Scott and Heidi DiSalvo

[redacted]

January 11, 2014

Mrs. Caren Ray
Fourth District Supervisor
County of San Luis Obispo
County Government Center
San Luis Obispo, CA 93408

Mr. Murray Wilson
Environmental Resource Specialist
County of San Luis Obispo
Department of Planning and Building
976 Osos St., Room 300
San Luis Obispo, CA 93408

Dear Supervisor Ray and Mr. Wilson:

Thank you for the opportunity to comment on the Phillips 66 Company Rail Spur Extension DEIR and Vertical Coastal Access Project Assessment issued November 2013. We are deeply concerned about these proposed expansions and the potentially serious significant impacts of these actions, and we believe the following issues deserve particular attention:

1. **Misleading "positioning" of the project:** Phillips is misleading SLO County by positioning this project as a simple "rail spur extension." In reality, it is an entirely different means for delivering new types of crude from new locations, offloading them at a new "railcar unloading facility" via a new pumping system, and then further transporting them via a new pipeline to storage tanks, all of which comes with negative impacts to our community regarding air, noise, light, and odor pollution, the dramatically increased potential for oil spills, and the very real potential for a catastrophic disaster. Phillips' simple, benign, non-invasive "rail spur" description, doesn't come close to describing the reality of their proposal.

   If properly described, Phillips' proposal introduces an entirely new method of receiving, handling, processing and distribution into the Santa Maria facility ... and as a consequence, introduces a far more multi-explosive dynamic into our community.

2. **A disastrous new type of crude may be introduced to SLO County:** We've been told the Santa Maria Refinery is structured to handle the processing of "heavy" (less volatile) crude. However, one of the new sources of crude that may be shipped here is "Bakken" crude from North Dakota. This type of "light" crude has recently proven to be far more volatile. It is so

volatile that it requires specially-built rail cars, and we assume far more delicate pumping and processing to prevent explosions. None of this technology appears to exist today.

At the "Draft EIR" meeting, Phillips representatives stated that the company has not decided upon the types of crude to be delivered here, and that (despite the fact that the Santa Maria facility is not specifically designed to process light crude), Bakken could very well be part of the mix sent here. Yet, here's a report on a recent shipment of Bakken by rail (we know you're familiar with the incident mentioned, but kindly read this article excerpt) ...

- As published in Canada's "Globe & Mail," August 30, 2013

"Rail safety officials in the United States had serious concerns about the safety of transporting crude oil from the Bakken region of North Dakota as far back as March, and were preparing to investigate the problem four months before the disaster in Lac-Mégantic, Quebec. "

"On July 6, 2013 a train operated by Montreal, Maine & Atlantic Railway derailed in Lac-Mégantic and exploded, killing 47 people and ravaging the downtown. The train was carrying more than 70 tanker cars of crude from the Bakken oilfields in North Dakota. Investigators in Canada and the U.S. have said publicly they are concerned the Bakken oil was more volatile than believed. The probe into the derailment has focused on why the crash caused such an intense explosion and fire, which is not typical of most types of crude oil. In particular, the regulator said it "has specific safety concerns about the proper classification of crude oil being shipped by rail, the subsequent determination or selection of the proper tank car packaging used for transporting crude oil, and the corresponding tank car outage requirements."

"Investigators are focusing on whether Bakken crude is lighter than other forms of crude, such as oil drilled in Texas or Alberta, meaning it could have a lower flashpoint, making it more easily combustible. The Federal Railroad Administration is concerned that these aspects of the oil aren't being determined accurately before trains are loaded, and that the oil may require different kinds of tanker cars if they are indeed more hazardous.
"The flashpoint needs to be taken into account," Cynthia Quarterman, administrator of the Department of Transportation's Pipeline and Hazardous Materials Safety Administration, told reporters in Washington on Thursday, after a meeting between regulators to discuss rail safety. "We need to make sure that what is in those tankers is what they say it is."

You are now aware of the more recent (12/30/13) incident in Casselton, North Dakota where a train exploded containing Bakken crude. As rail shipments of crude oil increase at alarming rates, the increase in disasters is inevitable. Undeniable evidence of 2013 disasters can be found in numerous independent sources.

Currently, crude oil, including Bakken crude, is rail-transported in DOT-111 tank cars. The cars have since been widely criticized as being flawed — Portland Tribune January 14, 2014,

"one safety advocate out of Chicago characterized DOT-111 as the Ford Pinto of tank cars, referencing the car that was recalled in the 1970s due to its propensity to explode after impact". The U.S. National Transportation Safety Board has said older models of DOT-111 are vulnerable to leaks and explosions. These are the same cars that would be moving crude oil through our community on a nearly daily basis. According to Reuters, "U.S. officials have promised to issue within weeks new safety standards for the kind of tank cars involved in a spate of fiery derailments in recent months". Even if the new standards are adopted as promised, we are all very aware of how slowly such changes will be allowed to progress. It could be a decade or more before we see such safety improvements implemented in the rail industry. And what happens in the meanwhile? The Bakken will continue to imperil the life and livelihood of every community and landscape through which it travels.

All of this is obviously an issue that goes beyond "rail spur." It is a major safety issue. Therefore, the Bakken issue and rail transport in general must be more specifically addressed in the final EIR report to the Commission. At the very least, the Commission should seriously consider banning Bakken crude from delivery to the Santa Maria Refinery (which, after all, isn't designed to handle it). Phillips will provide statistics showing that rail shipments of crude oil are "safe." Regardless -- no matter what percent of shipments explode, the reality is that they are exploding ... in Alberta, in Quebec, in North Dakota, and in Alabama.

If Phillips is permitted to bring rail shipments of crude to SLO County, the towns that could be added to the list of future disasters could include "Nipomo", "Arroyo Grande", "Grover Beach", "Pismo Beach", and others. This danger is extremely real. Are we willing to embrace all of that to befriend Phillips 66?

3. **Understanding the expansion of rail traffic at the SMR:** The Phillips plan calls for five trains to arrive per week at the refinery, each with 80 cars. On the surface that might not seem like a lot. But this needs to be put into better perspective.

   The draft EIR states that currently only one train with only 18 - 20 cars arrives at the facility each week (on Wednesday). If five new trainloads are allowed, that's an increase of 500% and approximately 380 additional cars every week (19,760 more cars per year).

   This is certainly an issue that should not be taken lightly. And we suggest that the final EIR make distinctly clear what impact such a rail traffic expansion will have on the safety and quality of life for SLO County residents.

4. **More rail shipments than actually required:** Given that Phillips is seeking to "sell" the county on its project, it may very well be asking for more frequent rail shipments than it actually expects to be approved, and would be satisfied with fewer shipments.

   If the Commission ultimately chooses to approve Phillips' "rail spur" project, the Commission should seriously consider implementing one of the major mitigation methods already developed by its Environmental Division. The draft EIR report lists reducing the 80-car

shipments from five times per week to three times per week. But the report does not expand upon the full, positive effects such a change would have. If shipments were limited to three per week, there would be ...

- A 40% lower risk of rail car accidents/disasters occurring.
- A 40% reduction in potential leaks.
- A 40% reduction in toxic elements being released into the air.
- A 40% reduction in noise/vibrations/odors from railroad cars, whistles, pumping, etc.
- And a 40% reduction in intrusion on the quality of life in SLO county and elsewhere.

Indeed, perhaps only 80 or 160 cars of crude (i.e., one or two shipments per week) should be sufficient. After all, Phillips can continue receiving crude via pipeline, the way it's been done since 1955. Balancing rail and pipeline shipments would be far less intrusive.

5. **Implementing the air quality mitigation methods:** While the draft EIR lists air quality mitigation methods, it clearly states that most or all of those approaches might be in conflict with Federal regulations, thus preventing them from being implemented. At the 12/13 meeting, the Environmental Division mentioned this is something they only recently learned about.

   Therefore, because air quality is already such a critical issue (especially here on the Nipomo Mesa), the commission should take a "go slow" approach to approving the project. Not until it can be confident that the air quality mitigation methods can actually be implemented, should project approval be granted.

   Put another way -- if an endangered species was found to be in the way of the Phillips project, the project might be canceled or delayed for years. The DEIR states that the operational pollutant emissions within SLO County from this project could potentially be significant and unavoidable. Therefore, since SLO County residents themselves could potentially be endangered by any negative air quality generated by this project, a "go slow" approach is most definitely in order. A good deal of research on this topic must be done by our officials.

6. **Implementing the mitigation measures:** The draft EIR contains a long list of well-thought-out mitigation measures ... regarding reducing the potential of fires/explosions, and so forth. Most or all make great sense ... especially the ones regarding noise reduction, odor reduction, and the protection of air quality ... i.e., quality of life issues.

   At this point we are not aware that Phillips has not had to agree to any of these mitigation measures. Therefore, if the commission is seriously considering approval of the project at all, the approval should include a definitive detailed agreement on the mitigation methods. Perhaps this thought is already obvious to the Commission ... but it must be stated that without agreement on all of the proposed mitigation methods, the project should be considered a dead issue.

7. Water resources: SLO County and the state of California in general are already experiencing a significant drought condition. Ground water basins are already in danger of salt water incursion as the situation deteriorates. Although the DEIR states the SMR project's impact on water resources is "less than significant", it is our opinion that <u>any</u> potential negative impact to water resources and supply is a most significant impact to life in general in SLO County. The potential already exists, does it not, for a significant oil spill from the SMR facility and its supply pipe lines contaminating the very life blood of the County's residents and its agricultural community? Adding 20,000+ railcars to the existing potential for a catastrophic oil spill only increases the odds of such an occurrence. Any spill prevention control and countermeasure plans, both inside and outside the SMR property, must be spelled out in detail in the final EIR to the satisfaction of the Commission and its constituents.

8. Adding a new access route to the dunes: The project calls for adding a new route through the Phillips property to give public access to the dunes. Why and how this was included in the plan seems uncertain. Perhaps it was seen as a "give back" by Phillips ... that the county received something tangible in return.

Regardless - given the already very poor air quality in South County, and the heavy use/misuse and damage of the dunes by recreation and off-road vehicles - providing even easier access is a poor idea indeed. This should be excluded from any approval.

Supervisor Ray and Mr. Wilson -- we truly appreciate your being advocates for the citizens of SLO County. Thank you for taking these extremely serious issues into consideration.

Sincerely,

Scott and Heidi DiSalvo
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