UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10, 1200 6th Avenue, Suite 900, Seattle, Washington, 98101
EXPEDITED SPCC SETTLEMENT AGREEMENT

DOCKET NO. CWA-10-2013-0070

On: July 20, 2012
At: Bethel Utilities Corporation Facility in Bethel, Alaska,
Owned or operated: Bethel Utilities Corporation. (Respondent)

An authorized representative of the United States
Environmental Protection Agency (EPA) conducted an
inspection to determine compliance with the Oil Pollution
Prevention (SPCC) regulations promulgated at 40 CFR
Part 112 under Section 311(j) of the Clean Water Act (33
U.S.C. § 1321(j)) (the Act), and found that Respondent
had violated regulations implementing Section 311(j) of
the Act by failing to comply with the regulations as noted
on the attached SPCC INSPECTION FINDINGS
ALLEGED VIOLATIONS AND PROPOSED PENALTY
FORM (Form), which is hereby incorporated by reference.

The parties are authorized to enter into this Expedited
Settlement under the authority vested in the Administrator
of EPA by Section 311(b) (6) (B) (i) of the Act, 33 U.S.C.
§ 1321(b) (6) (B) (i), as amended by the Oil Pollution Act
of 1990, and by 40 CFR § 22.13(b). The parties enter into
this Expedited Settlement in order to settle the civil
violations described in the Form for a penalty of $1,500.00

This settlement is subject to the following terms and
conditions:

EPA finds the Respondent is subject to the SPCC
regulations, which are published at 40 CFR Part 112, and
has violated the regulations as further described in the
Form. The Respondent admits he/she is subject to 40 CFR
Part 112 and that EPA has jurisdiction over
the Respondent and the Respondent’s conduct as described in
the Form. Respondent does not contest the Inspection
Findings, and waives any objections it may have to EPA's
jurisdiction. The Respondent consents to the assessment of
the penalty stated above. Respondent certifies, subject to
civil and criminal penalties for making a false submission
to the United States Government, that the violations have
been corrected and Respondent has sent a certified check
in the amount of $1,500.00, payable to the "Oil Spill Liability
Fund" to: U.S. Environmental Protection Agency,
Fines and Penalties, Cincinnati Finance Center, P.O.
Box 979077, St. Louis, MO 63197-9000. Respondent
has noted on the penalty payment check “EPA” and the
docket number of this case, “CWA-10-2013-0070.”

Upon signing and returning this Expedited Settlement to
EPA, Respondent waives the opportunity for a hearing or
appeal pursuant to Section 311 of the Act, and consents to
EPA’s approval of the Expedited Settlement without
further notice.

If the Respondent does not sign and return this Expedited
Settlement as presented within 30 days of the date of its
receipt, the proposed Expedited Settlement is withdrawn
without prejudice to EPA’s ability to file any other
enforcement action for the violations identified in the

IT IS SO ORDERED:

Thomas M. Jahnke
Regional Judicial Officer
EPA Region 10

RCEIVED
13 APR 25 AM 8:32
HEARINGS CLERK
EPA--REGION 10
Spill Prevention Control and Countermeasure Inspection Findings, Alleged Violations, and Proposed Penalty Form
(Note: Do not use this form if there is no secondary containment)

These Findings, Alleged Violations and Penalties are issued by EPA Region 10 under the authority vested in the Administrator of EPA by Section 311(b)(6)(B)(I) of the Clean Water Act, as amended by the Oil Pollution Act of 1990

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>Docket Number:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bethel Utilities Corporation</td>
<td>CWA-10-2013-0070</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Facility Name:</th>
<th>Date:</th>
</tr>
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<tbody>
<tr>
<td>Bethel Utilities Corporation</td>
<td>07/20/2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Street Address:</th>
<th>Inspector's Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1340 Kwethluk Lane</td>
<td>Richard Whittier/EPA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City:</th>
<th>Enforcement Contacts:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bethel</td>
<td>Carl Overpeck/START</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State:</th>
<th>Name</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>Derek Schruhl</td>
<td>(206) 553-1146</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Facility Contact:</th>
<th>EPA Approving Official:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Lenny Welch</td>
<td>Edward J Kowalski</td>
</tr>
</tbody>
</table>

Summary of Findings
(Bulk Storage Facilities)

General Topics
112.3 (a) No Spill Prevention Control and Countermeasure Plan. $1,000
112.3 (d) Plan not certified by a professional engineer. $300
112.3 (d) Amendment(s) not certified by a professional engineer. $100
112.7 No management approval of plan. $300
112.3 (a) Plan not available for review. $300
112.3 (e)(1) Plan not maintained on site (applies if facility is manned at least eight (8) hours per day). $100

✓ 112.5(b) No evidence of (5) five year review of plan by owner/operator. $50

✓ 112.5(b) No plan amendment(s) if the facility has had a change in: design, construction, operation, or maintenance which affects the facility's discharge potential. $50

112.7(b) Inadequate or no prediction of equipment failure which could result in discharges. $100

✓ 112.7(c) Plan does not discuss appropriate containment/diversionary structures/equipment. $100
Claiming installation of appropriate containment/diversionary structures is impractical but:

- 112.7(d) No contingency plan. $100
- 112.7(d) No written commitment of manpower, equipment, and materials. $100

**Written Procedures and Inspection Records**

- ✔ 112.7(e) Inspections required by 40 CFR Part 112 are not in accordance with written procedures developed for the facility. $50
- ✔ 112.7(e) Written procedures and a record of inspections are not signed by facility supervisor. $50
- ✔ 112.7(e) Written procedures and a record of inspections are not made part of the plan. $50
- ✔ 112.7(e) Written procedures and a record of inspections are not maintained for (5) five years. $50

**Personnel Training and Spill Prevention Procedures**

- ✔ 112.7(f)(1) No training on the operation and maintenance of equipment to prevent discharges. $50
- ✔ 112.7(f)(1) No training on the applicable laws, rules, and regulations. $50
- ✔ 112.7(f)(2) No designated person responsible for spill prevention. $50
- ✔ 112.7(f)(3) Spill prevention briefings are not scheduled and conducted periodically. $50
- ✔ 112.7(f) Plan has inadequate or no discussion of personnel and spill prevention procedures. $50

**Facility Drainage, Onshore (excluding Production Facilities)**

- 112.8(b)(2) Valves used to drain diked areas are not of manual, open-and-closed design (note: flapper-type valves should not be used). $200
- 112.12(b)(2) Pumps or ejectors not manually activated when diked storage areas drained. $100
- 112.8(b)(3) Drainage from undiked areas not into ponds, lagoons, or catchment basins, or no diversion systems to return spills to the facility. $300
- ✔ 112.8(b) Plan has inadequate or no discussion of facility drainage. $50

**Bulk Storage Tanks (excluding Production Facilities)**

- 112.8(c)(1) Material and construction of tanks not compatible to the material stored and the conditions of storage such as pressure and temperature. $300
- 112.12(c)(1) Secondary containment appears to be grossly inadequate. $500
- 112.8(c)(2) Materials of construction are not sufficiently impervious. $250
- 112.12(c)(2) Excessive vegetation which affects the integrity of the containment system. $100
- 112.8(c)(2) Walls of containment system are slightly eroded or have low areas. $200
- 112.12(c)(2) When drainage from diked areas is to a storm drain, open water course, or lake or pond:
  - 112.8(c)(3) Bypass valve not normally sealed closed. $300
  - 112.12(c)(3) Runoff rain water not inspected and/or will cause a harmful discharge as defined in 40 CFR 110. $300
  - 112.8(c)(3) Bypass valve is not opened and resealed under responsible supervision. $100
<table>
<thead>
<tr>
<th>Section</th>
<th>Issue Description</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>112.8(c)(3)</td>
<td>Adequate records of drainage events are not maintained.</td>
<td>$50</td>
</tr>
<tr>
<td>112.12(c)(3)</td>
<td>Underground tanks are not protected from corrosion or are not subjected to regular pressure testing.</td>
<td>$100</td>
</tr>
<tr>
<td>112.8(c)(4)</td>
<td>Partially buried tanks do not have buried sections protected from corrosion.</td>
<td>$100</td>
</tr>
<tr>
<td>112.8(c)(5)</td>
<td>Above ground tanks not subject to periodic integrity testing, such as visual, hydrostatic, and nondestructive methods, etc.</td>
<td>$300</td>
</tr>
<tr>
<td>112.8(c)(6)</td>
<td>Outside of tank not frequently observed for signs of deterioration, leaks which might cause a spill, or accumulation of oil inside diked area.</td>
<td>$300</td>
</tr>
<tr>
<td>112.8(c)(7)</td>
<td>Steam return /exhaust of internal heating coils which discharge into an open water course not monitored, passed through a settling tank, skimmer, or other separation system.</td>
<td>$100</td>
</tr>
<tr>
<td>112.7(c)(6)</td>
<td>Records of inspections of aboveground tanks are not maintained.</td>
<td>$50</td>
</tr>
</tbody>
</table>

**Tanks are not "fail-safe" engineered:**

112.8(c)(8) (1) No audible or visual high liquid level alarm; or (2) no high-level pump cutoff devices set to stop flow at a predetermined tank content level; or (3) no direct communications between tank gauger and pumping station; or (4) no fast response system for determining liquid levels, such as computers, telepulse or direct vision gauges.

112.12(c)(8) No testing of liquid level sensing devices to ensure proper operation. | $50 |

112.8(c)(9) Disposal facilities which discharge plant effluents directly to navigable waters are not monitored frequently to detect oil spills. | $100 |

112.8(c)(10) Visible oil leaks resulting in accumulations of oil in diked areas are not promptly corrected. | $300 |

112.8(c)(11) Mobile or portable storage tanks are not positioned to prevent spilled oil from reaching navigable water, or are in area subject to flooding. | $300 |

112.12(c) Secondary containment inadequate for mobile or portable storage tanks. | $500 |

112.7(a)(3) Plan has inadequate or no discussion of bulk storage tanks. | $50 |

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**Facility Transfer Operations, Pumping, and In-Plant Processes, onshore (excluding Production Facilities)**

112.8(d)(1) Buried piping not corrosion protected with protective wrapping, coating, or cathodic protection. | $100 |

112.12(d)(1) Corrective action not taken on buried piping when corrosion damage found. | $300 |

112.8(d)(2) Terminal connections at transfer points on not-in-service or standby pipelines are not capped or blank-flanged and marked as to origin. | $300 |

112.12(d)(2) Pipe supports are not properly designed to minimize abrasion and corrosion, and allow for expansion and contraction. | $50 |

112.8(d)(3) Above ground valves and pipelines are not inspected regularly. | $200 |

112.12(d)(3) Integrity and leak testing not conducted on buried piping at time of installation, modification, construction, relocation, or replacement. | $100 |

112.8(d)(4) Vehicle traffic not warned verbally or by appropriate signs of above ground piping. | $100 |

112.12(d)(4) Plan has inadequate or no discussion of facility transfer operations, pumping, and in-plant processes. | $50 |
Facility Tank Car and Tank Truck Loading/Unloading Rack, Onshore

112.7(h)(1) Inadequate secondary containment, and/or rack drainage does not flow to catchment basin, treatment system, or quick drainage system. $500

112.7(h)(1) Containment system does not hold at least the maximum capacity of the largest single compartment of any tank car or tank truck. $300

112.7(h)(2) There is no interlocked warning light, physical barrier system, or warning signs to prevent vehicular departure before complete disconnect from transfer lines. $200

112.7(h)(3) There is no inspection of lowermost drains and all outlets prior to filling and departure of any tank car or tank truck. $100

112.7(h) Plan has inadequate or no discussion of facility tank car and tank truck loading/unloading rack. $50

Security (excluding Production Facilities)

112.7(g) Facility not fully fenced and entrance gates are not locked and/or guarded when plant is unattended or not in production. $100

112.7(g) Master flow and drain valves that permit direct outward flow of tank’s contents to the surface are not secured in closed position when in a non-operating or standby status. $200

112.7(g) Starter controls on pumps are not locked in the “off” position or located at a site accessible only to authorized personnel when pumps are not in a non-operating or standby status. $50

112.7(g) Loading and unloading connection(s) of pipelines are not capped or blank-flanged when not in service. $50

112.7(g) Facility lighting not commensurate with the type and location of facility to facilitate the discovery of spills during hours of darkness and to deter vandalism. $100

112.7 Plan has inadequate or no discussion of facility security. $50

TOTAL $1,500
<table>
<thead>
<tr>
<th>SPCC RULE REFERENCE</th>
<th>PLAN</th>
<th>FIELD</th>
<th>INSPECTION DEFICIENCY DESCRIPTION (7/20/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>112.5(b) SPCC Review</td>
<td>X</td>
<td></td>
<td>No evidence of 5 year review of plan by owner/operator.</td>
</tr>
<tr>
<td>112.7(c) Adequate secondary containment</td>
<td>X</td>
<td></td>
<td>No or inadequate containment and/or diversionary structures to prevent a discharge. No general containment beneath transformers. Lube oil tanks downgradient containment to sump may lack sufficient volume for precipitation; calculations needed. Downgradient flow path from lube oil tanks may miss sump; upgrade (curbing, dedicated containment, other engineering design required).</td>
</tr>
<tr>
<td>112.7(e) Inspections, Tests, and Records</td>
<td>X</td>
<td></td>
<td>Inspections and tests not in accordance with written procedures in Plan. Records not available. Records of inspections not maintained for three years.</td>
</tr>
<tr>
<td>112.7(f) Personnel, training, and discharge prevention procedures -- -- (1)</td>
<td>X</td>
<td></td>
<td>No training of oil-handling personnel on discharge prevention. Not documented.</td>
</tr>
<tr>
<td>-- (3)</td>
<td>X</td>
<td></td>
<td>Spill prevention briefings are not conducted at least annually. Not documented.</td>
</tr>
<tr>
<td>112.7(k) Qualified oil-filled operational equipment</td>
<td>X</td>
<td></td>
<td>Transformers indoors on wood floor with gaps, no general containment.</td>
</tr>
<tr>
<td>112.8(b); 112.12(b) Facility Drainage</td>
<td>X</td>
<td></td>
<td>Plan has inadequate or no discussion of facility drainage. Fuel oil tanks are double walled and self contained. Lube oil tanks lack secondary containment, design is for release to flow to catchment basin; however, flow to catchment basin is uncertain. The size of the basin is &quot;designed to accept over 100% of the product in either tank&quot; but does not account for precipitation or winter (snow and ice) conditions.</td>
</tr>
<tr>
<td>112.8(c); 112.12(c) Bulk Storage Containers (c)(6) Aboveground containers; visual plus additional integrity tests; comparison records kept, frequent visual inspection for condition, leaks, in diked areas; records kept</td>
<td>X</td>
<td>X</td>
<td>Aboveground containers not integrity tested on a regular schedule or when repaired. Testing/inspection not in accordance with industry standards to identify the appropriate qualifications for inspection/testing personnel or frequency or type of testing/inspection. Containers and container supports not adequately inspected. Outside of container not frequently inspected for signs of deterioration, or oil discharges. Records of inspections/tests or comparison records not kept. Plan only references Daily Visual inspections. No documentation.</td>
</tr>
<tr>
<td>(c)(8) Engineered to avoid discharges</td>
<td>X</td>
<td>X</td>
<td>No liquid level sensing devices or other overfill prevention systems provided or not regularly tested. No records.</td>
</tr>
<tr>
<td>(c)(9) Effluent Treatment Facilities</td>
<td>X</td>
<td></td>
<td>The plan does not discuss effluent treatment facilities.</td>
</tr>
<tr>
<td>(c)(10) Visible Discharges</td>
<td>X</td>
<td></td>
<td>No records.</td>
</tr>
<tr>
<td>112.8(d) Transfer Operations, Pumping and Facility Process (d)(2) Piping terminal connection</td>
<td>X</td>
<td></td>
<td>The plan does not discuss piping terminal connections.</td>
</tr>
<tr>
<td>(d)(4) Piping Inspections</td>
<td>X</td>
<td></td>
<td>No records present.</td>
</tr>
</tbody>
</table>
Certificate of Service

The undersigned certifies that the original of the attached CONSENT AGREEMENT AND FINAL ORDER, In the Matter of: Bethel Utilities Corporation Facility in Bethel, Alaska, Docket No.: CWA-10-2013-0070, was filed with the Regional Hearing Clerk and served on the addressees in the following manner on the date specified below:

The undersigned certifies that a true and correct copy of the document was delivered to:

David Allnutt, Esquire
U.S. Environmental Protection Agency
1200 Sixth Avenue, ORC-158
Suite 900
Seattle, Washington 98101

Further, the undersigned certifies that a true and correct copy of the aforementioned document was placed in the United States mail certified/return receipt to:

Edward Tilbury
President
3201 C Street, Suite 500
Anchorage, AK 99503

DATED this 25th day of April 2013

Candace H. Smith
Regional Hearing Clerk
EPA Region 10