



April 24, 2023

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Citizens promoting the environmentally safe operation of the Alyeska terminal and associated tankers.

Betsy Haines, Interim President, and  
John Kurz, Incoming President  
Alyeska Pipeline Service Company  
PO Box 196660  
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**Members:**

Alaska State  
Chamber of Commerce

Chugach Alaska  
Corporation

City of Cordova

City of Homer

City of Kodiak

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Cordova District  
Fishermen United

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Kodiak Island Borough

Kodiak Village Mayors  
Association

Oil Spill Region  
Environmental Coalition

Port Graham  
Corporation

Prince William Sound  
Aquaculture Corporation

**Subject:** Transmitting the report titled "Assessment of Risks and Safety Culture at Alyeska's Valdez Marine Terminal," prepared by Ms. Billie Pirner Garde

Dear Ms. Haines and Mr. Kurz:

The purpose of this letter is to formally transmit to you the attached report titled "Assessment of Risks and Safety Culture at Alyeska's Valdez Marine Terminal," prepared by Ms. Billie Pirner Garde, a contractor to the Prince William Sound Regional Citizens' Advisory Council (PWSRCAC or Council).

The final draft of this report was provided to Alyeska leadership in February 2023, after which it was vetted with Alyeska leadership by Ms. Garde and representatives of PWSRCAC on March 16, 2023. Ms. Garde made a number of edits to the report from input and suggestions received from Alyeska representatives at the March meeting. The Council has tried to ensure open communication and coordination with Alyeska as this report has been finalized in the interest of working together. We sincerely appreciate the spirit of cooperation that has been present throughout our interactions to date and hope to continue to support Alyeska's work to address the issues raised in the report in the long term.

The Board of Directors, technical committee volunteers, and staff of the PWSRCAC strive to diligently carry out their responsibilities under the statutory authorization for the Council in the Oil Pollution Act of 1990 (OPA 90), as well as the terms, scope, and commitments of our contract with Alyeska. This work is done to help protect Alaska's residents, communities, economies, and environment.

OPA 90 mandates for the Council include developing long-term partnerships with government and industry, while also directing it to take steps to eliminate the previous complacency of those groups that led up to the 1989 Exxon Valdez oil spill. This is a challenging mission to achieve. It can be difficult to maintain productive relationships with those to whom you must also provide critical feedback, especially during times of serious reductions in staffing and budgets for those entities. While PWSRCAC recognizes this report could generate tension with Alyeska, we hope that our coordination with Alyeska staff prior to release of the report and our commitment to support Alyeska's long-term work to address these issues will lead to a constructive and productive path forward.

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Alyeska, state and federal regulators, and the Council all do their best to work with all parties in a highly professional manner, seeking results that will help prevent further oil spills or accidents. This mature, collegial, and cooperative approach has helped protect Alaska from another Exxon Valdez-type of oil spill or other devastating accident over the past three plus decades. But, as the report findings indicate, it takes constant vigilance, training, and monitoring to help ensure that Alaska will be spared another major oil spill.

As you both are aware, Ms. Garde is an attorney who has worked on numerous issues directly for Alyeska and BP before working with the PWSRCAC. Although she is an attorney, the agreement between PWSRCAC and Ms. Garde is not for legal services, but rather consulting work. The Council believes her professionalism and thoroughness is an asset to Alyeska. As you will see from her report, Ms. Garde received a considerable amount of information from both current and former Alyeska employees, and she has been very careful and judicious to protect the identities of those with whom she consulted.

### **Key finding from the report**

The purpose of the assessment documented in the report was to reach a determination, based on the information provided to PWSRCAC, on whether there is a current level of unacceptable safety risk to the Valdez Marine Terminal (VMT), its workforce, the community of Valdez, and the environment. After reviewing all information available through the assessment, it is Ms. Garde's conclusion that there **currently is an unacceptable safety risk to the VMT, and consequently no reasonable assurance that the VMT is operating safely and in compliance with its regulatory requirements.**

Inadequate resources (e.g., staffing, equipment, adequate safety and reporting systems) and budget pressures are a common theme in all the issues addressed throughout the report. There is no substantive information in this report regarding safety or process safety issues that is not already available to Alyeska. The fact that the company has not taken action on the information it has is one of the primary weaknesses identified by the assessment.

The Exxon Valdez oil spill in 1989, and Alyeska's inability to perform effective response capability, changed the industry and Alaska forever. It should have permanently changed Alyeska's respect for the dangers inherent in its operations as well. Unfortunately, the current situation reveals that due to changes in the organization, availability of resources, quality and audit functions, maintenance and system upgrades, and operational integrity and compliance have suffered significantly under recent corporate management. At the same time, regulatory oversight at the VMT has also diminished.

### **Report recommendations**

The PWSRCAC Board of Directors endorses all recommendations contained in Ms. Garde's report. The importance of the operational integrity of the VMT cannot be overstated because an incident or accident could contribute to the occurrence of another major oil spill that would be devastating for the public, livelihoods, and the environment.

The main recommendations include specific requests for Alyeska and the TAPS Owners to:

- Commission an independent full assessment of the Alyeska safety management systems and determine a specific timeline for actual completion of the necessary changes to ensure safe operations;
- Commission an immediate independent audit to be conducted of all deferred maintenance at the VMT; and
- Provide mandatory training for all supervisory and management personnel on their responsibilities to manage in a manner that promotes a strong safety culture, upholds a compliance culture, and does not tolerate harassment, intimidation, retaliation, or discrimination.

The report recommendations also include several requests directed to Congress and federal entities, such as:

- For Congress to initiate a Government Accountability Office (GAO) audit to determine the adequacy of the present regulatory oversight of Alyeska's VMT operations by federal and state agencies with responsibility over the VMT, including compliance with the Federal Grant of Right-of-Way and Stipulations, and the State Lease.
- For the GAO audit to include the following aspects:
  - Identify any gaps in regulatory oversight created by the changes in recent years within federal and state agency responsibilities;
  - Determine if the TAPS Improvement Plan, submitted to Congress in 1994 following the 1993 Oversight Committee hearings, and the Updated Plan in 1997, remains a commitment to Congress with expected conformance;
  - Encompass a detailed review of the Alyeska Quality and Audit departments, their independence, resources, effectiveness, and reliability; and,
  - Consider recommending legislative action that requires Agency coordination at the VMT.
- For the federal Occupational Safety and Health Administration conduct or commission a full independent audit of applicable VMT systems for compliance with Process Safety Management.

In addition to the request for a GAO audit, PWSRCAC is also recommending that the Alaska State Legislature request that the Legislative Budget and Audit Committee conduct an assessment, or audit, of state regulatory agency capabilities specific to oversight of the VMT.

These recommendations and requests include more details, which can be found in the Recommendations section of the report. The Council acknowledges that there are recommendations directed internally to PWSRCAC and we will be considering appropriate actions in an effort to address these.

### **Past GAO reports**

The August 1995 U.S. General Accounting Office (now the Government Accountability Office or GAO) report titled, "TRANS-ALASKA PIPELINE – Actions to Improve Safety Are Under Way," is included as an attachment to Ms. Garde's report. This GAO audit was requested by the late Congressmen Don Young and John Dingell. As predicted by the GAO, lowered throughput of oil,

reduced Alyeska budgets, and serious cutbacks in State of Alaska and federal funding for the Bureau of Land Management (BLM) and other state and federal agencies, have all contributed to reduced oversight activities and presence (GAO, 1995, p. 52).

In the agency comment section of this 1995 GAO report, agency officials acknowledged that such independent assessments of their work are valuable, stating their belief that “periodic, comprehensive oversight from an independent source is critical to ensure that JPO [Joint Pipeline Office] and Alyeska continue their improvement efforts” (GAO, 1995, p.6).

Based on the information in Ms. Garde’s report, the PWSRCAC believes that it is time for Congress to request that the GAO reassess the operational safety of the VMT. This should include the monitoring and enforcement of oil spill prevention and response capabilities by the federal and state agencies that make up the JPO. An updated audit, nearly 30 years after the 1995 GAO audit, is especially important in light of the diminishment in staffing and regulatory oversight due to budget cuts and shifts in management philosophies over the past decade among many of the 11 agencies that make up the JPO.

### **Next steps**

PWSRCAC transmitted this report to the Alaska Congressional Delegation on April 14, 2023. At this time, Council staff is sending copies to the JPO members, made up of representatives from the 11 federal and State of Alaska agencies that comprise that oversight group and the Occupational Safety and Health Administration. The report is also being transmitted to Senate President, Gary Stevens, and Speaker Cathy Tilton of the 33<sup>rd</sup> Alaska State Legislature, the Chair and Vice Chair of the Legislative Budget and Audit Committee, and Governor Mike Dunleavy, as well as being made available to the public.

We know that Alyeska has dedicated staff working daily on the Trans Alaska Pipeline System, doing their best to ensure it is operated as safely as possible with the resources they are given. We also recognize that Alyeska has a full plate in fulfilling its mission which benefit our nation in terms of safe transport and storage of Alaska North Slope crude oil. And, considering the events taking place in global affairs, the importance of those missions continues to grow.

PWSRCAC recognizes that while zero defects in such a mission as Alyeska’s is the clear intended goal, we also acknowledge there will be times when issues, problems, and deficiencies arise that must be dealt with and resolved once identified. The view of the PWSRCAC, as authorized by Congress, is that the work of this Council should be carried out in a collegial, cooperative, and constructive manner to be of substantial assistance to the mission of Alyeska in transport and storage of oil safely through the VMT and associated tankers.

The PWSRCAC Board of Directors and staff agrees with the sentiment expressed by Alyeska executives, after their receipt of the draft report, that this report provides an opportunity to make Alyeska better by looking into these issues, addressing problems, and making sure employees are heard. The Council stands ready to support Alyeska in our role as an advisor. We believe firmly that the greatest successes result from citizens, industry, and regulators working

together to maintain and improve safeguards designed to prevent and prepare for future oil spills.

Thank you for your consideration of the issues and recommendations contained in this letter and enclosures. PWSRCAC looks forward to continued coordination with Alyeska, including outlining a process to ensure these matters are addressed in a timely manner.

Sincerely,



Donna Schantz  
Executive Director



Robert Archibald  
President

Enclosure: "Assessment of Risks and Safety Culture at Alyeska's Valdez Marine Terminal,"  
Billie Pirner Garde, February 2023

cc: Barry Romberg, Chair of TAPS Owner Committee,  
Andres Morales, Alyeska