

SPAR Article 9 Cost Recovery Amendments Frequently Asked Questions

Questions from the public have been gathered along with the department's responses. Substantially similar questions have been aggregated.

Revised on October 23, 2015.

1. Why do you cost recover?
 - a. The purpose of cost recovery is to effectively seek reimbursement of costs incurred by the state in responding to releases or threatened release of oil or hazardous substances, in accordance with Alaska Statute (AS) 46.08.070.
2. Why is DEC proposing Cost Recovery regulations?
 - a. Statutorily, the department was tasked with doing so many years ago under AS 46.08.070(d) and we are now fulfilling this mandate. We also want to provide a transparent cost recovery process, including an interest accrual process, which is a common business practice applicable to past due accounts.
3. Are these new procedures for Cost Recovery?
 - a. With the exception of the subsection on interest in 18 AAC 75.910(e), the proposed regulation seeks to formalize and promulgate existing Spill Prevention and Response cost recovery procedures.
4. Why are you charging interest?
 - a. To encourage payment and implement the department's existing statutory authority under AS 09.30.070, AS 46.03.822 and AS 46.08.075.
5. Is there a cap on interest to prevent interest from exceeding the principal?
 - a. No, however under the proposed regulations, interest can be waived when mutually agreed upon by the DEC and the responsible party.
6. Do the proposed cost recovery regulations apply to sites with Institutional Controls?
 - a. Yes, if costs are incurred.
7. How will the interest accrue?
 - a. Interest begins to accrue on the date a cost is billed. If the bill is paid within 60 days, interest may be waived by the department.
 - b. For example, if costs are billed on January 1 and paid January 27, the department may waive interest. If costs are billed on January 1 and not paid by March 2, interest will accrue as of January 1 and will be charged on the invoice.

8. When does interest begin on past due amounts?
 - a. The department intends to implement interest on new invoices issued after January 1, 2016 that become past due. In most cases, the department will not be assessing interest retroactively on past due invoices issued before January 1, 2016. An interest rate notification insert will be included in applicable monthly invoices and statements mailed to responsible parties before January 2016.
9. Should we expect interest rates to be applied on past invoices prior to implementation of the regulations?
 - a. The department has existing authority under AS 46.03.822, AS 46.08.075 and AS 09.30.070 to charge interest. In most cases, the department intends to implement interest charges only on new invoices issued after January 1, 2016 that become past due.
10. Are responsible parties charged costs for media and public inquiries; and costs related to public meetings?
 - a. Typically no. However, with a large site or incident, a responsible party will be responsible for such costs.

Below are questions added on (10/23/15)

11. Assuming no changes to language of the revised regulation occurs, when do you anticipate filing Article 9 revision with the Lt. Governor's office?
 - a. The date of filing is unknown at this time.