

State of Alaska FY2006 Governor's Operating Budget

Department of Environmental Conservation Industry Preparedness and Pipeline Operations Component Budget Summary

Component: Industry Preparedness and Pipeline Operations

Contribution to Department's Mission

Protect public safety, public health and the environment by ensuring that producers, transporters and distributors of crude oil and refined oil products prevent oil spills, and are fully prepared materially and financially to clean up spills, and by ensuring that operators of underground storage tanks prevent oil spills.

Core Services

- Review and approval of oil discharge prevention and contingency plans.
- Spill drills to verify compliance with state response planning requirements.
- Regulated facility and vessel inspections for compliance with state spill prevention and Best Available Technology requirements.
- Review and approval of applications for proof of financial responsibility to ensure that regulated operators have the financial resources to carry out oil spill response operations.
- Registration of oil spill primary response action contractors.
- Regulation, technical assistance and training to underground storage tank operators and owners for proper tank operation and maintenance and basic spill prevention.

End Results	Strategies to Achieve Results
<p>A: Regulated facilities and vessel operators are able to prevent and respond to spills of oil and hazardous substances.</p> <p><u>Target #1:</u> 100% of regulated facilities and vessel operators are without major violations of their contingency plans.</p> <p><u>Measure #1:</u> % of regulated facilities and vessels operators are without major violation of their contingency plans.</p>	<p>A1: Review oil discharge prevention and contingency plan requirements and update regulations as necessary.</p> <p><u>Target #1:</u> Oil discharge prevention and contingency plan regulations are reviewed and updated by FY2007.</p> <p><u>Measure #1:</u> % of review and update of oil discharge prevention and contingency plan regulations complete.</p> <p>A2: Review and approve contingency plans.</p> <p><u>Target #1:</u> Contingency plan applications are reviewed within the regulatory timeframes.</p> <p><u>Measure #1:</u> % contingency plan applications reviewed within the regulatory timeframes.</p> <p>A3: Conduct exercises and inspections of regulated facilities and vessel operators.</p> <p><u>Target #1:</u> Annually 100% of contingency plan holders identified as high risk, are inspected or participate in an oil discharge exercise.</p> <p><u>Measure #1:</u> % of annual targeted inspections and exercises completed.</p>

Major Activities to Advance Strategies

- Review oil discharge prevention and contingency plan requirements and update regulations.

Major Activities to Advance Strategies

- Review regulated facility and vessel applications for compliance with oil discharge prevention and contingency plan requirements.
- Inspect and conduct spill response exercises at facilities and vessels identified as high risk.

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$3,819,800

Personnel:

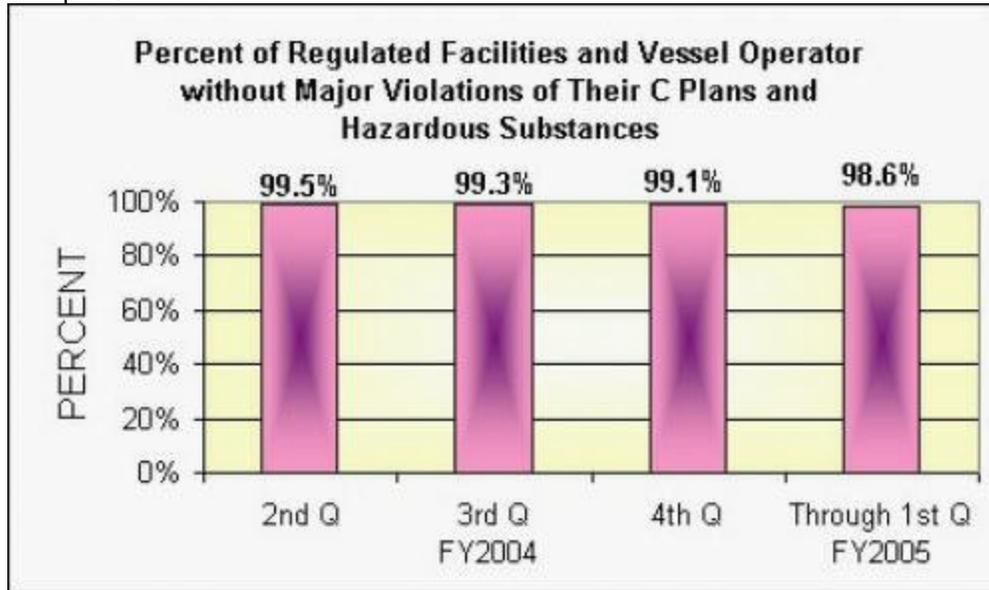
Full time	36
Part time	1
Total	37

Performance Measure Detail

A: Result - Regulated facilities and vessel operators are able to prevent and respond to spills of oil and hazardous substances.

Target #1: 100% of regulated facilities and vessel operators are without major violations of their contingency plans.

Measure #1: % of regulated facilities and vessels operators are without major violation of their contingency plans.



Percent of Regulated Facilities and Vessels Operators without Major Violations of their Contingency Plans.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	100%	99.5%	99.3%	99.1%	
2005	98.6%	0	0	0	

Analysis of results and challenges: In Alaska, several types of regulated facilities and vessel operators are required to have approved contingency plans (C-plans) in place before they are allowed to operate. These C-plans outline the various steps and procedures that would be followed to allow quick and effective containment

and cleanup in the event of an unanticipated release of oil or hazardous substances into the environment. The quicker and more effective the response is, the less adverse impact a spill will have on the environment and human health.

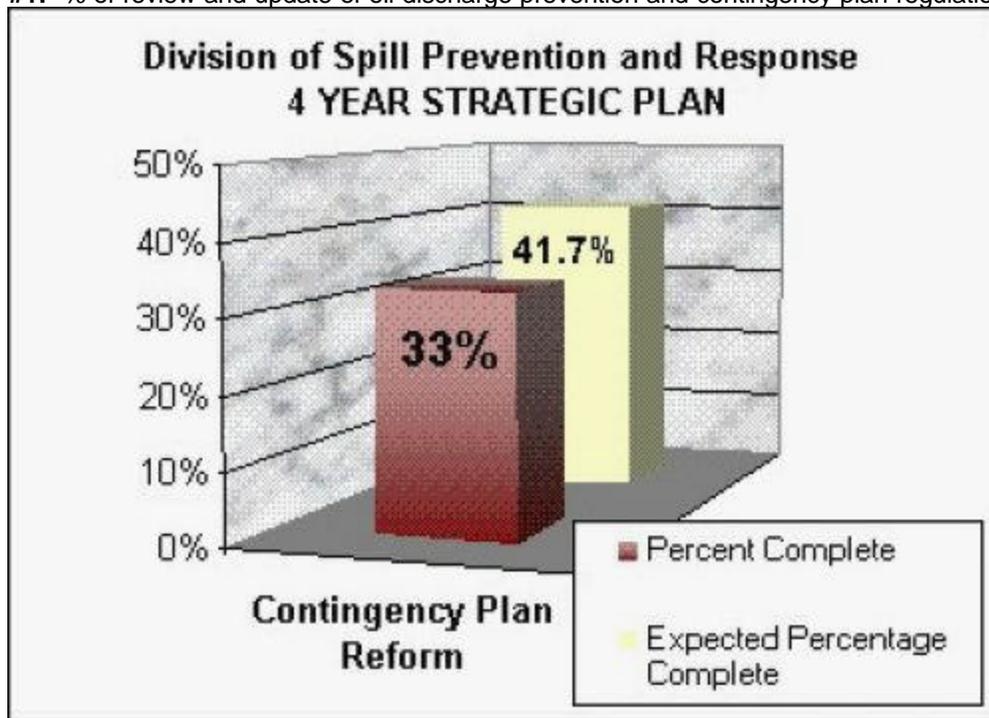
Facilities and operators required to have C-plans include oil exploration and oil production facilities, refineries, railroads, crude oil pipelines, terminals, tank farms, and tankers, non-crude oil tank vessels and barges, and non-tank vessels. C-plans must be submitted every 5 years and are reviewed and approved by Department staff to ensure all response requirements are addressed. Examples of major violations would include such things as insufficient or unusable response equipment, lack of required contracts with response action contractors, or significant changes to a facility's oil storage capacity without a corresponding amendment of the c-plan.

This data indicates that nearly all facilities and vessels operators that are required to have C-plans strive to keep them updated and will be prepared to appropriately respond in the event of an unexpected spill.

A1: Strategy - Review oil discharge prevention and contingency plan requirements and update regulations as necessary.

Target #1: Oil discharge prevention and contingency plan regulations are reviewed and updated by FY2007.

Measure #1: % of review and update of oil discharge prevention and contingency plan regulations complete.



Percent of Review and Update of Oil and Discharge Prevention and Contingency Plan Regulations Complete.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	19%	22%	25%	30%	
2005	33%	0	0	0	

Analysis of results and challenges: In Alaska, several types of facilities and vessel operators are required to have approved contingency plans (C-plans) in place before they are allowed to operate. These C-plans outline the various steps and procedures that would be followed to allow quick and effective containment and cleanup in the event of an unanticipated release of oil or hazardous substances into the environment. The quicker and more effective the response is, the less adverse impact a spill will have on the environment and human health.

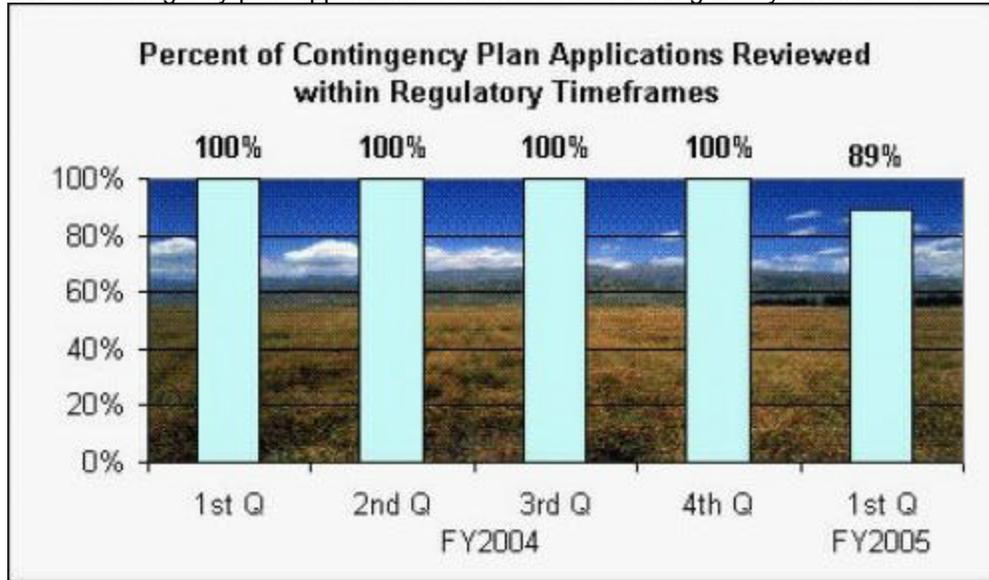
As part of the Department's 4-year plan, regulations governing C-plan preparation are being reviewed for clarity and effectiveness toward meeting the objectives they are meant to accomplish. The overall goal is to have the

regulations reviewed and updated by the end of FY2007. Phase 1 of this project is completed and Phase 2 has begun and, although a bit behind expected performance, no impediments to meeting the overall goal are anticipated.

A2: Strategy - Review and approve contingency plans.

Target #1: Contingency plan applications are reviewed within the regulatory timeframes.

Measure #1: % contingency plan applications reviewed within the regulatory timeframes.



Percent of Contingency Plan Applications Reviewed within Regulatory Timeframes.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	100%	100%	100%	100%	
2005	89%	0	0	0	

Analysis of results and challenges: In Alaska, several types of facilities and vessel operators are required to have approved contingency plans (C-plans) in place before they are allowed to operate. These C-plans outline the various steps and procedures that would be followed to allow quick and effective containment and cleanup in the event of an unanticipated release of oil or hazardous substances into the environment. The quicker and more effective the response is, the less adverse impact a spill will have on the environment and human health.

Facilities and operators required to have C-plans include oil exploration and oil production facilities, refineries, railroads, crude oil pipelines, terminals, tank farms, and tankers, non-crude oil tank vessels and barges, and non-tank vessels. C-plans must be submitted every 5 years and are reviewed and approved by Department staff to ensure all response requirements are addressed.

Since these facilities and vessels operators cannot legally operate without approved C-plans, it is imperative that Department staff review and approve the plans within the time frames required by regulation. Thus far, this goal has been met and future challenges to attaining the goal are not anticipated. The statistical anomaly of 89% in the first quarter of FY2005 is due to the fact that several C-plans are still under review, although they are still within the regulatory timeframe.

A3: Strategy - Conduct exercises and inspections of regulated facilities and vessel operators.

Target #1: Annually 100% of contingency plan holders identified as high risk, are inspected or participate in an oil discharge exercise.

Measure #1: % of annual targeted inspections and exercises completed.

Percent of Annual Targeted Inspections and Exercises Completed

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	0	0	0	0	118.2%

Analysis of results and challenges: In Alaska, several types of facilities and vessel operators are required to have approved contingency plans (C-plans) in place before they operate. These C-plans outline the various steps and procedures that would be followed to allow quick and effective containment and cleanup in the event of an unanticipated release of oil or hazardous substances into the environment. The quicker and more effective the response is, the less adverse impact a spill will have on the environment and human health.

Facilities and operators required to have C-plans include oil exploration and oil production facilities, refineries, railroads, crude oil pipelines, terminals, tank farms, oil tankers, non-crude oil tank vessels and barges, and non-tank vessels over 400 gross tons. C-plans must be submitted every 5 years and are reviewed and approved by Department staff to ensure all response requirements are addressed.

Facilities and vessels in the state that handle crude oil are considered a higher risk because of the larger volumes of oil involved and the increased environmental consequences of a crude oil spill compared to refined oil product spill of a similar magnitude. As an added precaution, it is important to inspect high risk facilities to ensure compliance with their C-plan, or to test C-plan effectiveness by conducting exercises. In an exercise, a mock spill is conducted, and the C-plan response procedures are applied as though it were a real life situation, in order to test and ensure their effectiveness.

The cumulative totals for FY2004 exceed 100% due to the fact that several facilities were inspected or had their C-plan exercised more than once during the year.

Key Component Challenges

Complete the next phase of the contingency plan regulations review project to re-evaluate the adequacy of existing regulations; specifically update the contingency plan review process to make it simpler and more effective based on lessons learned since the 1992 regulations implementation.

Keeping abreast of continually changing and evolving spill response technology and maintaining an up-to-date catalog in order to fulfill statutory requirements to ensure that Contingency Plan holders are using the best technology available at the time the plan was written.

Significant Changes in Results to be Delivered in FY2006

None.

Major Component Accomplishments in 2004

Conducted 146 inspections of oil terminals/tank farms, crude oil transmission pipelines, tankers, nontank vessels, and tank barges.

Inspected 90% of the crude oil tankers operating in Prince William Sound, 50% of the crude oil spot charter tankers, and 17% of the non-crude tankers and tank barges operating in state waters.

Evaluated 123 announced and unannounced oil spill exercises conducted throughout the state involving oil terminals and tank farms, crude oil transmission pipelines such as TAPS, crude and non-crude tankers, tank barges, nontank vessels, and the Alaska Railroad.

Successfully completed Phase 1 of the Contingency Plan Regulations project to update and clarify the regulations primarily affecting oil exploration and production facilities. The regulatory changes became effective May 26, 2004 for new and renewed contingency plans.

Conditionally approved the Strategic Reconfiguration amendment to the Alyeska Pipeline Service Company's TAPS contingency plan after evaluation of extensive detailed and technical information presented by Alyeska, other agencies, non-governmental organizations, and the public.

Organized a highly successful and informative Best Available Technology conference in May, 2004, that featured U.S. and international presenters in six technology groups including source control, crude oil transmission pipeline leak detection, well capping, secondary containment liners, fast water booming, and viscous oil pumping.

Reviewed and approved 23 new, renewal, or amended oil discharge prevention and contingency plans for facilities and vessel other than nontank vessels. Reviewed and approved 192 nontank vessel contingency plans.

Maintained registration of 19 primary response action contractors, with 3 renewals, and no new applications.

Issued 531 nontank vessel financial responsibility certificates and 243 financial responsibility certificates for oil facilities, oil transmission pipelines, tank vessels, tank barges.

Eight program personnel passed the American Petroleum Institute Standard 653 certification examination and were certified as Storage Tank Inspectors.

Monitored progress of North Slope companies (British Petroleum and ConocoPhillips Alaska) in fulfilling the terms of the Charter for North Slope Development, which requires industry investment in oil spill prevention, remediation, and research over a ten-year period.

Undertook regulatory action, as necessary, and utilized non-regulatory avenues to gain industry compliance with state requirements for leak detection, spill response equipment, spill response exercises, tank inspections, and corrosion inspection and mitigation.

Statutory and Regulatory Authority

AS 46.03, AS 46.04, AS 46.08, AS 46.09, 18 AAC 75.

Contact Information
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**Industry Preparedness and Pipeline Operations
Component Financial Summary**

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,092.9	2,503.8	2,815.0
72000 Travel	165.0	221.4	221.4
73000 Services	476.8	740.2	731.7
74000 Commodities	36.1	35.7	35.7
75000 Capital Outlay	7.7	16.0	16.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,778.5	3,517.1	3,819.8
Funding Sources:			
1002 Federal Receipts	0.0	112.1	107.7
1007 Inter-Agency Receipts	74.2	252.8	473.4
1052 Oil/Hazardous Response Fund	2,704.3	3,152.2	3,238.7
Funding Totals	2,778.5	3,517.1	3,819.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	49.3	40.6	36.6
Unrestricted Total		49.3	40.6	36.6
Restricted Revenues				
Federal Receipts	51010	0.0	112.1	111.4
Interagency Receipts	51015	74.2	252.8	476.2
Restricted Total		74.2	364.9	587.6
Total Estimated Revenues		123.5	405.5	624.2

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	112.1	3,405.0	3,517.1
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	0.0	1.0	17.2	18.2
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	2.8	64.8	67.6
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	0.3	6.5	6.8
Proposed budget decreases:				
-Uncollectible Federal Authority	0.0	-8.5	0.0	-8.5
Proposed budget increases:				
-Reinstate Joint Pipeline Office Work and Positions	0.0	0.0	218.6	218.6
FY2006 Governor	0.0	107.7	3,712.1	3,819.8

**Industry Preparedness and Pipeline Operations
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2005</u>	<u>FY2006</u>		
	<u>Management</u>	<u>Governor</u>		
	<u>Plan</u>			
Full-time	34	36	Annual Salaries	2,015,113
Part-time	1	1	COLA	25,485
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	950,288
			<i>Less 2.78% Vacancy Factor</i>	<i>(83,286)</i>
			Lump Sum Premium Pay	0
Totals	35	37	Total Personal Services	2,907,600

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	2	0	0	1	3
Administrative Clerk III	1	0	0	0	1
Environ Conserv Mgr I	3	0	0	1	4
Environ Conserv Mgr III	1	0	0	0	1
Environ Engineer II	1	0	0	0	1
Environmental Spec II	3	0	0	0	3
Environmental Spec III	11	2	3	2	18
Environmental Spec IV	3	0	1	2	6
Totals	25	2	4	6	37