

Public Comment Response Summary

Proposed Revisions to 18 AAC Chapter 75 – Article 2

November 17, 2015

Summary of Changes

This packet is being proposed to update the language in selected sections of the regulations within Title 18 Chapter 75, Article 2. The focus is to update the self-insurance and guaranty requirements and eliminate the option to submit a quarterly affidavit using liquid assets and cash flow for regulated oil facilities.

Summary of Comments

Comment: One commenter supported the proposed changes stating that they strengthen the State's ability to ensure applicants have sufficient assets within the U.S. to meet their financial obligations to self-insure.

Comment: One commenter opposed the updated definition of working capital in 18 AAC 75.245(a)(1). The new definition excludes petroleum inventory assets that may be affected by an oil discharge from a facility covered by the self-insurance. They recommend that the definition be updated to exclude the largest dollar value of petroleum inventory at a single facility.

Response: Similar language was considered when drafting the proposed language. The idea was opposed because the department does not require applicants with multiple vessels and/or facilities to be covered by proof of financial responsibility (FR) in the aggregate. Instead, applicants are allowed to provide proof in the amount required for their facility that requires the highest dollar amount. This amounts to a significant reduction in the required proof amount.

Comment: One commenter opposed the repeal of 18 AAC 75.245(d).

Response: 18 AAC 75.245(d) provides an alternative quarterly affidavit option to be in compliance with the working capital requirements. Updating the language for this subsection was considered. It was opposed because 245(a) requires working capital and net worth be maintained to demonstrate FR. Initial and renewal applications must meet this standard. There is concern that if working capital is allowed to drop for three quarters of a year, the applicant might not have sufficient assets to respond to an oil discharge.