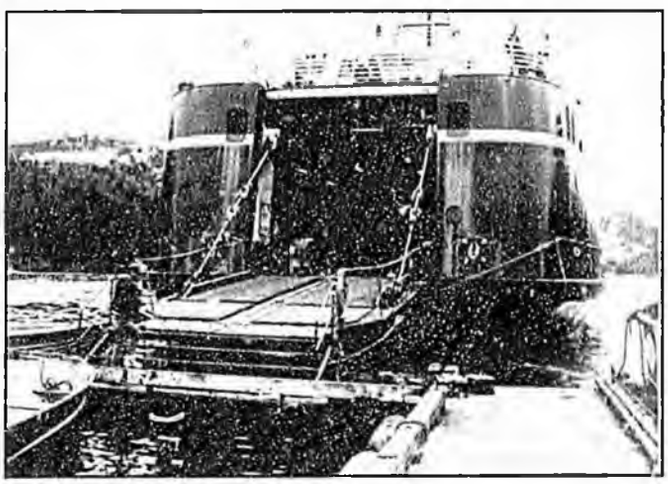
DEC SPILL RESPONSE OBJECTIVES

To focus response actions on its statutory responsibilities, ADEC has implemented the following Response Objectives:

SAFETY—Ensure safety of persons involved, responding or exposed to the immediate effects of the incident.

PUBLIC HEALTH—Ensure protection of public health and welfare from the direct or indirect effects of contamination of drinking water, air and food.

ENVIRONMENT—Ensure protection of the environment, natural and cultural resources, and biota from direct or indirect effects of contamination.



Alaska State Ferry supporting cleanup

CLEANUP—Ensure adequate containment, control, cleanup and disposal by the responsible party or take over when cleanup is inadequate.

RESTORATION—Ensure assessment of contamination and damage and restoration of property, natural resources and the environment.

COST RECOVERY—Ensure recovery of costs and penalties to the Oil and Hazardous Substance Release Respond Fund for response, containment, removal, remedial actions, or damage.

RESPONSE

Waste characterization

Response includes all of the actions taken by the Department to ensure safety, protect public health and the environment, contain, control and cleanup the spill, assess damages and recover costs to the state. In most cases the spiller conducts the actual cleanup under the oversight of the Department. Under what might be called the "responsible party" system, the Department oversees the cleanup activities, taking into account the concerns of the public. When the cleanup is inadequate or the spiller is not known or it is an "orphan" spill, the Department will "take over" and conduct the cleanup using its cleanup contractor resources.

The goal of a cleanup is to protect the public and the public's resources and to cleanup the spill. Frequently the fastest, most efficient and least expensive method is to work with the responsible party. In other cases immediate actions by the Department and local public safety and fire resources are needed to ensure the safety and health of those who may be directly affected by the initial release of a hazardous substance.

During an actual response, the Department carries out a variety of key tasks to varying degrees, depending on the size and nature of the spill. Because of the large number of reported spills, the Department only responds to significant spills which may impact public health or the environment. For the majority of smaller spills the Department works over the phone with the responsible party to ensure cleanup.

Some of the key tasks during a response are:

- Identifying the spiller or "responsible party"
- Investigating the cause
- Determining the volume spilled and recovered
- Tracking the movement of the spill
- Taking actions, such as evacuations, to protect public health
- Measuring and documenting the extent of contamination
- Monitoring the adequacy of cleanup and disposal
- Coordinating with all local, state and federal interests using the Incident Command System (ICS)
- Providing logistical support for field operations

The operations carried out during a response are varied and complex and require a very high level of training, experience and organization. These operations are carried out by Department Response Teams.

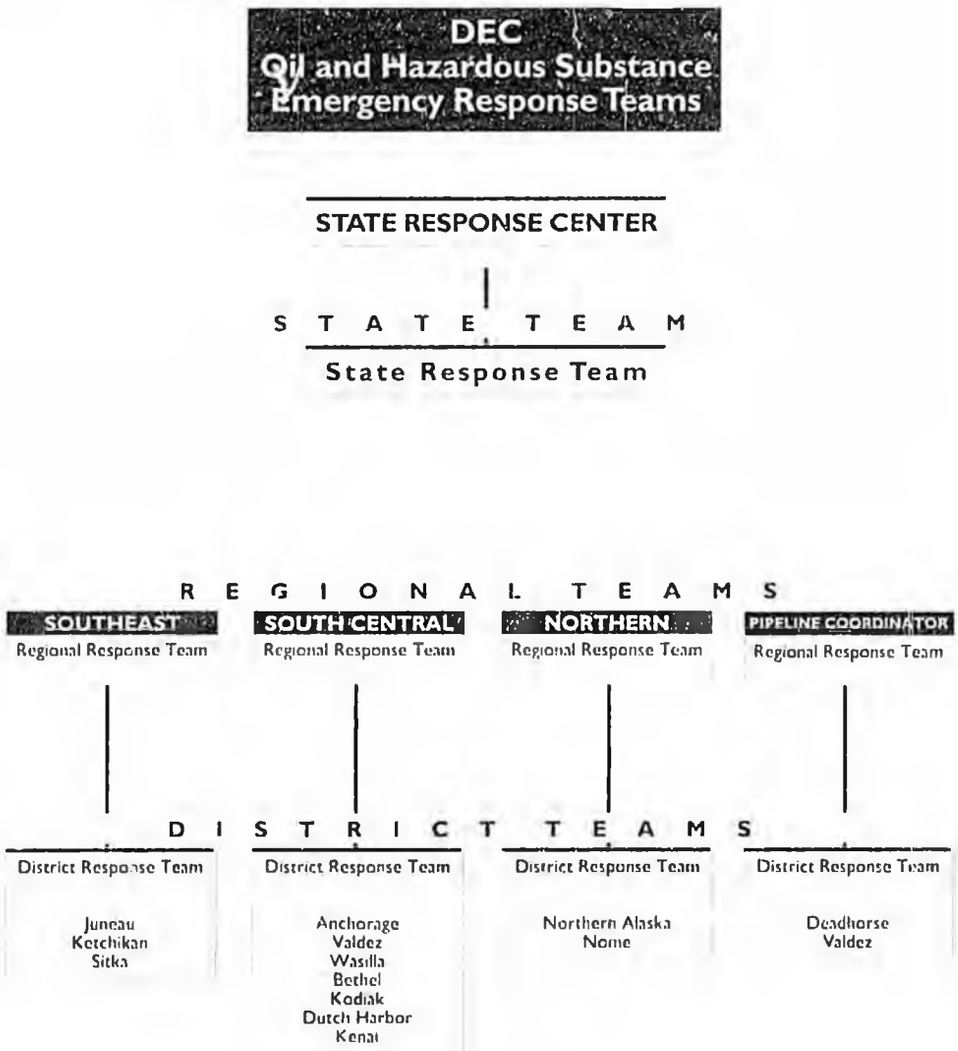
RESPONSE ORGANIZATION

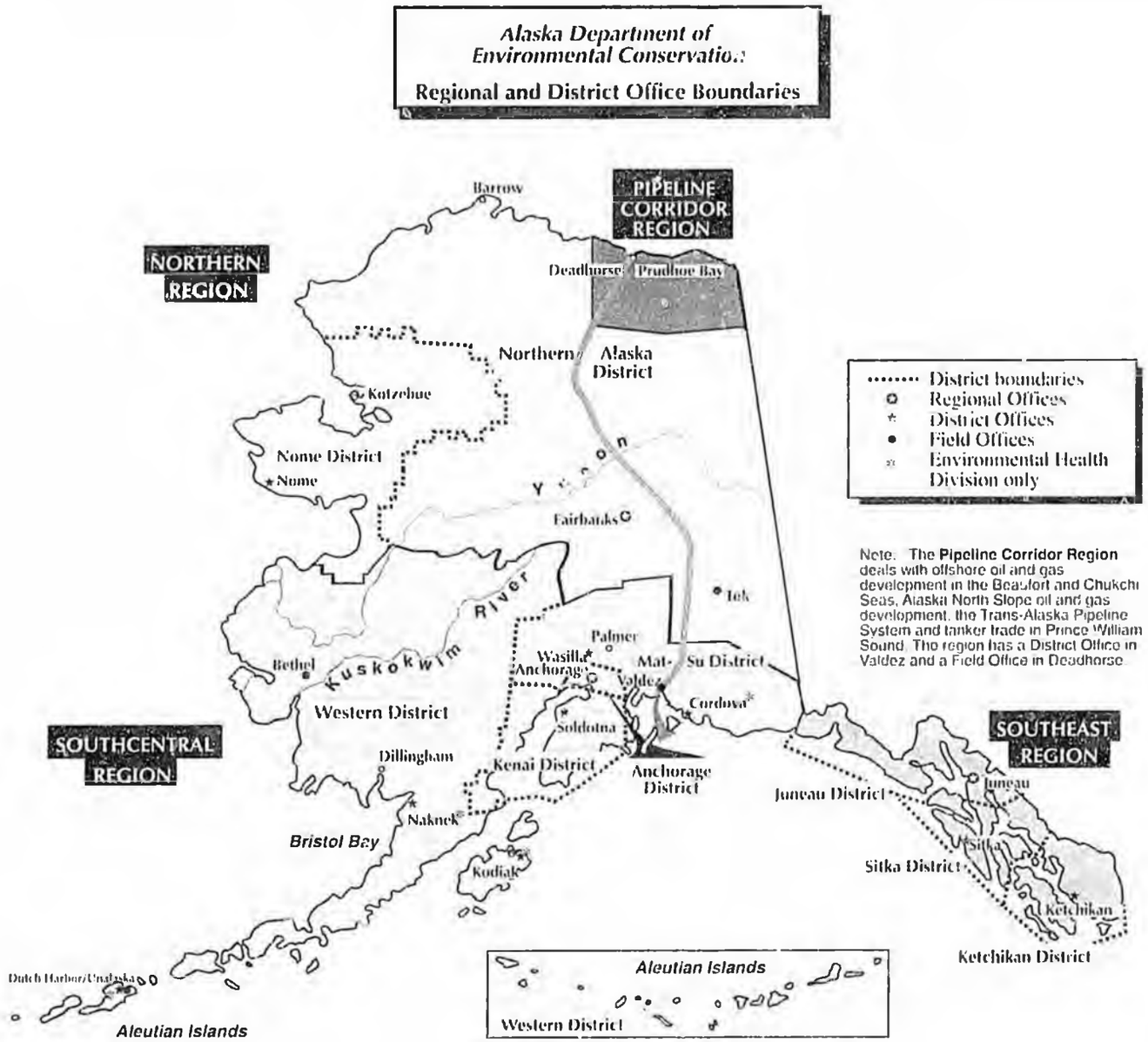
District Teams

The Department's response organization provides a tiered approach for responding to spills. The initial response is carried out by District Response Teams in closest proximity to the spill in coordination with local, state, and federal officials. Fourteen District and Field Offices give the Department a geographical logistical advantage for spill response. District teams carry out the initial characterization and assess the level of response needed. They can identify hazards, take defensive actions to contain the release, prevent exposure and secure the area.

Regional Teams

District Response Teams are backed up by Regional Response Teams based in Anchorage, Fairbanks and Juneau. Each Regional Response Team has a predesignated State On Scene Coordinator (SOSC) pre-authorized to immediately spend up to $25,000 for emergency actions. The SOSCs may also seek approval to expend greater amounts if necessary to manage the incident. Regional Response Teams have additional expertise and resources to combat a spill and also work in coordination with local, state, and federal officials.

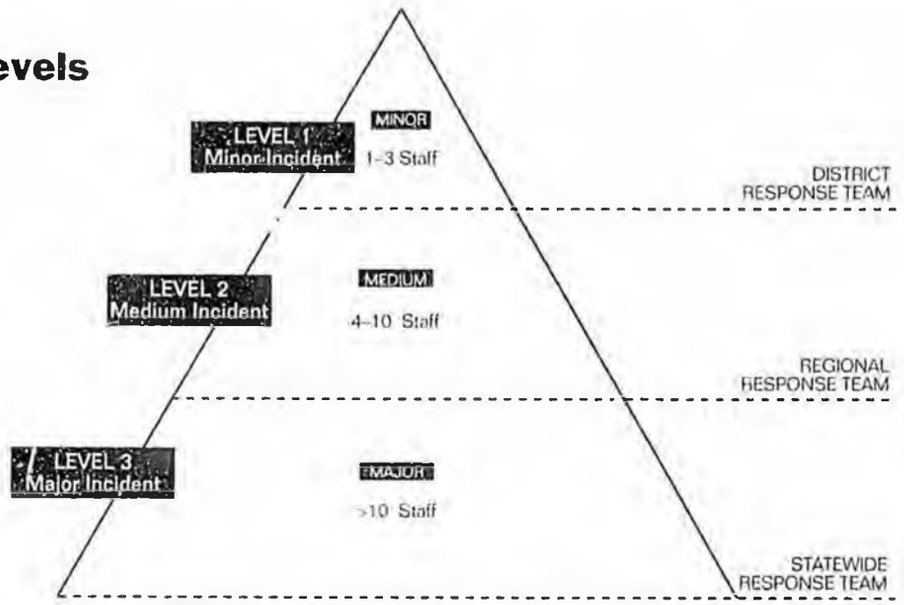




Statewide Team

For catastrophic or the most serious incidents, the Regional Response Teams are backed by a Statewide Response Team made up of the senior, most experienced response staff in the Department from throughout the state. This allows immediate access to statewide resources, specialized expertise, and the mobilization of resources from other regions. This tiered approach allows the Department to efficiently respond to any size spill. The nature of the release dictates the level of response. Guidelines for the level of response are listed on the following chart.

Response Levels



Incident Characterization

Conditions for Characterizing an Incident and Determining the Level of Response

Incident Condition	Level One	Level Two	Level Three
Product Identification	Placard not required, NFPA 0 or 1 all categories, all ORM A, B, C and D	DOT placarded, NFPA 2 for any categories, PCBs without fire, EPA regulated waste.	Poison A (gas), explosives A/B, organic peroxide, flammable, solid, materials, dangerous when wet, chlorine, fluorine anhydrous ammonia, radioactive materials, NFPA 3 and 4 for any categories including special hazards, PCBs and DOT inhalation hazard, EPA extremely hazardous substances, and cryogenics.
Container Size	Small (e.g., pail, drums, cylinders except 1-ton, packages, bags).	Medium (e.g., 1-ton cylinder portable containers, nurse tanks, multiple small packages	Large (e.g., tank cars, tank trucks, stationary tanks, hopper cars/trucks, multiple medium containers
Fire/Explosion Potential	Low	Medium	High
Leak Severity	No release or small release contained or confined with readily available resources	Release may not be controllable without special resources	Release may not be controllable even with special resources
Life Safety	No life-threatening situation from materials involved	Localized area, limited evacuation area.	Large areas, mass evacuation area
Environmental Impact (Potential)	Minimal	Moderate	Severe
Container Integrity	Not damaged	Damaged but able to contain the contents to allow handling or transfer of product	Damaged to such an extent that catastrophic rupture is possible.
Media Interest	Low	Medium	High
Political Interest	Low	Medium	High
Response Resources	Local	Regional	Statewide
Oil Spill Volume	<10,000 gallons	10,000-100,000 gallons	>100,000 gallons
ADEC Response Team	Distnct	Regional	State
ADEC Cleanup	No	Yes/Augment	Yes/Augment
Casualties/Injuries	None	Some/Potential for	Many/Potential for
Agency Cost	<25,000	25,000-100,000	>100,000
Duration of Cleanup	<2 weeks	2-4 weeks	>4 weeks
Required Staff	1-3	4-10	>10
Involvement	Single Jurisdiction Single Organization	Single Jurisdiction Multi Organization	Multi Jurisdiction Multi Organization

PREPAREDNESS

Callout

The majority of spill reports are made during normal working hours to the nearest ADEC office. ADEC also has a Callout System for receiving spill reports, mobilizing and responding to a significant spill at any time.

Training

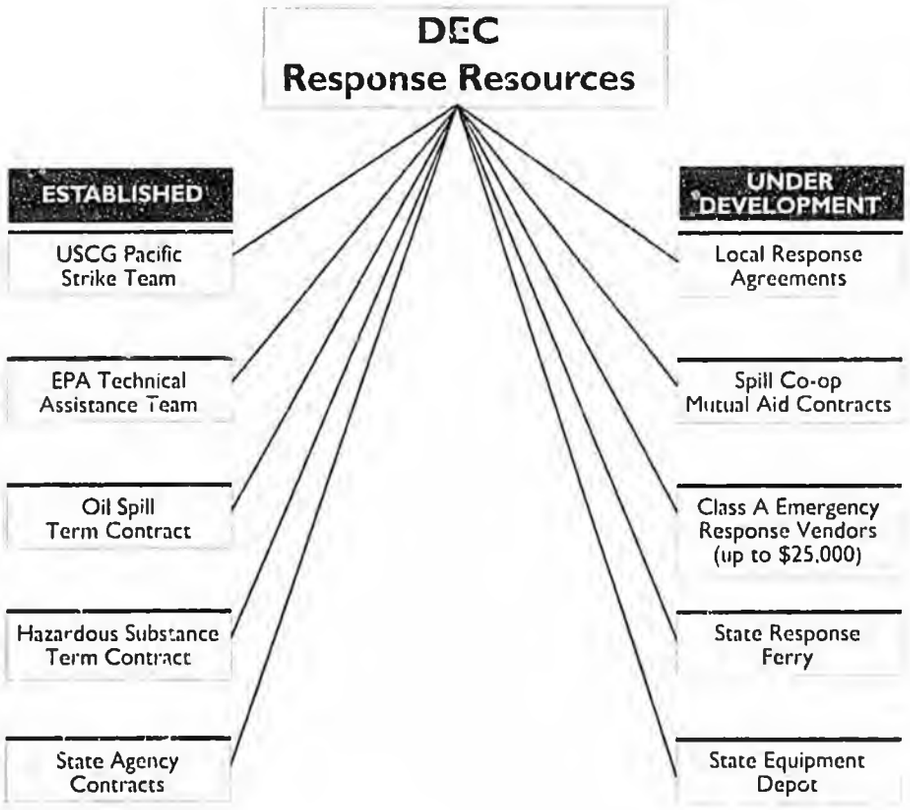
DEC response teams have extensive experience in response and OSHA safety training. They are trained to assess the hazard and determine what actions should be taken for either oil or hazardous substance spills. A safety and training program identifies the minimum baseline level of training and also includes additional proficiency requirements for HAZMAT team participation.

Equipment

The Department maintains an inventory of specialized equipment to carry out its mission. The Department has a database program for management of response equipment. Equipment is standardized statewide and immediately available for transport to the site of a spill.

Communications

A communications plan establishes minimum onsite and offsite communications capabilities for response to a spill anywhere in the state. Expanded communications are also available to keep pace with those spills which may escalate into a major incident. Permanent communication systems are a component for the high risk areas of the state, including Prince William Sound, Cook Inlet, Anchorage and Fairbanks.



Resources

The Department has assembled a wide array of cleanup and support resources that can be rapidly tapped by the State On Scene Coordinator. These include response action contracts, agreements with other state agencies and access to the United States Coast Guard Strike Team or United States Environmental Protection Agency Technical Assistance Team. Additional response agreements with local communities and mutual aid agreements with Alaska's spill cooperatives are under development. The Department is also managing the Nearshore Demonstration Project for three prototype oil spill response depots.

The Department's goal is to expand its "tool box" by being able to access any instate resources that may be available for response using contracts, agreements or other instruments.

Alaska Department of Environmental Conservation

rev 1.94

ALASKA LAW REQUIRES THE REPORTING OF ALL

OIL AND HAZARDOUS SUBSTANCES SPILLS

During normal business hours:

call the nearest office of the ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Southcentral Region	
Anchorage District	349-7755
Kenai District	262-5210
Matanuska Susitna District	376-5038
Valdez Field Office	835-4698
Western District	349-7755
Bethel Field Office	543-3215
Kodiak Field Office	486-6760
Unalaska Field Office	581-1822
Regional Office (Anchorage)	563-6529

Southeast Region	
Juneau District	465-5340
Ketchikan District	225-6200
Sitka District	747-8614
Regional Office (Juneau)	465-5350

Northern Region	
Northern Alaska District	451-2360
Nome District	443-2600
Regional Office (Fairbanks)	451-2360

Pipeline Region	
Prince William Sound District	835-4698
Deadhorse Field Office	659-2215
Regional Office (Anchorage)	278-5400

After hours, In State: 1-800-478-9300 Out of State: (907) 269-5711

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Alaska Department of Environmental Conservation

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Government Preparedness and Response Program
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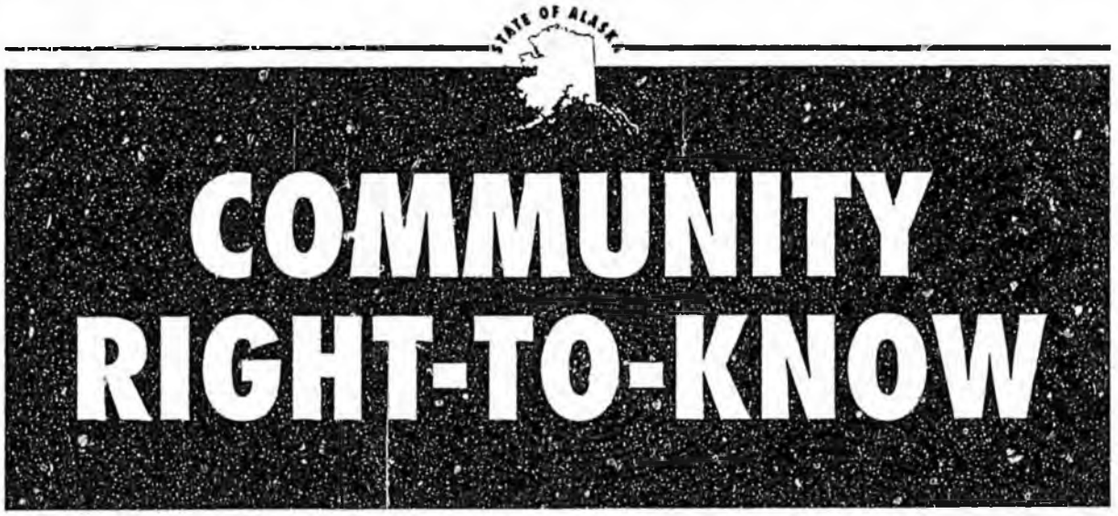

FY94 Project Status

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF SPILL PREVENTION AND RESPONSE

BRIEFING OUTLINE

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Historical Perspective

Project Strategy

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Community Incident Response

Prevention and Risk Reduction

ABOUT THE PROJECT...

Project Foundation

- **Emergency Planning and Community Right-To-Know Act.** As a result of growing public concern over chemical hazards, Congress in 1986 passed the Emergency Planning and Community Right-To-Know Act to encourage local planning for response to uncontrolled releases, and to provide information to the public about chemicals in the community.
- **AS 46.13.** In 1989, the Alaska Legislature adopted and expanded on the federal law when it enacted Alaska Statute 46.13. The state law established the State Emergency Response Commission and tasked it and DEC with facilitating the development of local emergency plans for hazardous substance response.
- **State Emergency Response Commission.** The State Emergency Response Commission is comprised of 16 members representing state agencies, local governments, industry and the public. Its mission is "to protect public health, safety, and the environment by ensuring effective and efficient use of resources to plan for and respond to incidents involving hazardous and other toxic substances." The commission has acknowledged that prevention and risk reduction are important strategies to manage identified threats.
- **Local Emergency Planning Committees.** LEPCs play a key role in developing local emergency response plans for releases of hazardous substances. More importantly, LEPCs can work with businesses and local governments to effectively PREVENT hazardous substance emergencies in their communities.
- **Project Objectives.** The primary objectives of DEC's project as mandated by the Emergency Planning and Community Right-to-Know Act and AS 46.13 are:
  - **Information:** develop and maintain a database of hazardous substances used, stored, manufactured, released and transported in Alaska.
  - **Preparedness:** determine the potential effects of uncontrolled releases of extremely hazardous substances on local populations and assist with local response planning for potential release.
  - **Prevention and Risk Reduction:** assist with local efforts to prevent uncontrolled releases and reduce their impacts when they do occur.

ABOUT THE PROJECT...

Historical Perspective

- March 1986: Formaldehyde vents from an overheated rail tank car parked on a side rail in Crown Point on the Kenai Peninsula, resulting in the evacuation of 44 persons.
- March 1989: Approximately 11,000,000 gallons of crude oil—the largest spill ever in the U.S.—is released following the grounding of a tanker vessel on Bligh Reef in Prince William Sound.
- December 1989: 9,333 gallons of methanol are released in Fairbanks after vandals open the bottom discharge valves of three rail tank cars.
- September 1990: A foreign cruise vessel disposes of various chemical cleaners along with other trash. Chlorine gas escapes as the garbage truck passes through Ketchikan to the landfill, resulting in twelve people being treated at the town's hospital.
- May 1992: Approximately 2,500 Soldotna and Kenai area residents are evacuated after a plastic pipe fails at a sewage treatment plant and releases a toxic cloud of chlorine gas.
- January 1994: A chlorine gas cloud forms above a swimming pool at a resort east of Fairbanks as a result of a problem with the pool's chlorination system. Ten people are transported to, and treated at the hospital.

ABOUT THE PROJECT...

Project Strategy

1 IDENTIFY THE HAZARDS

- Determine locations of large amounts of hazardous substances
- Determine quantities
- Determine conditions of use, storage and transport

2 CHARACTERIZE THE THREAT

- Determine who is vulnerable to a release
- Determine the degree of risk
- Determine capability to respond

3 REDUCE THE RISK

- Inform the public of the risk
- Prevent releases to the extent possible
- Prepare for response through planning, resources and practice

WHAT'S BEEN DONE...

Progress toward achieving project objectives by the end of Fiscal Year 1994:

- **Information:** the majority of facilities that use, transport, manufacture, or store hazardous substances in Alaska will have been identified and included in a statewide database. These data will be updated annually to maintain current and accurate information about hazardous substances in Alaska.
- **Preparedness:** all facilities with extremely hazardous substances will have had a hazards analysis performed to estimate areas that are vulnerable if a release occurs and response capabilities for most of the state will have been assessed.
- **Prevention and Risk Reduction:** Local Emergency Planning Committees (LEPCs) have been formed and training provided in hazards identification, release prevention, and risk reduction.