

**Flint Hills Settlement- Piped Water System**

**FY2019 Request: \$14,360,000**

**Reference No: 61937**

**AP/AL:** Appropriation

**Project Type:** Life / Health / Safety

**Category:** General Government

**Location:** North Pole

**House District:** North Pole/Badger (HD 3)

**Impact House District:** Fairbanks Areawide (HD 1-5)

**Contact:** Tom Cherian

**Estimated Project Dates:** 07/01/2018 - 06/30/2023 **Contact Phone:** (907)465-5256

**Brief Summary and Statement of Need:**

In FY2017, the State reached a settlement on the Flint Hills sulfolane release that contaminated drinking water in the North Pole area. The State is responsible for up to \$20.0 million of the total project cost of expanding the City’s piped drinking water system to serve affected homes. The Department was appropriated \$5.7 million in FY2017-2018 for this settlement. Through the Department of Law, \$14.4 million is required in FY2019.

<b>Funding:</b>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>Total</u>
1004 Gen Fund	\$9,305,700						\$9,305,700
1053 Invst Loss	\$2,298,900						\$2,298,900
1071 Alt Energy	\$2,755,400						\$2,755,400
<b>Total:</b>	<b>\$14,360,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,360,000</b>

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Prior Funding History / Additional Information:**

Sec14 Ch1 SLA2017 P94 L19 HB57 \$5,740,000

**Project Description/Justification:**

The State has settled its lawsuit against Flint Hills Resources, LLC, and Flint Hills’s counterclaims against the State over the North Pole Refinery soil and groundwater contamination. The State Department of Natural Resources leased the property to the prior owner Williams Alaska Petroleum, Inc. As a landowner, the State has potential liability for the spills and releases during Williams’s thirty years of refinery operations. Releases of refinery wastewater containing the industrial chemical sulfolane polluted the drinking water wells of hundreds of residents beyond the refinery property. Under the settlement, Flint Hills will fund 80% and the State will fund 20% of a piped water system project on an interim funding basis while parties pursue their litigation against former refinery operator Williams. Last session, the legislature appropriated to the Department of Environmental Conservation \$5.74 million, the amount projected for the State's share required in FY2017 and FY2018. The

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amount remaining to be paid in FY2019 is \$14.36 million.