

Chairman Josephson, Chairwoman Tarr, and members of the committee,

For the record, my name is Tom Barrett, president of Alyeska Pipeline Service Company. I appreciate the opportunity to present to the Committee today. With me today is Andrés Morales, the director of the Ship Escort/Response Vessel System (SERVS) which is our operating group charged with oil spill prevention and response in Prince William Sound and at the Valdez Marine Terminal. Andrés is a licensed mariner, a graduate of United States Merchant Marine Academy at King's Point. He has sailed on ships and tugs around the world including the Arctic and Antarctic, and on tankers in and out of Valdez. Before joining Alyeska 20 years ago, he served as Crowley's operations and general manager in Valdez and shepherded the current fleet of escort tugs to Prince William Sound in the late 1990s. He is the accountable director for this transition.

I appreciate the opportunity to share Alyeska Pipeline Service Company's perspectives as we continue work to keep TAPS economically and technically durable for Alaska's future, able to safely transport oil that remains a foundation of Alaska's economy. One major investment we're making is a substantial upgrade to the fleet that supports tanker movements and emergency response for Prince William Sound, bringing 13 new, purpose-built vessels for our operations there. As transition to a new fleet continues, momentum is building – six modern tugs and barges have already launched, and two tugs completed sea trials in January. We will all be able to see significant activity this spring as vessels and crews begin arriving in the Sound.

SERVS mission is "to maintain a constant state of readiness to assist tankers in the safe navigation through Prince William Sound and to provide oil spill response services for the TAPS Marine Oil Shippers, Valdez Marine Terminal and Pipeline in accordance with oil spill response agreements and plans." Alyeska's goal is the continued safe transportation of Alaska's oil through Hinchinbrook Entrance, Prince William Sound, and Port Valdez, through strong prevention and response capability, regardless of our marine services provider.

Tanker escorts are regulated by the United States Coast Guard (USCG) and the Alaska Department of Environmental Conservation (ADEC). The new vessels will have appropriate Coast Guard and American Bureau of Shipping purpose classification (i.e. escort service). We are required to have the capability to recover 300,000 barrels of oil within 72 hours. We demonstrate our capabilities through regular drills and exercises; in 2017 we did more than 75. Our marine services contractor provides the escort tugs, barges and the crews that operate them. Responder workforce, fishing vessel of opportunity program, land-based response, and major maintenance also support this activity and are managed by us under separate contracts.

In August 2016, TAPS owners approved a 10-year contract with Edison Chouest Offshore. ECO has industry leading safety and environmental performance, modern equipment and flexible capabilities, and robust tanker escort and oil spill prevention and response experience. Alyeska is excited to work with ECO, an organization that shares our commitment to people, safety and innovation, and a passion for our respective work. ECO experienced crews work in Arctic and Antarctic waters, Norway and the North Sea, Africa and countless other demanding locations. It was clear from the start of our partnership that ECO's people take great pride in their 50-plus-year legacy, with an admirable laser focus on the present and future, leveraging strong technology assets. Personnel we have been working with share Alyeska's grit, commitment to flawless operations in challenging environments, and our #TAPSPride culture.

Alyeska and Edison Chouest Offshore (ECO) personnel are already working with tanker and terminal operators, marine pilots, our fishing vessel responders, our regulators and Alaska stakeholders, on our readiness to protect the environment, culture, resources and communities of Prince William Sound and Port Valdez. This transition is not simply a matter of one contractor leaving port as another replaces them. Tremendous care and vigilance are guiding the transition, led by the SERVS team that has ably protected Prince William Sound for over 20 years. Our Valdez-based staff doesn't just live and work there. Many are from families and communities that have fished and recreated in these waters for generations. This gives us a very strong sense of stewardship.

The transition adds significant operational and safety improvements to our Prince William Sound fleet and our workers, and builds upon other risk mitigation advances already in place, such as double-hull tankers. ECO is building thirteen state-of-the-art vessels for our operation: five escort tugs, four smaller general purpose tugs and four large oil spill response barges. An additional large utility tug, already in service, will join the fleet as well.

The new vessels bring newer technology, which some of our stakeholders have advocated for, including constant tension winches and vastly improved fit-for-purpose barges and skimmers. Their Azimuthing drives and large skeg make them better suited for SERVS operations; they're more powerful at the speeds tankers and tugs travel in the sound. Standard designs for the escort and general purpose tugs improve operational safety, crew and vessel flexibility. They feature heated decks, handrails, line lockers, windshields and wipers to handle cold weather operations.

ECO is also making other investments here in Alaska. They are using a well-known Homer shipbuilding company, Bayweld, to construct five work boats for the escort tugs. They're building homes and an office/workshop in Valdez, and contributing to community organizations like the Prince William Sound Science Center.

ECO training and familiarization with the Sound and its residents, TAPS, Alyeska and SERVS began a year and a half ago and has steadily intensified. Together with ECO, Alyeska has implemented a comprehensive training program for the mariners who will operate in our system. ECO mariners are learning the specifics of their responsibilities through classroom and simulator training and hands-on work with SERVS equipment at ECO training facilities. ECO captains are already working in Prince William Sound with crews from Crowley, as well as TAPS tanker operators and South West Alaska Marine pilots. The training tempo will increase as transition continues, and vessels and crews arrive in Port Valdez and begin to practice escort and emergency response actions.

In Valdez, experienced Alyeska personnel will verify ECO mariners' understanding of Prince William Sound conditions, equipment and tactics with hands-on demonstrations and exercises. This training will be observed and well-documented before crews transition into SERVS operations. Regulators are invited to observe all demonstrations and training activities.

Incoming ECO boat captains have, on average 26 years sailing experience, 20 years with towing. Like crew members in the current fleet, the mariners will hail from all over, including from Alaska. An Alaska Native hire commitment is part of Alyeska's Grant and Lease. We will require ECO to meet these goals, just as we have required the current contractor to do so.

A range of stakeholders is making this journey with us. Alyeska staff regularly tour ECO's facilities, shipyards and construction centers. We often bring guests so they can also experience firsthand the

commitment and competencies of ECO, its vessels and its people. ECO also gets the chance to hear from our neighbors about their concerns and their lives in Prince William Sound. We've been joined by Prince William Sound fishermen and residents, members of the Prince William Sound Regional Citizens' Advisory Council and the Southwest Alaska Pilots Association, as well as businesspeople and officials from Alaska and beyond. The Alaska Department of Environmental Conservation and U.S. Coast Guard are closely involved; ensuring milestones and standards of testing and training are satisfied. And Crowley remains committed to an effective transition.

Alyeska's crews and our contractor personnel live and operate safely on Alaska's waters year round. As we move forward, there are lines that we will not cross, such as training and demonstrating vessels and crews for emergency response in uncontrolled conditions, something the Prince William Sound Regional Citizens' Advisory Council recommended. I am disappointed in their recommendation, especially coming from an organization that espouses safe operations.

It is our people who live our commitment to the environment on the water, every day. At an appropriate distance, tankers and tugs operate safely in moderate to heavy weather. However, to purposely maneuver large vessels close to each other or put lines across in challenging conditions when there is no operational need – such as towing or steering drills – for their experiment is inconsistent with a strong safety and risk management culture and does not build or assure emergency response proficiency.

Emergency responders build and demonstrate proficiency at their tasks in controllable settings. Alyeska and ECO have developed a robust plan to safely train crews for Prince William Sound, just like air crews, surgeons, firefighters and mariners routinely and effectively train for emergencies without taking unnecessary risks. For example, some years ago, fire departments acquired derelict, uncontrollable structures and conducted live fire exercises in them; firefighters died in those scenarios. Those fatalities led to standards and regulations that ensure live fire training is conducted in safe facilities in a safe manner for participants, hazards are controlled; fuel sources stopped, and building structure is designed for training purposes.

Tanker operations in Prince William Sound are safer today than they have ever been. We are moving fewer tankers, the tankers have double hulls and our escort and response capabilities have proved out in 20 years of safe operations - which we will continue with a more capable fleet.

We are committed to a safe and smooth transition, focused on 24/7 operational excellence, the safety of our people, and protecting our Alaska environment from the North Slope to Prince William Sound. We are excited to welcome ECO, and the opportunity to continue doing what we do best for every Alaskan, helping transport North Slope product safely to market. Thank you for your support, and I'd be happy to answer any questions.