County Of Santa Barbara

Mona Miyasato
County Executive Officer

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Executive Office

November 24, 2014

Mr. Murry Wilson
County of San Luis Obispo Department of Planning and Building
976 Osos Street, Room 200
San Luis Obispo, CCA 93408

Re: Notice of Availability of Recirculated Draft Environmental Impact Report – Phillips 66 Company Rail Spur Extension Project

Mr. Wilson:

Thank you for the opportunity to comment on the Recirculated Draft Environmental Impact Report for the Phillips 66 Company Rail Spur Extension Project. At this time, the County is submitting the attached letter from the County Planning and Development Department.

The County has no further comments on this project at this time and looks forward to hearing more about the project's progress. If you should have any further questions, please do not hesitate to contact my office directly or Matt Schneider, Deputy Director in the Office of Long Range Planning, at (805) 568-2072.

Sincerely,

Mona Miyasato
County Executive Officer

cc: Glenn Russell, Ph.D., Director, Planning and Development Department
Matt Schneider, Deputy Director, Long Range Planning Division
Kevin Drude, Deputy Director, Energy and Minerals Division

Attachments: November 19th Letter, Planning and Development Department

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County of Santa Barbara
Planning and Development

Glenn S. Russell, Ph.D., Director
Dianne Black, Assistant Director

November 19, 2014

Murry Wilson
County of San Luis Obispo Department of Planning and Building
976 Osos Street, Room 200
San Luis Obispo, CA 93408

Re: Comments on the Proposed Phillips 66 Company Rail Spur Project Recirculated Draft Environmental Impact Report

Mr. Wilson,

Thank you for the opportunity to comment on the Revised Draft EIR for the proposed Phillips 66 Company Rail Spur Project. The primary purpose that the EIR was recirculated was to expand the discussion of the mainline rail impacts beyond the borders of San Luis Obispo County, which has been adequately done. However, the EIR fails to identify any pipeline alternatives to rail transportation which, if feasible, could reduce or even eliminate some of the most significant public safety and environmental impacts. The comments presented herein provide additional information and suggested EIR changes to address this deficiency. Our comments are focused on the Project Objectives, the Project Description and Project Alternatives.

SBC-01

2.1 SMR Rail Project Purposes and Objectives

A project objective that limits transportation by rail alone sets an unreasonable and restrictive limit of the Lead Agency's ability to develop project alternatives that may identify safer and less environmentally damaging forms of crude oil transportation, like pipelines. The primary objective of the proposed project should be more appropriately stated as allowing the refinery to obtain a range of competitively priced crude oil from North American sources via existing and possible upgraded transportation systems. If so stated, the potential list of project alternatives could be effectively expanded beyond the limited list identified in EIR Section 5.0, including pipeline alternatives.

2.7 Rail Spur Project Effect on Refinery Throughput

SBC-02

The Santa Maria refinery has a single feed stock pipeline which serves local producers. The rail project is proposed by Phillip 66 to give them access to a broader market of crude oil, or "Advantaged Crudes", so that they can remain competitive. The EIR further notes that Advantaged Crude production areas often have limited pipeline service, causing transportation challenges to refinery destinations. These reported pipeline system limitations are driving the rail

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transportation proposal, but the question remains why new pipeline capacity is not proposed, or even considered as an alternative given that pipeline transportation is a more environmentally protective and safe means to transport crude oil. SBC-02 (cont.)

This section also describes, accurately, that more imported crude to the refinery could displace local production feed-stocks. This would likely result in those displaced volumes being transported to other areas for refining. The County believes this is a reasonably foreseeable result of the proposed project and should be analyzed in the EIR. The current combined onshore and offshore production volume of approximately 61,000 barrels per day could be displaced. Although much of this oil is already transported by trucks to local pump stations for transportation to the Santa Maria refinery, displacing it entirely would require that it be transported to other refinery destinations, likely in the Los Angeles and Bay areas, and in trucks for most or all of that distance due to the lack of pipeline capacity. This would undoubtedly result in air quality and traffic impacts greater than current levels. As the trend in Santa Barbara County for the last decade has been an increase in onshore production, the impacts caused by such a displacement of local production could be significant. SBC-03

5.0 Project Alternatives

Santa Barbara County has long been at the forefront of developing and enforcing policies and rules that regulate the transportation of hazardous liquids. The County strictly enforces the transportation of Natural Gas Liquids (NGLs), requiring maximum blending of the liquids in crude streams, then only by truck on designated haul routes and by certified carriers. Natural gas and oil transportation is similarly regulated, involving careful risk-based design review and permitting of the pipelines and associated processing facilities. Because the proposed project involves the transportation of crude oil with its associated risks, and because the transportation path cuts directly through Santa Barbara County, it's imperative that the EIR consider a pipeline alternative(s) consistent with our strict pipeline transportation policies and rules. SBC-04

As is apparent in reviewing the Alternatives Analysis, there are many complications associated with the acquisition of crude oil stock for refining. Because the crude oil is identified as coming from numerous North American locations, the transportation infrastructure will vary and is difficult to precisely identify at this time. The County also understands that pipeline networks are operated by numerous entities, transport multiple feed stocks, are sometimes contractually dedicated and have other legal and technical constraints limiting their use or modification. However, the EIR fails to include a discussion of pipeline transportation alternative(s) even in the screening study, giving the reader no opportunity whatsoever to comment on or even understand why such options are not considered.

The rail transportation of crude presents numerous potential and known risks to the environment, all dangerous and some potentially catastrophic or fatal. Impacts to our local environment including creeks and streams, groundwater and the ocean would be significant in the event of a train accident, and the health and welfare of our residents would be negatively affected by the fugitive emissions from the rail cars. Because the project is anticipated to lengthen the operational life of the Santa Maria refinery for 20 to 30 years or more, the associated impacts of rail transportation would continue for that duration, with little or no opportunity for the County SBC-05

to mitigate project impacts in our jurisdiction once approved. In fact, as the County grows and changes over time, a long-term and dangerous rail transportation project cutting directly through our jurisdiction would present difficult planning challenges. SBC-05 (cont.

The County asks that the EIR include a robust discussion of pipeline transportation alternatives, identifying to the extent feasible potential pipeline system upgrades and of primary importance how pipeline transportation in the general vicinity could be augmented or constructed anew to avoid the rail transportation of crude in our County altogether. If you have any further questions or comments regarding this letter, please contact Kevin Drude at (805) 568-2519. SBC-06

Sincerely,

Glenn Russell, Ph.D., Director