

Briefing for PWSRCAC Board of Directors – January 2021

INFORMATION ITEM

Sponsor: Austin Love and TOEM Committee
Project number and name or topic: 5056 - Tank 8 Internal Inspection Review and 5998 - Cathodic Protection Systems Review projects

1. **Description of agenda item:** This agenda item is to provide the Board with information related to these two current Council projects. The Council is working with National Pipeline Services to complete the Cathodic Protection Systems Review project and with Taku Engineering on the Tank 8 Internal Inspection Review project. Obtaining information from Alyeska on both of these Council projects has been a slow process. However, to date (December 17, 2020), the Council has received enough information pertaining to the Tank 8 project for Taku Engineering to establish some initial results of their work. For this agenda item, Mr. Bill Mott from Taku Engineering will be providing the Board with a presentation of the initial results of his work to review the maintenance of crude oil storage Tank 8. Austin Love, a Council project manager, will also provide the Board with an update pertaining to the Cathodic Protection Systems Review project, while Keith Boswell from National Pipeline Services will be available for questions related to that project.

2. **Why is this item important to PWSRCAC:** Both of these Council projects share the goal of ensuring that the maintenance of assets at the Valdez Marine Terminal is in line with industry best practices, such that the risk of an oil spill from the facility is minimized. The Cathodic Protection Systems Review project focuses on the systems that ensure that corrosion is mitigated on the outside of buried crude oil piping or on the soil-side of crude oil tank floors. Cathodic protection systems at the Valdez Marine Terminal play a key role in ensuring oil spills don't occur from storage tanks or piping. The Tank 8 Inspection Review project focuses on the maintenance of this specific crude oil tank which has a storage capacity of more than 500,000 barrels. If this tank is not maintained properly, the risk of an oil spill would increase and an oil spill from this tank could cause significant environmental and economic damages.

3. **Previous actions taken by the Board on this item:**

<u>Meeting</u>	<u>Date</u>	<u>Action</u>
XCOM	7/1/19	Authorized the Executive Director to enter into a contract with National Pipelines Services, LLC in an amount not to exceed \$50,000 and approved a \$50,000 budget modification from the FY2020 contingency to project 5998 - Cathodic Protection Systems Review.
Board	5/21/20	Authorized budget modification adding \$56,233 to the Tank 8 Internal Inspection Review Project 5056 in the FY2020 PWSRCAC budget; and authorizing the Executive Director to enter into a contract with Taku Engineering LLC., for work to review the inspection and repair of Tank 8, at an amount not to exceed \$71,233.

4. **Summary of policy, issues, support or opposition:** Obtaining information needed to complete these two projects from Alyeska has been a slow process. For the Cathodic Protection System Review project, the Council's contractor (National Pipeline Services) and staff have been working since January 10, 2020, to obtain the requested information from Alyeska. For the Tank 8 Internal Inspection Review project, the Council's contractor (Taku Engineering) and staff have been working since June 23,

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2020, to obtain the requested information from Alyeska. To try to help expedite the information request process on both projects, a letter from the Council's Executive Director, Donna Schantz, and Board President, Robert Archibald, was sent to the Council's Alyeska liaison, Andres Morales, on July 23, 2020. That letter to Mr. Morales asked him to expedite the Council's information requests on the Tank 8 and Cathodic Protection System Review projects. The Council's July 2020 letter was sent in addition to many other less formal communications (e.g., emails, phone calls, meetings) between the Council and Alyeska regarding the Council's information requests for these two projects.

5. **Committee Recommendation:** None.

6. **Relationship to LRP and Budget:** Project 5056 - Tank 8 Internal Inspection Review and Project 5998 - Cathodic Protection Systems Review are both included in the FY2021 budget and annual work plan.

**5056--Tank 8 Internal Inspection Review
As of December 14, 2020**

FY-2021 Budget	\$64,034.00
 Actual and Commitments	
Actual Year-to-Date	\$5,739.00
Commitments (Professional Services)	\$58,295.00
Actual + Commitments	\$64,034.00
 Amount Remaining	 \$0.00

**5998--Cathodic Protection Systems Review
As of December 14, 2020**

FY-2021 Budget	\$38,653.00
 Actual and Commitments	
Actual Year-to-Date	
Commitments (Professional Services)	\$38,653.00
Actual + Commitments	\$38,653.00
 Amount Remaining	 \$0.00

7. **Action Requested of the Board of Directors:** None.

8. **Alternatives:** None.

9. **Attachments:** July 23, 2020 letter from Executive Director, Donna Schantz, and Board President, Robert Archibald, to the Council's Alyeska liaison, Andres Morales.



Regional Citizens' Advisory Council / "Citizens promoting environmentally safe operation of the Alyeska terminal and associated tankers."

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MEMBERS

July 23, 2020

Alaska State Chamber of Commerce

Andres Morales
Alyeska Pipeline Service Company
P.O. Box 196660
Anchorage, AK 99503

Chugach Alaska Corporation

City of Cordova

SUBJECT: Request for Expedited Processing of Requests for Documentation

City of Homer

Dear Andres:

City of Kodiak

As you are aware, the Prince William Sound Regional Citizens' Advisory Council (Council) is moving forward with our Valdez Marine Terminal Crude Oil Storage Tank 8 Internal Inspection Review project based on the significant issues surrounding the recent inspection of Tank 8. The Council understands the multi-faceted challenges that Alyeska is facing with the COVID-19 public health crisis. However, the Council is concerned about the increased risk of an oil spill based on information the Council has been made aware of regarding the recent Tank 8 inspection.

City of Seldovia

City of Seward

City of Valdez

City of Whittier

Community of Chenega

Following the Council's mandate, the goal of the Tank 8 project is to better define and understand the issues and risk and, if verified, develop Council recommendations to ensure that any issues are adequately addressed and rectified as soon as possible. We believe this technical analysis would benefit both Alyeska and the Council in ensuring the integrity of Tank 8. The Council appreciates that members of Alyeska's Integrity Management Team recently met with the Council's contractor, Taku Engineering, LLC, to kick-off the project. The next step is to review documentation and records regarding the 2019-2020 Tank 8 maintenance, inspection, and repair activities.

Community of Tatitlek

Cordova District Fishermen United

Kenai Peninsula Borough

A detailed list of information necessary to conduct a thorough technical review has been provided to you. In subsequent emails and conversations, you have indicated that the earliest your team will be able to provide the requested information is this winter. My understanding from our conversation on July 2, 2020, is that the Council's request will take considerable time to pull together because an internal Alyeska policy requires this information be reviewed by Alyeska's security and legal teams, even though the information is publicly available through a regulatory agency. Without having seen Alyeska's internal policy, it appears to be in conflict with certain provisions of our contract with Alyeska, specifically the section regarding access to Alyeska documents and records with reasonable promptness.

Kodiak Island Borough

Kodiak Village Mayors Association

Oil Spill Region Environmental Coalition

Port Graham Corporation

Prince William Sound Aquaculture Corporation

We have not yet requested any Tank 8 documentation from the regulatory agencies, as our preference is to receive the information directly from Alyeska as provided for in our contract. From our perspective, the process of

requesting Alyeska documents from the regulatory agencies shifts the burden of providing information and creates frustration on the part of the regulatory agencies. As you are aware, a lack of trust and confrontation between regulators, industry, and citizens was one of the major findings of Congress that led to the creation of the Council. We wish to avoid creating unnecessary frustration and conflict to obtain timely documentation from Alyeska, especially when the requested documentation is complete and in Alyeska's possession.

At our May 2020 Board meeting, Alyeska President Brigham McCown addressed the Board and stated that he believes the Council is an important partner to Alyeska on our shared goal of protecting the environment through the safe operation of the Valdez Marine Terminal. The delay in receiving the requested Tank 8 documents, in addition to delays in receiving requested information for the Council's Cathodic Protection System project, are not reasonable considering our partnership, nor are they in the interest of our shared goals. Delays can also impede the Council's ability to perform our duties under our contract with Alyeska. In the spirit of fostering a cooperative partnership of mutual trust, the Council requests your assistance in expediting the processing of our requests for documentation.

Long-standing members of the Council do not recall experiencing the length of delays in obtaining information from Alyeska that have been experienced over the past eighteen months, starting well before the COVID-19 outbreak. With this in mind, if the recent significant delays are the result of a new Alyeska internal policy, or a new interpretation or new application of an existing Alyeska policy, then we wish to elevate this request to those responsible for maintaining and interpreting Alyeska's policies in an effort to resolve this matter.

Thank you, in advance, for your timely response to this important issue. We would like to hear back from you at your earliest convenience.

Sincerely,


Donna Schantz
Executive Director


Robert Archibald
President of the Board