

State of Alaska FY2002 Governor's Operating Budget

Department of Environmental Conservation
Industry Preparedness and Pipeline Operations
Component

Component: Industry Preparedness and Pipeline Operations

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Component Mission

Provide oversight and assistance to producers, transporters and distributors of crude oil and refined oil products to reduce the likelihood of oil spills and ensure that a sufficient response capability is present.

Component Services Provided

- Ensure that oil handlers prevent spills.
- Register primary oil spill response action contractors identified in contingency plans as providing resources to respond to a spill.

Component Goals and Strategies

- 1) ENSURE FACILITY AND VESSEL OPERATORS ARE OPERATING WITH REQUIRED SPILL PREVENTION TECHNOLOGIES.
 - Approve oil discharge prevention and contingency plans, which implement best available technology requirements for spill prevention.
 - Inspect and audit marine vessels, facilities and pipelines for compliance with best available technology for spill prevention.
- 2) VERIFY THAT FACILITY AND VESSEL OPERATORS HAVE ADEQUATE RESOURCES TO RESPOND TO OIL SPILLS.
 - Approve oil discharge prevention and contingency plans.
 - Inspect response equipment inventories and conduct spill response exercises and drills for compliance.
 - Certify that 100% of the operators have approved financial capability to respond to spills.
 - Register primary oil spill response action contractors identified in contingency plans as providing resources to respond to a spill.

Key Component Issues for FY2001 – 2002

In May 2000 BP and Phillips entered into a compliance order with DEC, which required a series of offshore oil spill response drills to be conducted to "ground-truth" current contingency planning assumptions and make significant improvements to North Slope offshore response capability. Until this compliance issue is resolved, BP and Phillips are prohibited from drilling at their Northstar, Endicott, Pt. McIntyre, and Niakuk fields during broken ice and open water conditions. The department, in collaboration with the North Slope Borough, Alaska Department of Natural Resources, US Minerals Management Service and the United States Coast Guard, is working to identify specific shortfalls in the response capability and corrective actions. Continued drills and testing are also planned.

The department is actively engaged in the Task Force on Motorized Transport, a group established by the Alaska Legislature to establish contingency planning requirements for non-tank vessels and the railroad. The task force report is due to the legislature by December 2000. It is expected that legislative approval will be sought for the task force recommendations during the 2001 legislative session and that contingency planning requirements will commence in the 2002-2003 timeframe.

Major Component Accomplishments for FY2000

Approved 78 new, renewal or amended Contingency Plans, including the Valdez Marine Terminal and Prince William Sound Tanker Plans which required extensive agency and public review.

Completed 133 inspections on marine vessels, facilities and pipelines. Audited tank inspection, maintenance and repair records at 25% of all facilities.

Participated in 48 drills and spill response exercises. Twelve agency-initiated drills were conducted, including major equipment deployment drills in Prince William Sound, the Beaufort Sea, and Cook Inlet.

Developed corrective action plans with industry to address deficiencies identified in inspections, audits and drills.

Statutory authority approved for non-tank vessels (400 gross tonnage and greater) and the railroad Financial Responsibility requirements.

Jointly developed and instituted Winter Vessel Operating Restrictions with the United States Coast Guard to prevent tanker spills in Cook Inlet and completed 22 Central Cook Inlet Geographic Response Plans for specific environmentally sensitive areas to improve Cook Inlet response.

Conducted Prince William Sound seatrials to enhance the Prince William Sound Escort System capability and resolve the long-standing issue of best available control technology.

Completed extensive field work and conducted preparedness drills on the North Slope consisting of industry, state, federal and local representatives towards resolving contingency plan response planning issues for open water and broken ice conditions in the Beaufort Sea.

Statutory and Regulatory Authority

AS 46.04.030, AS 46.04.040, AS 46.04.035.

Industry Preparedness and Pipeline Operations
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,761.5	2,001.0	2,153.4
72000 Travel	137.0	210.8	209.2
73000 Contractual	263.7	404.1	711.6
74000 Supplies	29.3	32.5	34.1
75000 Equipment	52.1	7.8	14.8
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,243.6	2,656.2	3,123.1
Funding Sources:			
1002 Federal Receipts	0.0	8.5	8.5
1007 Inter-Agency Receipts	77.0	146.7	231.0
1052 Oil/Hazardous Response Fund	2,166.6	2,501.0	2,883.6
Funding Totals	2,243.6	2,656.2	3,123.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
Unrestricted Fund	68515	159.0	101.1	101.1	101.1	101.1
Unrestricted Total		159.0	101.1	101.1	101.1	101.1
Restricted Revenues						
Federal Receipts	51010	0.0	8.5	8.5	8.5	8.5
Interagency Receipts	51015	77.0	146.7	146.7	231.0	231.0
Restricted Total		77.0	155.2	155.2	239.5	239.5
Total Estimated Revenues		236.0	256.3	256.3	340.6	340.6

Industry Preparedness and Pipeline Operations

Proposed Changes in Levels of Service for FY2002

Industry Pipeline and Preparedness Program will add one PFT for oversight of North Slope spill response research and development, pipeline corrosion issues, and marine commitments. This position will also be responsible for preparing and coordinating contracts to secure expert services on these matters. Costs will be reimbursed by British Petroleum based on the agreement in the Charter for Development of the Alaskan North Slope. The IPP Component funding is identified under Section II.A.7. of the Charter.

Commencing in FY 2001, contingency plans and proof of financial responsibility are required of all self-propelled nontank vessels exceeding 400 gross registered tonnage and for railroad tank cars. Over 1,000 additional vessels and tank cars have applied under this requirement. An increment is being requested to fund a permanent position to process and review financial responsibility documentation, maintain the associated database, and issue certificates of financial responsibility for newly regulated vessels and tank cars.

Summary of Component Budget Changes

From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	0.0	8.5	2,647.7	2,656.2
Adjustments which will continue current level of service:				
-Transfer Joint Pipeline Office Liaison from Air and Water Quality	0.0	0.0	82.2	82.2
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.0	7.7	7.7
Proposed budget decreases:				
-Delete one year funding authorized in SB 273 fiscal note	0.0	0.0	-200.5	-200.5
Proposed budget increases:				
-Funding for increased financial responsibility activities for nontank vessels and RR cars	0.0	0.0	77.5	77.5
-Funding for new activities associated with BP Merger	0.0	0.0	500.0	500.0
FY2002 Governor	0.0	8.5	3,114.6	3,123.1

Industry Preparedness and Pipeline Operations

Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	30	32	Annual Salaries	1,680,814
Part-time	0	0	COLA	23,808
Nonpermanent	1	0	Premium Pay	0
			Annual Benefits	543,827
			<i>Less 4.23% Vacancy Factor</i>	(95,049)
			Lump Sum Premium Pay	0
Totals	31	32	Total Personal Services	2,153,400

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk III	2	1	0	1	4
Environ Conserv Mgr III	1	0	0	0	1
Environ Eng Asst II	1	0	0	0	1
Environ Engineer II	1	0	0	0	1
Environmental Spec II	2	0	0	0	2
Environmental Spec III	9	2	3	3	17
Environmental Spec IV	4	1	0	1	6
Totals	20	4	3	5	32