



The State of New Hampshire  
**DEPARTMENT OF ENVIRONMENTAL SERVICES**



**Thomas S. Burack, Commissioner**

February 18, 2014

The Honorable David Borden, Chair  
House Science, Technology and Energy Committee  
Room 304  
Legislative Office Building  
Concord, New Hampshire 03301

**RE: HB 1224-FN, Relative to Best Practices for the Transmission of Energy**

Dear Chairman Borden and Members of the Committee:

Thank you for the opportunity to testify on House Bill 1224-FN. This bill would require the Public Utilities Commission (PUC) to evaluate best management practice compliance for energy transmission pipelines, and assess a fee accordingly. Twenty percent (20%) of fees collected after deduction for PUC administrative costs would be deposited in the Oil Pollution Control (OPC) Fund, which is administered by the Department of Environmental Services (DES). In anticipation of questions about the OPC Fund, we offer information concerning DES programs and activities that the fund supports, current fund revenues and expenditures, and existing petroleum pipelines.

- The OPC Fund supports DES Waste Management Division programs for statewide petroleum spill prevention and preparedness, response, and cleanup. This includes 12 full time positions, related overhead costs, and funding for contractors. The fund also supports maintaining the DES coastal office located at the Pease Development Authority.
- OPC Fund activities include: regulation and inspection of petroleum storage tanks and motor vehicle salvage yards (3 positions); equipment, vehicles, and resources to provide emergency spill response (6 positions); coastal oil spill response planning (1 position); and administration (2 positions). Contracts are maintained for spill response services, investigation of contaminated sites, and provision of clean drinking water for owners of contaminated private water supply wells.
- Fund revenues are principally from a \$0.00125 (1/8¢) per gallon fee on all oil imported into the state. In addition, persons found strictly liable for spills are subject to recovery of DES response, investigation, and cleanup costs. Recovered costs may also include fines, penalties, and legal costs for enforcement. In FY 2013, total OPC Fund revenues were \$1.5 million dollars, total expenditures were \$1.9 million dollars, and the year-end balance was \$1.1 million dollars. Future import fee revenues are expected to be flat or declining, while expenditures are variable. Thus, DES is concerned about future OPC Fund viability.
- At present, a petroleum pipeline system (including two pipelines, 18-inch and 24-inch diameter) operated by the Portland-Montreal Pipeline Company traverses five north-

country towns for a total of 35.2 miles, running principally along the U.S. Route 2 corridor. The pipeline system is federally regulated by the Pipeline Hazardous Materials Safety Administration (PHMSA) which is part of the U.S. Department of Transportation. DES does not have regulatory authority over pipeline operations, and does not conduct inspections of the pipeline. DES does have authority to require cleanup in the event of a spill, and the pipeline owner and operator would be strictly liable under state law for containment and cleanup. In the event of a spill, DES personnel would respond along with its state and federal partners to oversee cleanup actions, with the expectation that the owner would provide the necessary response services. If the owner did not take timely action, DES could deploy its resources and seek cost recovery. DES is not currently maintaining spill response equipment specific to the pipeline along its route, but DES does maintain equipment and supplies in Berlin, Gorham, Lancaster, and Littleton for general spill response in the north country.

As a point of information, we found two potential typographical errors in the bill. We believe “15 years” on page 3, at line 12, should read “5 years”, and “PPC” at line 30 should read “PCC”.

If you have any questions, please contact Mike Wimsatt, Director of the Waste Management Division at (603) 271-2905 [Michael.Wimsatt@des.nh.gov](mailto:Michael.Wimsatt@des.nh.gov), or Timothy R. Denison at (603) 271-2570 [Timothy.Denison@des.nh.gov](mailto:Timothy.Denison@des.nh.gov).

Sincerely,



Thomas S. Burack, Commissioner  
Department of Environmental Services

cc: Sponsors of HB 1224