

September 27, 2019

The Honorable Andrew Wheeler, Administrator
U.S. Environmental Protection Agency
Office of Resource Conservation and Recovery
Mail Code 5303P
1200 Pennsylvania Ave. N.W.,
Washington, DC 20460

Docket ID No. EPA-HQ-SFUND-2019-0085

RE: Comments of the American Public Power Association on the Environmental Protection Agency's Financial Responsibility Requirements Under CERCLA Section 108(b) for Facilities in the Electric Power Generation, Transmission, and Distribution Industry (84 Fed. Reg. 84 36535 (July 26, 2019))

Administrator Wheeler:

The American Public Power Association (APPA or Association) appreciates the opportunity to submit the attached comments on the Environmental Protection Agency's (EPA or Agency) proposed rule on Financial Responsibility Requirements Under Section 108 (b) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for the Electric Power, Generation, Transmission, and Distribution Industry.¹ The Association supports the Agency's decision not to impose financial responsibility requirements on the electric power, generation, transmission and distribution industry. We believe that the risk posed by the electric power industry does not warrant inclusion in this regulatory program that will impose financial responsibility requirements on facilities managing CERCLA hazardous substances.

Please contact me (202.467.2900 or cslaughter@publicpower.org) if you have questions regarding these comments.

Sincerely,



Carolyn Slaughter
Director, Environmental Policy
American Public Power Association



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¹ 84 Fed. Reg. 36,535 (July 29, 2019).



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Submitted to the Federal eRulemaking Portal (www.regulations.gov)

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RE: Comments of the American Public Power Association on the Environmental Protection Agency's Financial Responsibility Requirements Under CERCLA Section 108(b) for Facilities in the Electric Power Generation, Transmission, and Distribution Industry; Proposed Rule (84 Fed. Reg. 36,535 (July 26, 2019)).

I. Introduction

The American Public Power Association (APPA or Association) submits these comments on the Environmental Protection Agency's (EPA or Agency) proposed rule entitled, "Financial Responsibility Requirements Under Comprehensive Environmental Response Compensation, and Liability Act (CERCLA) Section 108(b) for Facilities in the Electric Power Generation, Transmission, and Distribution Industry" (Proposed Rule).¹ EPA proposes to conclude that the electric power industry does not warrant financial responsibility requirements based on (1) industry factors such as current industry practices and the industry's economic profile; (2) the history of payments from the Superfund for cleanup at sites related to the electric power industry; (3) the modern regulatory framework, including federal and state regulatory requirements and other financial responsibility that currently apply to operating facilities as well as industry's voluntary practices; and (4) the enforcement history of the electric power industry. The Association fully supports EPA's determination that the risk posed by Electric Power

¹ 84 Fed. Reg. 36535 (July 29, 2019).

Generation, Transmission, and Distribution Industry does not warrant imposing financial assurance requirements.

The Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We represent public power before the federal government to protect the interests of the more than 49 million people that public power utilities serve, and the 93,000 people they employ. Our association advocates and advises on electricity policy, technology, trends, training, and operations. Our members strengthen their communities by providing superior service, engaging citizens, and instilling pride in community-owned power.

On behalf of our members, the Association addresses federal regulatory initiatives that impact the management and disposal of solid and hazardous wastes (including those that are CERCLA hazardous substances) by the community-owned electric and gas utilities. Association members safely manage hazardous substances at their facilities and have a well-established track record of appropriately remediating the limited number of sites where the improper management of hazardous substances has resulted in releases to the environment. Our comments on the Proposed Rule are summarized below:

- Electric generation, transmission and distribution facilities have self-financed cleanup actions and have taken full responsibility;
- Financial assurance regimes already sufficiently govern municipal utilities which are commonly treated differently than private and investor owned utilities; and
- Hazardous pollutants of concerns are heavily regulated under the modern regulatory framework; thus, any environmental risk is greatly reduced.

The Association is a member of the Utility Solid Waste Activities Group and support USWAG's detailed comments on this Proposal Rule.

II. EPA Has Significant Discretion to Determine Whether Financial Responsibility for the Electric Power Industry is Warranted

CERCLA Section 108(b) provides general direction to the Agency on how to determine what financial responsibility requirements to impose for a particular class of facilities.² The provision does not specify which classes of facilities, thus this omission leaves discretion to EPA to determine the classes of facilities for which it should issue requirements.³ The Association would agree with this statutory interpretation. Although the statute requires EPA to determine the level of financial responsibility necessary to protect against the level of risk, it imposes no methodology for that determination. EPA also takes the position that CERCLA's list of factors is not exhaustive and that the statute is silent on how EPA should weigh the factors. Thus, EPA's analysis for the electric power sector relied on several additional factors: other federal financial responsibility requirements state law requirements, and modern conditions at facilities rather than legacy practices or conditions. We believe these additional factors further support EPA's determination that it is not necessary to establish CERCLA Section 108(b) requirements for the electric power industry.

III. Public Power Utilities Have Particularly Low Default Risks

While there is some variation at the margin, electric power entities (federally-owned, publicly-owned, regulated, and merchant) generally face similar risks, e.g., fuel or power price, availability of supply, natural disaster, construction delay, etc... These risks are generally well managed, and the financial stability of the electric power sector is relatively high, particularly for electric power utilities.⁴ Contributing to this strength is the fact that electric power utilities are natural monopolies delivering a critical commodity for which there is no ready substitute. Further buttressing this foundation of financial stability is the demonstrated ability and willingness to raise rates as necessary to meet costs. For example, public power utilities comprise

² 84 Fed. Reg. at 36539.

³ 42 U.S.C. §9068(b).

⁴ As EPA has noted, merchant generators may face unique risks which we will not attempt to discuss here.

10 percent of the generation, 10 percent of the transmission, and 15 percent of the distribution services in the United States. Thus, we offer an important perspective to further substantiate that financial assurance is not warranted for the electric power industry. Local governments often will operate not only the electric utilities, but other essential services such as water, wastewater treatment, solid waste disposal, sanitary sewage, and telecommunications. As discussed above, several factors contribute to the financial strength of an electric power utility, generally. Municipal utilities are particularly stable due in part to their governmental nature, transparent corporate structures, and public service goals. As a result of this financial stability, typically public power utilities have access to highly-rated bonds with low interest rates and low interest loans. The low cost of financing capital investments further contributes to our fiscal strength. Moody's 2019 public power sector outlook report notes the sector is stable, reflecting a strong business model.⁵ This financial stability is seen historically through the extremely rare incidences of bankruptcy or default. In fact, in the last 50 years, just three public power utilities have faced financial stress significant enough to force a default on bonds issued by those utilities, and in no instance was this stress caused by cleanup liabilities.⁶ Public power utilities will continue to display a trend of stable to modestly improving financial metrics, supported by a steady business environment and the self-regulated ability to set electricity rates to pay debt service. EPA frequently treats municipal corporations (including electric utilities) differently from private corporations by providing methods of financial assurance tailored to their distinct characteristics, such as the Local Government Financial Test, the bond rating test, guarantees, and dedicated funds.⁷

Public power utilities, as governmental entities, are likely to follow Governmental Accounting Standards Board (GASB) statements. GASB is an independent private-sector organization that was established in 1984. GASB "establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting

⁵ https://www.moody.com/research/Moodys-2019-outlook-for-US-public-power-electric-utility-sector--PBC_1153429.

⁶ Moody's Investor Service, US Public Finance US Municipal Bond Defaults and Recoveries, 1970-2018, Exhibit 3. (August 6, 2019).

⁷ See, e.g., 40 C.F.R. §§ 280.105, 280.104, 208.106 and 280.107.

Principles (GAAP).”⁸ Several GASB statements of particular relevance to this rulemaking are Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs; Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 83, Certain Asset Retirement Obligations. (See Appendix I for a summary of relevant GASB statements). The GASB statements offer another example of transparency related to environmental risks and financial accounting of that risk. For example, Association members may include in their annual audited financial statements a discussion of how GASB is applied to accrue decommissioning and pollution remediation costs. The disclosure of pollution remediation liabilities could include: the nature and source of the pollution remediation obligation; the amount of the estimated liability; and estimated recoveries reducing the liability.⁹ Given that the financial outlook for the electric utility industry is stable, the environmental performance of the sector is also notable when evaluating any financial risk under CERCLA Section 108(b).

Public power utilities are responding to customer demand, market pressures, and environmental policies which are spurring a transition to low- and non-emitting generation technologies such as solar, wind, hydro, nuclear, and natural gas. According to EPA data, since 1990, electric generators have reduced their emissions of sulfur dioxide and nitrogen oxides by 92 and 84 percent, respectively. This, in turn, has led to substantial reductions in ambient levels of fine particulate matter and ozone. Electric generators also have cut mercury air emissions by nearly 90 percent since 2006. Public power utilities have reduced their carbon dioxide emissions by 33 percent since 2005. The shift to lower emitting generation technology and market pressures has resulted in the retirement of many of the generation fleet’s fossil-fired plants. According to the U.S. Energy Information Administration, between 2010 and the first quarter of 2019, U.S. power companies have announced 102 gigawatts of retired capacity.¹⁰ Over time, the industry will experience less dependence on fossil generation, further decreasing the long-term risk associated with some forms of fossil generation.

⁸ Governmental Accounting Standards Board. (n.d.) About the GASB. Retrieved from URL: <https://www.gasb.org/cs/ContentServer?c=Page&cid=1176168081485&d=&pagename=GASB%2FPAGE%2FGASB%2FSectionPage>.

⁹ See e.g., “Sacramento Municipal Utility District Audited Financial Statement, December 31, 2018 and 2017.” <https://www.smud.org/-/media/Documents/Corporate/About-Us/Reports-and-Documents/2018/SMUD-2018-Audited-Financial-Stmts-with-cover.ashx>.

¹⁰ U.S. Energy Information Administration, “More U.S. coal-fired power plants are decommissioning as retirements continue, (July 26, 2019), <https://www.eia.gov/todayinenergy/detail.php?id=40212>.

IV. The Compliance and Enforcement History of the Electric Power Industry Supports EPA's Determination that Financial Assurance Requirements are not Warranted

The electric power industry does not present a burden on public funds. The industry has a long history of fully remediating and paying for the clean-up of releases of hazardous substances from electric generation, transmission, and distribution facilities. The Proposed Rule evaluated the history of compliance and enforcement in the industry and found that “where noncompliance is identified, the preponderance of the responsible parties are conducting and paying for cleanups, returning to compliance, and improving public health and the environment.”¹¹ EPA reviewed National Priority List (NPL), Superfund Alternative Approach (SAA), non-NPL removal cases, and Coal Combustion Residuals (CCR) damage cases that involved the electric power industry. EPA's analysis only considered instances where releases arose both under a regulatory structure like today, and that resulted in taxpayer funded response actions. The Association agrees 1980 is an appropriate cut-off date for the analysis, as releases occurring prior to 1980 do not represent the industry's current methods of operation. Further, in 1980 CERCLA was enacted and initial Resource Conservation and Recovery Act (RCRA) regulations were established. After establishing the appropriate cut-off date, EPA screened out sites where significant Superfund expenditures had not occurred, because potential responsible parties (PRP) took charge of the cleanup, the Superfund was not impacted. EPA screened out federal releases from federal facilities, as no private parties were avoiding responsibility at the expense of taxpayers and the Superfund.¹²

A. National Priorities List and Superfund Alternative Approach Cases

EPA identified 5 NPL and SAA sites located at electric power facilities.¹³ EPA's analysis screened out all 5 cases based on releases occurring prior to 1980 and the cleanup was covered by the PRP. Turning to the non-NPL removal cases, EPA identified 23 cases located at sites that

¹¹ 84 Fed. Reg. at 36550.

¹² 84 Fed. Reg. at 36544.

¹³ Table 1 Evaluation Results for NPL and SAA sites in the Electric Power, Generation, Transmission, and Distribution Industry, Id.

were not listed on the NPL, but required removal action.¹⁴ Here, EPA screened out 18 sites based on pre-1980 issues or PRP lead actions. After the screening, the analysis resulted in 5 sites for further review. Based on this review, “EPA concluded that notwithstanding the screens applied above, the environmental releases at three of the five removal sites were caused by one-time incidents (e.g., transformer fire and equipment failure) and the PRPs financed and performed the response actions to the satisfaction of EPA. Moreover, two of these three incidents resulted in the release of polychlorinated biphenyls (PCB) transformer oil, but the reported concentrations of the releases met the concentration limits for requirements under the Toxic Substances Control Act (TSCA 40 CFR 761) to apply.”¹⁵ Of the 23 cases, only two required some small taxpayer-funded responses, but neither of the cases demonstrates the need for financial assurance requirements for the electric power industry.¹⁶

B. Coal Combustion Residuals Damage Cases

The Proposed Rule also evaluated the potential risk from CCR damage cases. In the modern era, there have been releases of CCRs from the electric power industry. These releases have been PRP led and funded, thus any financial risk to the Superfund is ameliorated. Although the disposal of CCR has resulted in several isolated instances of damage to surface and groundwater, each of these sites has been remediated to the satisfaction of regulatory agencies or is currently undergoing such remediation, without the need to rely on any financial assurance mechanism. EPA evaluated 27 non-NPL CCR damage cases; 17 of the cases were screened from further consideration as either having occurred prior to 1980, and/or as being designated as a PRP led cleanup. EPA further evaluated the 10 remaining cases of concern in relation to their date of occurrence. EPA determined that these cases still represent legacy damages that stem from historical CCR management practices not representative of current standards. While these cases occurred post-1980, they still occurred prior to promulgation of the final 2015 CCR Rulemaking.¹⁷ In addition, there were also no cases of non-NPL CCR damage cases with

¹⁴ The Proposed Rule notes 24 total removal sites for the Electric Power Industry. This is a typographical error.

¹⁵ “Identification and Evaluation of CERCLA 108(b) Power Generation, Transmission, and Distribution Non-National Priority List (NPL) Removal Sites”, June 2019. (Removal Site Report).

¹⁶ 84 Fed. Reg. at 36545.

¹⁷ 80 Fed. Reg. 21302 (April 17, 2015).

releases under post-modern regulations that were cleaned up with taxpayer funds from the Superfund.¹⁸ The 10 damage cases are fully discussed in USWAG comments on the Proposed Rule and demonstrate that the electric power industry has taken full responsibility for releases and does not present a risk to the Superfund.

III. EPA Established Comprehensive Regulations to Address the Risk of Release from the Electric Power Industry

EPA's Proposal Rule evaluated the environmental risk associated with the management of hazardous substances by the electric power industry under modern regulatory programs (pre-1980). The releases which have historically been attributed to the electric power industry include CCRs, PCBs, and asbestos.¹⁹ Current environmental laws extensively regulate these pollutants. Further, the statute directs EPA to consider the existence of Federal and state regulatory requirements, including any financial responsibility requirements.²⁰

CCR is one of the largest waste streams generated from the use of coal to produce electricity. While there have been releases of CCRs from the electric power industry, those clean-ups have been led by the responsible party who conducted remediation without resorting to government funds. Although incidents like those that occurred at the Tennessee Valley Authority's Kingston facility and Duke Energy's Dan River facility did involve large-scale releases of CCRs from electric power industry sites, both incidents were remediated by these companies without resorting to the use of public funds. Additionally, every historic release of CCRs and hazardous substances at our industry's facilities has been completely remediated without resorting to public funding. This strongly suggests that, even if CCRs are released, they will be cleaned up without the need to rely on a financial assurance mechanism. Nonetheless, any concerns about the potential for future CCR releases should be even further obviated by EPA's development and finalization of the 2015 CCR Rule which comprehensively addressing CCRs at electric utilities and independent power producers. The 2015 CCR Rule addresses risk

¹⁸ 84 Fed. Reg. at 36545.

¹⁹ 84 Fed. Reg. at 36546.

²⁰ 84 Fed. Reg. at 36539.

from CCR disposal related to leaking contaminants into groundwater, fugitive dust, and the failure of CCR surface impoundments. The 2015 CCR Rule includes both closure and corrective action provisions to remedy environmental risks. Given the comprehensive nature of these regulations, the promulgation of CERCLA Section 108 (b) requirements that would cover these units is highly unlikely to further reduce the environmental risk of releases at these facilities.

The 2015 CCR Rule has not been fully implemented and the rule's implementation is ongoing.²¹ However, the activities associated with reducing risk from coal-fired power plants have already passed, including the need for a Superfund response.²² Structural integrity requirements have been fully implemented and groundwater monitoring has been implemented at most sites. Corrective action measures based on groundwater monitoring programs have not been completed, however, most assessments of what corrective measures facilities will employ have already been determined. Even if corrective action has not been implemented for certain sites, facilities have taken interim measures to reduce risk of leaching pollutants. Moreover, EPA expects that activities associated with ongoing CCR compliance will further reduce risk as units are closed in accordance with the 2015 CCR Rule.²³ It is also critically important to note that the 2015 CCR regulatory deadlines currently promulgated will be fully implemented by the date EPA is scheduled finalized the CERCLA §108(b) rulemaking for the electric power industry- i.e., December 2, 2020.

Since the 2015 CCR Rule's promulgation, Congress amended RCRA with the adoption of the Water Infrastructure Improvements for the Nation Act (WIIN) Act in December 2016.²⁴ The WIIN Act provided EPA with direct enforcement authority over the 2015 CCR Rule, further reducing environmental risk from CCR releases. While EPA continues to make a number of revisions to the 2015 CCR Rule, those planned revisions do not significantly impact the overall environmental risk of releases from CCR disposal units, for example, the threshold for use of CCR in beneficial use projects, regulatory requirements for CCR in piles, the use of risk-based measures for a corrective action program, whether to add boron to the list of groundwater

²¹ 84 Fed. Reg. at 36546.

²² *Id.*

²³ *Id.*

²⁴ Pub. L. No. 114-322, 130 Stat. 1628.

monitoring constituents, and whether non-CCR waste streams can be considered under the alternative closure provisions. The Agency is planning additional revisions to the 2015 CCR Rule related to releases of CCR units that will impact environmental risk.²⁵ Currently, unlined impoundments are required to initiate closure by October 31, 2020, although EPA is currently reevaluating this closure date. We anticipate unlined units will initiate closure before the effective date of any CERCLA financial assurance requirements per the court ordered schedule. EPA is also planning to revise requirements for inactive CCR surface impoundments at closed power plants. Given that CERCLA Section 108 (b) financial assurance requirements would only apply to currently operating units, these sites would not be covered if EPA were to impose financial assurance standards.

The Toxic Substance Control Act (TSCA) authorizes EPA to prevent unreasonable risk by establishing a regulatory program that entails reporting, record keeping, and testing of specific chemicals and mixtures used in manufacturing, processing, and distributed in commerce. TSCA and its amendments have also established program for the managements of certain chemicals such as PCBs, asbestos, radon, lead, mercury, and formaldehyde.²⁶ PCBs were broadly used in the Electric Power Industry, but their manufacture was banned in 1979. The use of PCB is highly regulated and TSCA section 6(e) establishes requirements that apply throughout the lifecycle of PCBs.²⁷ TSCA section 6(e) prohibits the manufacturing, processing, distribution in commerce, and use of PCBs, except under certain exemptions, exclusions, and authorizations.²⁸ Current PCB regulations cover the storage and disposal requirements for certain types of PCBs which are designed to prevent unreasonable risk of injury to health or the environment. PCBs are continually being removed from service through natural attrition and targeted phase down of oil-filled electrical equipment containing PCBs. This trend is expected to directly reduce any minimal environmental risk from these hazardous substances.

The regulation of asbestos, like PCBs, is similarly rigorous. The electric power industry has asbestos containing material at its facilities due to legacy use in building materials and pipe

²⁵ *USWAG et al. v. EPA*, No. 15-1219 (D.C. Cir. 2015).

²⁶ 84 Fed. Reg. 36547.

²⁷ *Id.*

²⁸ *Id.*

wrap. As electric generation, transmission, and distribution facilities are decommissioned, renovated, or replaced, the asbestos is removed and disposed. The industry is not introducing any new uses of asbestos. In 1989, under TSCA, EPA imposed a partial ban on the manufacture, import, processing, and distribution of some asbestos containing products.²⁹ In 2019, EPA promulgated Significant New Use Rules, ensuring other discontinued uses of asbestos cannot enter the market place without EPA review.³⁰ The Occupational Safety and Health Administration (OSHA) has promulgated standards for asbestos exposure in the work place.³¹ Asbestos demolition, transportation, and disposal practices are regulated under the Asbestos National Emission Standards for Hazardous Air Pollutants. The NESHAP is intended to minimize the release of asbestos fibers. These regulations work to significantly reduce the environmental risk associated with asbestos in the electric power industry.

Under the modern regulatory conditions, the disposal and removal of asbestos has not resulted in Superfund expenditures. EPA only identified six total asbestos releases related to removal cases for the electric power industry.³² While asbestos was a more common form of release compared to other contamination sources at electric power facilities, asbestos releases are not a common occurrence in the industry under modern operational practices.

IV. Conclusion

The electric power industry has an extremely low rate of insolvency, and historically has taken full responsibility for mitigating environmental cleanups without shifting the financial burden to the Superfund. As discussed in these comments APPA supports EPA's determination that financial requirements are not warranted for the electric power industry, based on current industry practices, the modern regulatory regime, and the enforcement history of the industry. The Association looks forward to working with the Agency as the Proposed Rule is finalized.

²⁹ *Id.*

³⁰ 84 Fed. Reg. 17345 (April 25, 2019).

³¹ 29 C.F.R § 1926.1101.

³² Removal Sites Report at 5-6.

APPENDIX I

Governmental Accounting Standards Board Requirements

A. GASB Statement No. 18 *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*

GASB Statement No. 18 was issued in 1993, took effect in June 1993, and is based on EPA's 1991 rule, "Solid Waste Disposal Facility Criteria," which established closure requirements and postclosure care requirements for municipal solid waste landfills (MSWLF). According to GASB, "[t]his statement applied to state and local governmental entities that are required by federal, state, or local laws or regulations to incur MSWLF closure and postclosure care costs."³³ Under Statement No. 18, local governments are "required to disclose the nature and source of MSWLF closure and postclosure care requirements, the nature of closure and postclosure care estimates, the reported liability at the balance sheet date, the estimated total closure and postclosure care cost remaining to be recognized, the percentage of MSWLF capacity used to date, and the estimated remaining MSWLF life in years. Entities also are required to disclose how closure and postclosure care financial assurance requirements are being met."³⁴

B. GASB Statement No. 49 *Accounting and Financial Reporting for Pollution Remediation Obligations*

GASB Statement No. 49 was issued in 2006, took effect in December 2007, and sets accounting and financial reporting standards for pollution and contamination remediation obligations. Statement No. 49 specifically applies to existing pollution obligations and excludes prevention, control, or future pollution remediation obligations. Statement No. 49 defines pollution and contamination remediation obligations as "obligations to address the current or

³³ Governmental Accounting Standards Board. (1993) Statement No. 18 of the Governmental Accounting Standards Board. Retrieved from URL:

https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176160030101&acceptedDisclaimer=true

³⁴ Governmental Accounting Standards Board. (1993) Statement No. 18 of the Governmental Accounting Standards Board. Retrieved from URL:

https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176160030101&acceptedDisclaimer=true

potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups.”³⁵ Once one of the five obligation events defined by Statement No. 49 occurs, “a government is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.”³⁶ Obligations events include the government taking action because of imminent endangerment, the government violating a pollution prevention-related permit, the government being named as a responsible party for pollution remediation by a regulator, the government is named in a pollution remediation lawsuit, the government commences pollution remediation.

C. GASB Statement No. 83 *Certain Asset Retirement Obligations*

GASB Statement No. 83 was issued in 2016 and became effective in June 2018. Statement No. 83 sets accounting and financial reporting standards for certain asset retirement obligations (ARO). Statement No. 83 defines an ARO as “a legally enforceable liability associated with the retirement of a tangible capital asset.”³⁷ The Statement requires governments to recognize a liability once it is “incurred and reasonably estimable.”³⁸ The Statement requires governments to base the measurement of an ARO on the “best estimate of the current value of outlays expected to be incurred.”³⁹ The estimate should include probability weighting to account for all potential outcomes when that information is available. According to Statement No. 83, “in some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those

³⁵ Governmental Accounting Standards Board. (2006) Statement No. 49 of the Governmental Accounting Standards Board. Retrieved from URL:

https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176159988789&acceptedDisclaimer=true

³⁶ Governmental Accounting Standards Board. (2006) Statement No. 49 of the Governmental Accounting Standards Board. Retrieved from URL:

https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176159988789&acceptedDisclaimer=true

³⁷ Governmental Accounting Standards Board. (2016) Statement No. 83 of the Governmental Accounting Standards Board. Retrieved from

URL:https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176168670369&acceptedDisclaimer=true

³⁸ Governmental Accounting Standards Board. (2016) Statement No. 83 of the Governmental Accounting Standards Board. Retrieved from

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³⁹ Governmental Accounting Standards Board. (2016) Statement No. 83 of the Governmental Accounting Standards Board. Retrieved from

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funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statement."⁴⁰

⁴⁰ Governmental Accounting Standards Board. (2016) Statement No. 83 of the Governmental Accounting Standards Board. Retrieved from
URL:https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176168670369&acceptedDisclaimer=true