



Valdez Office:
P.O. Box 188, Valdez, AK 99686
Phone: (907) 835-5460 / Fax: (907) 835-5410
Email: afervdz@alaskaforum.org
www.alaskaforum.org

Fairbanks Office:
P.O. Box 82718, Fairbanks, AK 99708
Phone/Fax: (907) 479-6946 / Cell: (907) 322-1470
Email: aferfbx@alaskaforum.org

TESTIMONY of Ross Coen
TAPS EIS scoping hearing
Fairbanks, Alaska
10/10/01

Good evening. My name is Ross Coen. I am the Executive Director of the Alaska Forum for Environmental Responsibility. The Alaska Forum is a non-profit group that is dedicated to holding industry and government accountable to the laws designed to safeguard the environment.

This panel has already received testimony, oral and written, from myself and the Alaska Forum. And we do plan on submitting further comments. Tonight, however, I would like to address 2 issues:

- 1) The maintenance shutdown and restart of TAPS on Sept. 22 and the three separate, subsequent spills at three northern pump stations;
- 2) The 5 policy recommendations that the Alaska Forum advocates in light of our research on this issue.

First, the maintenance shutdown and restart of TAPS on Sept. 22.

Thursday, Sept. 20, was a day for coincidence and contrasting opinions with regard to TAPS. That day, Alyeska Senior Vice President Bill Howitt proclaimed, in a guest opinion piece in the Fairbanks newspaper, that the scheduled shutdown for that Saturday was part of "a well-structured and carefully thought out maintenance plan... assuring the trans-Alaska pipeline continues to be one of the safest, most reliable transportation systems in the country." Howitt also predicted that the shutdown would go "unnoticed by almost everyone . . . just the way we like it."

Meanwhile, that evening in Anchorage, this panel held a scoping meeting, exactly like this one tonight, where Richard Fineberg presented written testimony that restarting TAPS is "a relatively high-risk activity." Fineberg, a researcher who is evaluating TAPS operations for the Alaska Forum, reported that "there has been at least one significant problem restarting the pipeline every year [since 1995], culminating in the pressure hammer that moved a stretch of above-ground pipe in Atigun Pass as much as 21 inches south during a botched restart in April 2000, causing significant damage to the support system there." According to Fineberg, chronic TAPS restart problems are one indication that Alyeska has not taken appropriate action to handle the risks inherent in operating the aging pipeline.

So what happened two days later when Alyeska shutdown the line for maintenance and restarted it 12 hours later? Did it go all but unnoticed, as Mr. Howitt predicted? Or did the event vindicate Dr. Fineberg's claim that restarting TAPS is a relatively high-risk activity?

When Alyeska tried to restart the pipeline after the shutdown, three separate crude oil spills resulted in the escape of more than 2,600 gallons into three remote pump stations. At Pump Station 3, a pump seal failed resulting in 200 gallons of crude spilled. At Pump Station 4, crude leaked through a suction valve, resulting in another 200 gallons of oil spilled. And at Pump Station 5, an open block valve caused the release of over 2,200 gallons of crude, some 200 gallons of which escaped from the pump station and leaked onto the workpad.

The restart was delayed for nine hours as workers scrambled to clean up three separate messes, which included the chemical halon at one station and an estimated 12,000 gallons of foam and water at another, all dumped to prevent fire or explosion.

This mind-boggling series of restart mishaps confirms that Alyeska's practices – as well as its pre-shutdown claims – are suspect: Either the shutdown and restart procedures were not well planned, or else those procedures were not properly implemented.

Almost incredibly, Alyeska claimed on its website two days later that the operators “successfully” shut down the pipeline. Technically, this was true – the shutdown was okay; it was the restart that went bad. Alyeska's self-serving spin on restarts comes as no surprise; in 1996, when a maintenance restart resulted in a major pump failure and fire at Pump Station 8, Mr. Howitt praised the company's response but ignored the poor planning that caused the incident.

Even more incredible is the fact that Alyeska's website report gave no estimate for the Pump Station 5 spill (by far the largest of the three, ultimately totaling over 2,200 gallons), but included estimates of the relatively small amounts of spilled crude at the other two stations (80 gallons at Pump Station 3 and 200 gallons at Pump Station 4). Official reports to agencies indicate that Alyeska knew that the unquantified Pump Station 5 spill was by far the most serious event, yet they chose to omit this fact in their only report to the general public.

By omitting from their only public pronouncement any estimate of the Pump Station 5 spill total – and by placing the description of that incident between the much lower estimates at Pump Stations 3 and 4 – Alyeska implied that the Pump Station 5 spill total was much, much lower than they knew it actually was. It appears that Alyeska was deliberately diverting attention from what officials belatedly acknowledged was a very serious incident.

Mr. Howitt ended his Sept. 20 guest opinion with the prediction that the planned shutdown would go “unnoticed by almost everyone . . . just the way we like it.” Was Alyeska's subsequent failure to provide the public with any indication of the size of the largest of the three spills an intentional, last-ditch effort to fulfill the Senior Vice President's prediction?

I am aware that this panel is charged with writing an Environmental Impact Statement and that such details of newspaper pieces and press releases are beyond the scope of your work. I raise the points above to illustrate that Alyeska and the TAPS owners have not yet broken free of the “culture in denial” syndrome. Fixing the many problems on the aging pipeline first requires an admission that those problems exist; and when this company claims that a botched shutdown was a success what incentive is there for improvement?

It is Argonne's job, as I see it, to ignore the rosy predictions and proclamations; and instead to research what the documentation shows: TAPS is an aging line with serious operational challenges and environmental consequences

The response to last week's spill near Livengood is another example. Alyeska claims a successful response. Even the governor of Alaska claims a successful response. But serious questions remain about the spill and Alyeska's response – the wrong size crane, a hydraulic clamp that hadn't been tested to its rated pressure capacity, outdated language in the C-plan, and so on. The Alaska Forum understands that some within Alyeska have questioned whether their response was good enough. But how can that response be improved; how can the C-plan be improved when Alyeska refuses to publicly admit that their response was anything less than stellar.

Finally, I would like to make 5 policy recommendations that the Alaska Forum believes are necessary.

✍ 1. The Grant and Lease should establish a Citizens' Oversight Group (COG), funded by the TAPS Owners through the Department of the Interior, to ensure, through community involvement, that the pipeline is maintained and operated in a manner that safeguards the natural resources of Alaska and ensures the safety of continued oil shipment. In the process of developing the expertise to evaluate the efforts and accomplishments of the TAPS Owners and their monitors, it is anticipated that the COG would help combat the complacency that inevitably sets in after a long period without a major spill or accident.

✍ 2. The TAPS Owners have collected funds for the future dismantling, removal and restoration of TAPS (DR&R) from shippers on an accelerated basis. Instead of being placed in an escrow account, these funds were passed through to the parent companies of the TAPS Owners, resulting in ongoing windfall profits of extraordinary proportions. To provide funds to ensure the safe and environmentally sound operation of TAPS and promote continued North Slope development, the TAPS Owners should be required to (a) place funds necessary for dismantling in an escrow account and (b) contribute a small portion of the estimated \$500 million excess income that they will earn in 2001 from past DR&R collections to establish a fund that would generate \$3 million per year to finance the Citizens' Oversight Group. Additionally, as part of the review of Grant and Lease renewal, reviewers should convene an advisory panel to consider whether a mechanism can be established to return all or a significant portion of the excess income earned annually from prior DR&R collections to TAPS to shippers in the form of reduced tariffs.

✍ 3. Due to aging of pipeline equipment, the possible effects of changing climate conditions, and technological development, Grant and Lease renewal should be made conditional on satisfactory completion of an evaluation, including a technical review and audit every five years, to assure that the operators of TAPS employ best available technology and have the fiscal and management systems in place to address any problems may be encountered expeditiously and competently. The Grant and Lease terms should specify that this mandatory, periodic review shall be conducted by a respected independent body such as the National Academy of Sciences.

✍ 4. The economic and management framework in which TAPS operates has had a pernicious effect on operations that has led to the chronic failure to remedy problems in a timely manner. The fiscal pressures that constrain TAPS operations are liable to increase as throughput and the prospective life of the line decline. AFER therefore recommends that, as part of the review of this application for Grant and Lease renewal, the reviewers should convene an advisory panel to consider how best to provide a single, responsible managing party and a stable source of funding for TAPS. One possible solution is the transfer of TAPS to a single Owner with no North Slope production.

✍ 5. To ensure that Alyeska continues its efforts to establish an open work environment, and that the benefits of that open work environment remain in place throughout the period of proposed lease renewal, provisions establishing and ensuring a viable Employee Concerns Program on TAPS should be incorporated into lease and right-of-way renewal. These requirements should include penalties if a certain percentage of workers report, in an annual survey that protects the identity of responders, that they fear harassment, intimidation or retaliation for disclosing problems on TAPS.

Thank you for the opportunity to comment tonight. I hope that the above recommendations are helpful to this panel as you place the history of TAPS in the proper context for this environmental review.

Good night.

Ross Coen, Executive Director
Alaska Forum for Environmental Responsibility