

AT&T Settles Suit For \$25 Million

Contra Costa Times - 1/18/06

By Rick Jurgens, staff writer

OAKLAND - AT&T Corp. agreed to a \$25 million settlement of a lawsuit alleging that the company risked polluting ground water with toxic chemicals by failing to properly test and repair hundreds of underground storage tanks for gasoline and diesel fuel, California officials said Tuesday.

AT&T, the state's largest telephone company, was accused of violating California laws that require periodic testing of underground storage tanks as well as reports to local agencies and timely repairs.

"They just had a system that was neglected," said state Attorney General Bill Lockyer, who announced the settlement at a joint news conference with Alameda County District Attorney Thomas Orloff.

Lockyer said it was the second-largest settlement ever over civil charges of violations of anti-pollution rules for the state's underground storage tanks.

The company agreed to the settlement without admitting liability or violations of the law, and stressed that the suit did not allege that its tanks had leaked.

"This was not a case about actual environmental harm," said spokesman John Britton. He characterized the case as "a dispute about whether AT&T California met a deadline for testing" systems meant to contain leaks in the tanks, and said that the company "settled in order to avoid the cost of litigation and to maintain our good working relationship with local regulatory agencies."

The 531 affected underground storage tanks, owned and operated by the company, including 57 in three East Bay counties: 27 in Alameda, 24 in Contra Costa and six in Solano, according to documents filed in the lawsuit.

Underground storage tanks became the subject of heightened scrutiny by regulators and legislators during the 1990s, after a gasoline additive called MTBE was found in wells used for drinking water across the country.

"Many tanks have leaked -- and continue to leak -- hazardous substances such as MTBE and benzene," John Stephenson, an official of the Government Accountability Office, said in Congressional testimony in 2002.

"These leaks, in turn, contaminate soil and ground water, posing health risks to those who live nearby and or drink the water. Such health risks can range from nausea to kidney or liver damage or even cancer."

About 50 of AT&T's California tanks, each with a capacity of 5,000 to 10,000 gallons, contained gasoline, said Susan Torrence, an assistant district attorney in Alameda County. The rest of the tanks were used to hold as many as 1,000 gallons of diesel fuel for emergency generators, she said.

Britton said that AT&T has closed all of the motor vehicle fuel tanks named in the lawsuit so that there is currently no "dispute as to whether we are in full compliance with the state's secondary containment testing requirements for underground fuel tanks."

State officials could not be reached late in the day for comment on that characterization.

The company agreed to pay \$14 million in civil penalties, \$1.5 million to cover the costs of investigations that began in 2001, \$4.5 million to beef up its internal pollution prevention programs and \$2.5 million to fund training of state and local enforcement officials.

An additional \$2.5 million civil penalty was suspended on condition that AT&T not violate terms of the agreement for five years after the passage of a one-year grace period.

Orloff said the new settlement showed that the state's complex regime that assigns tank oversight to umbrella organizations of local agencies "worked right" and does not need reform.

The only other larger settlement was in 2002, when the ARCO unit of BP PLC agreed to a \$45.8 million settlement of a lawsuit that charged it failed to properly upgrade storage tanks at 59 California service stations, including some in Alameda and Contra Costa counties.

<http://www.contracostatimes.com/mld/cctimes/news/local/states/california/13651810.htm>