
WASHINGTON STATE

ENERGY FACILITY SITE EVALUATION COUNCIL

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Wednesday, September 18, 2013

1:30 P.M.

MONTHLY MEETING

Verbatim Transcript of Proceeding

REPORTED BY: SHELBY KAY K. FUKUSHIMA, CCR #2028

Buell Realtime Reporting, LLC
1411 Fourth Avenue
Suite 820
Seattle, Washington 98101
206.287.9066 | Seattle
360.534.9066 | Olympia
800.846.6989 | National

www.buellrealtime.com

A P P E A R A N C E S

Councilmembers Present:

Dennis Moss, Acting EFSEC Chair, UTC
Liz Green-Taylor, Department of Commerce
Cullen Stephenson, Department of Ecology
Joe Stohr, Department of Fish and Wildlife
Andrew Hayes, Department of Natural Resources

Assistant Attorney General:

Ann Essko, Assistant Attorney General

Staff in Attendance:

Stephen Posner, Interim EFSEC Manager, Compliance Manager
Jim La Spina, Siting Specialist
Tammy Talburt, Commerce Specialist
Sonia Bumpus, Siting Specialist
Kali Wraspir, Administrative Assistant 2

Guests in Attendance:

Timothy L. McMahan, Stoel Rives
Kelly Flint, Savage Services Corporation
David Corpron, Savage Services Corporation
Irina Makarow, BergerABAM
Jan Aarts, Cardno ENTRIX
Adam Torem, Utilities and Transportation Commmission
Richard Downen, Grays Harbor Energy Project
Mark Miller, PacifiCorp Energy
Mark Henry

Guests in Attendance Via Phone:

Shannon Khounnala, Energy Northwest
Brad Barfuss, Energy Northwest
Randy Peltier, Southwest Clean Air Agency
Jennifer Diaz, Puget Sound Energy, Wild Horse Wind Power Project
Eric Melbardis, Kittitas Valley Wind Project, EDP Renewables
Jonathan Vanderzee, Kittitas Valley Wind Project, EDP Renewables
Bryan Snodgrass, City of Vancouver

OLYMPIA, WASHINGTON, SEPTEMBER 18, 2013

1:30 P.M.

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P R O C E E D I N G S

ACTING CHAIR MOSS: Good afternoon, everyone. I believe we have reached the appointed hour of 1:30, so we'll commence our monthly meeting of the Energy Facility Site Evaluation Council.

My name is Dennis Moss. I'm the acting chair of the Council, and I'm the UTC representative to the Council as well. I'm not sure if I'm wearing one hat today or two, but in any event, I am here.

With that, I think it would be appropriate to have the roll call.

THE CLERK: Department of Commerce?

MS. GREEN-TAYLOR: Department of Commerce, Liz Green-Taylor.

THE CLERK: One second, Liz. I'm sorry.

MS. GREEN-TAYLOR: Oh, my mike was not on.

Liz Green-Taylor for the Department of Commerce.

THE CLERK: Department of Ecology?

MR. STEPHENSON: Cullen Stephenson here.

THE CLERK: Fish and Wildlife?

MR. STOHR: Joe Stohr is here.

THE CLERK: Department of Natural Resources?

Utilities and Transportation Commission?

ACTING CHAIR MOSS: Well, again, I suppose that would be me.

THE CLERK: There is a quorum.

ACTING CHAIR MOSS: In any event, there is a quorum.

So did we hear from Mr. Hayes? He was not going to be present or...

THE CLERK: We have not heard that he isn't going to be present.

ACTING CHAIR MOSS: We don't know? Well, maybe he'll be here momentarily. We'll find out.

All right. We have a proposed agenda for today that the EFSEC Staff circulated to everyone, and I would ask if anyone has any changes or suggestions with respect to it.

Here's Mr. Hayes now for the Department of Natural Resources.

That's fine. That's noted for the record.

Any changes to the agenda? Comments?

Hearing none, then we'll accept the agenda as it's laid out here. I may make a couple of adjustments as we go along to reflect my own style of running things.

The first adjustment I'll make is I'm not going to ask who's on the telephone. We have a full house here at the

hearing room at the UTC's headquarters. And as we go through the various reports this afternoon or the various items on the agenda calling on the various company representatives, I'll ask you to identify yourselves, and we'll have such conversation as it is appropriate at that time rather than doing that now.

We have in our packets for today meeting minutes from July 16th, July 18th, and August 28th.

Do any Councilmembers have questions, suggestions, editorial comments they wish to make with respect to those?

Mr. Posner, do we take a motion on these or just approve them?

MR. POSNER: Yes, motion to approve.

ACTING CHAIR MOSS: All right. I would entertain a motion to approve the minutes.

MR. STEPHENSON: So moved.

ACTING CHAIR MOSS: Do I hear a second?

MR. HAYES: I'll second that.

ACTING CHAIR MOSS: Thank you, Mr. Hayes.

All in favor say "aye."

MULTIPLE SPEAKERS: Aye.

ACTING CHAIR MOSS: Let the record reflect it's unanimous.

All right. I will follow the agenda for the first couple of items where we have some matters to be reported on, so let's start with the Columbia Generating Station. And the first

matter will be an operational update.

Ms. Khounnala, are you on the phone?

MS. KHOUNNALA: I am, Chairman Moss. Thank you.

For the record --

ACTING CHAIR MOSS: We have your written report here, and I'll just ask you if you have anything to add with respect to the Columbia Generating Station or the WNP project.

MS. KHOUNNALA: No, I don't have anything to add.

For the record, it's myself, Shannon Khounnala, and Brad Barfuss here on the line. And outside of the operational status reports for either of those facilities, we're here to support any questions in relation to what I think Mr. La Spina will be discussing with regard to the evaporation pond project.

ACTING CHAIR MOSS: That's right. And I thank you for your presence today, and I'll ask the Councilmembers first if they have any questions regarding the operational update.

Hearing none, let's move on to Mr. La Spina and have your report, Mr. La Spina, on the evaporation pond project.

MR. La SPINA: Well, actually, before that, sir, I'm going to -- Chair Moss, I want to offer an update on the NPDES permit --

ACTING CHAIR MOSS: All right.

MR. La SPINA: -- that's being drafted for the Columbia Generating Station. I just got five bullets, so it's fairly brief.

The current permit was issued May 2006, and administratively extended in 2011. Permit reissuance was delayed by the replacement of the facility's main condenser. That's why the permit was administratively extended.

EFSEC Staff has contracted with the Department of Ecology Water Quality Program to draft a new permit. Ecology has completed the initial draft of the permit.

The National Marine Fisheries Service and the U.S. Environmental Protection Agency has reviewed the draft permit due to concerns -- their concerns about whether the facility's cooling water intake structure in the Columbia River complies with current standards.

And just for your information, since we have some new Councilmembers, issuance of this permit requires a public comment period which is generally -- runs 30 to 45 days.

In addition, the Council typically holds a public hearing during the public comment period, so EFSEC Staff plans to coordinate with the Council and Ecology to develop a schedule for the remainder of the issuance process. Thank you.

ACTING CHAIR MOSS: All right. Thank you very much.

MR. La SPINA: And does the Council have any questions?

ACTING CHAIR MOSS: Any questions from anyone? And we'll be setting that schedule later?

MR. La SPINA: Later, yeah.

ACTING CHAIR MOSS: Later. All right. Very well.

All right. And how about the evaporation pond? Are we ready for that?

MR. La SPINA: Yes, sir. So you can follow along. There's a group of white pieces of paper on the right side of your packets, and I'm just going to do a real brief summary here.

Earlier this year, Energy Northwest proposed construction of a wastewater treatment evaporation pond system to evaporate some of its wastewater streams. Construction of the ponds will eliminate an existing discharge to ground.

In support of this proposal, Energy Northwest has developed an engineering report. In your packets and on those white pieces of paper, you have a draft Determination of Nonsignificance, SEPA checklist, and recommendations of approval from Department of Ecology and Department of Health.

Based on the recommendation of Ecology and Health, the EFSEC manager has made a threshold Determination of Nonsignificance.

Does the Council and Councilmembers have any questions?

ACTING CHAIR MOSS: And for those of you who are new to this process, this is not a matter that requires action by the Council, but this is an opportunity for us to become better informed about this. The SEPA official, for purposes of EFSEC,

is its manager, in this case, Mr. Stephen Posner.

So does anyone have questions about this?

I have only one, and it may not be directly pertinent to the project itself, but I noticed in the Health Department's letter, they refer to the proposed -- the decommissioning of the current storm drain pond.

Is that something that will require separate action, and does -- well, I should just put it this way.

Does that involve anything for EFSEC or is that part of the NPDES or...

MR. La SPINA: At this time, Chair Moss, Energy Northwest is developing a plan to characterize those sediments at the discharge box. Actually, for this permit, we will be ceasing discharge to two different points to ground which is a big improvement.

And due to where the Columbia Generating Station is situated, they do a lot of characterization of sediments and that sort of thing. At this time EFSEC Staff is in consultation with Ecology and Health on whether it should be done within the permit or through a separate vehicle.

ACTING CHAIR MOSS: Okay. And you'll keep us apprised of any involvement by EFSEC?

MR. La SPINA: Absolutely.

ACTING CHAIR MOSS: Thank you very much.

MR. La SPINA: Thank you.

ACTING CHAIR MOSS: Any other questions?

Apparently not. All right, then, let's move to the Chehalis Generation Facility. Again, on the agenda, we have a couple of items here. We have, first, perhaps, an operational update.

MR. MILLER: Good afternoon, Chair Moss and Councilmembers. My name is Mark Miller. I'm the plant manager at PacifiCorp Energy Chehalis Generating Facility.

I have one non-routine note to add.

ACTING CHAIR MOSS: Okay.

MR. MILLER: And that is the receipt of a letter from EFSEC and your contractor, the Southwest Clean Air Agency, of a recommendation to the Council that a Notice of Violation be issued in accordance with related RCWs and the Washington Administrative Code.

Before the Board takes action, I would like to make a couple comments and one request.

ACTING CHAIR MOSS: Please go ahead.

MR. MILLER: Thank you. PacifiCorp purchased the plant in September of 2008, and we take very seriously the potential environmental impacts of the operation of the plant.

Since the acquisition, we have made significant investment in spare parts inventory and applying innovative mechanical modifications to improve not only the generation reliability, but also the environmental performance in all

aspects of the plant's operation.

We have increased the parts inventory by $1.5 million, including parts and redesign of NOx, nitrogen oxides, pollution control, selective catalytic reduction blowers, and scheduling a full catalyst change in the year 2015.

We now have, which was not the case previously, five dedicated personnel to maintenance tasks only. And as a part of our continuous improvement process for all aspects of our environmental respect -- air, water, wastewater, spill prevention control, et cetera -- PacifiCorp has performed five environmental compliance audits since 2008 using internal partners or external contractors.

The two previous deviations under PacifiCorp's ownership have been missed opacity readings in 2010 using Method 9. It's a visual observation, which subsequently initiated preventative maintenance and notification procedures and processes, and the other was a delay in annual fuel flow meter calibration in 2012.

We have also worked with EFSEC and the Southwest Clean Air Agency following a discussion and a letter in 2009 issued from SWCAA that it would be beneficial to the environment to continue to operate during upset conditions should -- a correctable condition rather than shutting the unit down to avoid excess emission violations. We've had this occur with the plugged ammonia quill injection into the HRSG.

So some of these examples that PacifiCorp's -- of PacifiCorp's commitment to continuously invest and improve in the operation of the Chehalis Plant that I ask the Council to consider PacifiCorp's engagement, improvement actions, and process implementations when making a determination at the EFSEC's Staff recommendation. And that's all I have.

ACTING CHAIR MOSS: All right. Well, let's hear from Mr. La Spina on this, and then we'll see if the Council has questions for either or both of you, and we'll take it from there.

Mr. La Spina?

MR. La SPINA: Thank you, Chair Moss. In your packets are two documents: One has the Southwest Clean Air Agency letterhead on it, and the one behind it is about a four-page document entitled "NOx Exceedance -- Combustion Turbine 1."

And the Southwest Clean Air Agency is EFSEC's compliance contractor. The SWCAA -- otherwise known as SWCAA -- use their standard matrix for determining the action on such an exceedance, and their recommendation to EFSEC is that a Notice of Violation be issued in accordance with the applicable regulations.

ACTING CHAIR MOSS: And is that Staff's recommendation as well?

MR. La SPINA: Yes, sir.

ACTING CHAIR MOSS: Okay. Now, Mr. Lamoreaux, are you on the phone? Apparently not. I understand that maybe a representative of the Southwest Clean Air Agency is with us by phone or perhaps in the room?

MR. PELTIER: Yes.

MR. La SPINA: Randy Peltier should be on the phone.

ACTING CHAIR MOSS: Okay.

MR. PELTIER: Yes, we are here.

ACTING CHAIR MOSS: Yes. I just wanted to give an opportunity, if you wish to have any comment on this, before we have the Council questions.

MR. PELTIER: I would only reenforce what Mr. La Spina has already said. We do regulate similar sources throughout our jurisdiction, and this recommendation is consistent with our practice.

ACTING CHAIR MOSS: All right. Thank you very much.

Are there questions from the Council for any of our speakers?

Apparently not. In that event, I think it would be appropriate that we entertain a motion concerning the Staff recommendation that we authorize Staff to issue a Notice of Violation.

Anyone make a motion that we authorize the Staff to issue a Notice of Violation?

MR. La SPINA: Chair Moss, can I perhaps --

ACTING CHAIR MOSS: You may.

MR. La SPINA: -- clarify something?

ACTING CHAIR MOSS: Sure.

MR. La SPINA: Some of the Councilmembers may not be aware of what a Notice of Violation is.

ACTING CHAIR MOSS: Well, why don't you explain that for us.

MR. La SPINA: Yes, sir. A Notice of Violation is a routine response to a permit exceedance or deviation. What it does is it contains a list of questions that essentially boil down to who, what, when, where, and why the exceedance occurred or whatever.

And what happens is the NOV is sent to the permittee, the permittee answers the questions, EFSEC Staff evaluates the responses, and then the matter comes in front of the Council again for whatever disposal of how you -- whatever you want to do.

So in and of itself, issuance of the NOV is not enforcement. It's just answering questions. However, if the Council feels that enforcement is called for on the basis of the responses, then you have the option to go to enforcement or you can just drop the matter --

ACTING CHAIR MOSS: All right.

MR. La SPINA: -- or there's several other possible endpoints.

ACTING CHAIR MOSS: Thank you, Mr. La Spina. That's a very useful explanation, I think. And, yes, it is a process. It basically just simply creates a formal opportunity for Staff to interact and gain more information that it can bring back to the Council and the Council can decide what to do then, if anything. It is not in itself in any sense a punitive action with respect to the operator.

So, again, I would express my opinion that I think it would be appropriate to authorize Staff to issue a notice, but certainly need to entertain a motion to that effect.

MR. STEPHENSON: Chair Moss, this is Cullen Stephenson. I will move that we approve the Staff recommendation through the Southwest Clean Air Agency to issue this Notice of Violation.

ACTING CHAIR MOSS: All right. Is there a second?

MR. HAYES: I'll second that motion.

ACTING CHAIR MOSS: All right. Any discussion?

Apparently not.

All those in favor signify by saying "aye."

MULTIPLE SPEAKERS: Aye.

ACTING CHAIR MOSS: I believe the decision is unanimous, so the Staff is so authorized.

MR. MILLER: Thank you for the opportunity.

ACTING CHAIR MOSS: Thank you very much. We appreciate you being here, Mr. Miller.

I believe that completes us with that item on the agenda, then. Let's move on.

Now, the next few items on the agenda, I think, simply involve the routine reports, the operational updates from various facilities, so let me ask first if, Ms. Diaz, are you on the phone for Wild Horse?

MS. DIAZ: Yes, sir; I am.

ACTING CHAIR MOSS: Is there anything you would like to add to the operational update that you have filed with us in writing and we have had an opportunity to review?

MS. DIAZ: Nope. I have nothing further to report, but I would be happy to answer any questions the Council has.

ACTING CHAIR MOSS: All right. Are there any questions?

Apparently not. Ms. Diaz, we appreciate you being present today to respond to any questions we might have, and we'll look forward to talking to you again in the future.

MS. DIAZ: Thank you, Chair Moss.

ACTING CHAIR MOSS: All right. The next item is Kittitas Valley Wind Project.

Mr. Melbardis, are you with us today?

MR. MELBARDIS: I am. Good afternoon, Chair.

ACTING CHAIR MOSS: Good afternoon. We have your written report.

Do you have anything to add to that today?

MR. MELBARDIS: No, but I would be available to expand on the noise complaint we had if anyone had any questions.

ACTING CHAIR MOSS: All right. Very well.

Does anyone have any questions?

Apparently not. All right. Mr. Melbardis, we appreciate you being with us today and look forward to interacting with you in the future.

MR. MELBARDIS: Chair Moss, one more thing.

ACTING CHAIR MOSS: Yes.

MR. MELBARDIS: Our environmental manager is on the line and was available to give an update on our avian monitoring report if you so desire.

ACTING CHAIR MOSS: Okay. I didn't quite understand, the something monitoring report?

MR. MELBARDIS: No. The avian and bat fatality monitoring.

ACTING CHAIR MOSS: All right. Is that something the Council would care to hear?

MR. HAYES: I would, Chair Moss.

ACTING CHAIR MOSS: All right. Then let's have that, then, please.

MR. VANDERZEE: Yes. So, hello, Council. My name is Jon Vanderzee. I'm our regional environmental manager, and I help Eric with the wildlife compliance components of the

Kittitas Valley Project.

I wanted to inform the Council that we have completed our second year of avian and bat fatality monitoring at the project, which consisted of searches of each of the 48 turbines for the first two years of operations. The raptor nest search also entailed an aerial survey within 1 mile of the project and follow-up ground surveys.

A Technical Advisory Committee meeting was held on June 26 to discuss the results, and TAC members provided verbal and written feedback that was incorporated into revised reports which are available for Council review if desired.

I can go into some of the details of the results of those reports if the Council would like.

ACTING CHAIR MOSS: Mr. Hayes? Anyone?

Okay. Well, apparently, we don't have any need for the details at this time. I would imagine that you are in communication with the EFSEC Staff on these matters as well?

MR. VANDERZEE: Yes, we are. We are in communication with Mr. La Spina on the results of the reports.

ACTING CHAIR MOSS: Okay. Very well.

Anything else, then? All right. We thank you for being here and giving us that update. And we, of course, count on you to keep in touch with Mr. La Spina and the EFSEC Staff generally with respect to these matters.

MR. VANDERZEE: Thank you.

ACTING CHAIR MOSS: Thank you. Let's move to the Grays Harbor Energy Project.

And let me ask: Is Mr. Downen or someone else on the phone for Grays -- oh, you're here.

MR. DOWNEN: I'm here.

ACTING CHAIR MOSS: I'm sorry. I didn't see you right here.

MR. DOWNEN: That's all right. Good afternoon, Chair Moss and Council. My name is Rich Downen. I'm the plant manager of Grays Harbor Energy. Beyond the monthly report, I have nothing additional to add.

ACTING CHAIR MOSS: All right. Do the Councilmembers have questions for Mr. Downen?

Apparently not. Well, we appreciate you being here today and look forward to working with you on this in the future.

MR. DOWNEN: All right. Thanks.

ACTING CHAIR MOSS: Thank you very much.

All right. This brings us to the Whistling Ridge Energy Project, which I believe says that we have a project update from Mr. Posner; is that correct?

MR. POSNER: Yes. Good afternoon, Chair Moss and Councilmembers. I asked Ann Essko to just give an update, just an update on the Supreme Court ruling which Ann is fully familiar with.

ACTING CHAIR MOSS: All right. Ms. Essko, please go ahead.

MS. ESSKO: Thank you. On August 29th, the Supreme Court issued its decision affirming the Governor's approval of the project, so it was a 9-to-0 decision.

ACTING CHAIR MOSS: Okay. Any questions from the Council?

All right. Thank you very much. Appreciate the update.

And that brings us to what is listed on the agenda here as the Vancouver Energy Distribution Terminal, which is a project that I have been hearing referred to rather as the "Tesoro Savage Vancouver Facility."

But in any event, whatever it may be called, as I understand it, the applicant is here today with a brief presentation, perhaps 15 or so minutes on the project, and we have the application in hand. Some of us, at least, have started reviewing it, although it is a daunting task, I might say, given its volume, but we'll get through it, I'm sure.

So who's here for the applicants? Please come forward. And, yeah. We need to pull those screens.

I gather it's a PowerPoint presentation --

MR. FLINT: Yes, sir.

ACTING CHAIR MOSS: -- so we can pull those screens down. And just so you know, we have screens up here --

MR. FLINT: Okay.

ACTING CHAIR MOSS: -- that we can follow along with you as well, and then we can have questions and comments and so forth once we have our presentation.

THE CLERK: It's warming up.

ACTING CHAIR MOSS: Oh, okay. It's warming up. Bear with us.

Why don't you give us your name for the record while it's warming up.

MR. FLINT: Okay. Chair Moss, my name is Kelly Flint. I'm the senior vice president and general counsel of Savage Companies, and I'm pleased to be here today to present our first report to the Council after having filed our application. And we do have a brief presentation on the project which is now on the screen.

ACTING CHAIR MOSS: Okay. Go ahead, please.

MR. FLINT: Thank you. As to the confusion on the name, there are a lot of parties here. The applicant is Tesoro Savage Petroleum Terminal LLC, which is an entity that is a joint venture or partnership of Tesoro and Savage and was formed specifically for this project.

Tesoro and Savage have worked together for more than ten years at energy facilities, primarily at Tesoro's refineries. Tesoro is obviously a major player on the West Coast in refining and distributing and retailing petroleum-based

products, gasoline, and other products to consumers.

The partnership really came about because the Port of Vancouver issued a request for proposals to parties for the development of a crude-by-rail terminal at the Port. And given our long history together and our respective areas of expertise, we thought it made sense to come together in a joint venture and respond to that request, and the Port chose our proposal, and we have since negotiated an agreement with the Port to lease property within the Port on which to construct the terminal.

Savage is a 70-year-old privately held company based in Salt Lake City with extensive experience in handling bulk materials and operating supply chain segments for our customers. And we have done that for Tesoro in a number of instances in refineries along the West Coast and, in fact, we are operating their Anacortes crude-by-rail unloading facility for them.

Tesoro, as you are no doubt aware, is the largest refiner on the West Coast of the United States. They have extensive experience with marine operations and transporting crude oil and refined products on the water, and so bringing us together really brought the best of both companies in expertise and brought together two companies that have shared values and a commitment to the environment and to safe operating practices. And so that's kind of the background to this project.

Savage was named -- and we're proud last year to be named one of America's safest companies, and we were also named

the 2012 terminal of the year for our Bakken -- our terminal in Bakken formation where we load crude oil into rail cars, and we bring our commitment to the communities in which we serve. We have 170 operations in North America and about 3,000 employees.

Tesoro shared our commitment to the community and its deep commitment to safety and reliability to the environment, and is also a cost leader in its markets and it's been on its cost side and operating.

The facility that we are proposing to construct is really designed to take advantage of the increased production of crude oil primarily in the Midwest of the United States and in Southern Canada and to match that increased production with a growing need for crude oil on the West Coast to replace declining production of Alaska North Slope crude, which the refineries traditionally have used, and to reduce these refineries' dependence on foreign imported crude oil.

Our goal is to increase the stability of energy supply for the United States along the West Coast and at the same time bring real economic benefit to the City of Vancouver, to the Port, to the State of Washington, and to the United States as we increase the Country's energy independence.

At full build-out -- the facility is designed in stages, and we had submitted an application that includes the full build-out of facility. That full build-out will depend on market conditions in whether we achieve that, but -- and demand

for the services of the facility, but at full build-out, the facility would employ about 120 people, full-time family wage jobs, most of which would be drawn from the local community, and the facility really will maximize use of the Port of Vancouver's existing rail and marine infrastructure.

In many ways, it brings together kind of the best of both worlds. The Port has -- as you may know, has invested significant amounts in upgrading its rail infrastructure and tying that into the Class I rail infrastructure that's in this area. And it has marine facilities that are available in berths that are currently not used, and so we can take advantage of that infrastructure and at the same time build a modern facility using state-of-the-art spill prevention control and handling systems.

The facility is designed to initially receive an average of two-unit trains a day at full build-out and at the capacity for a near-term expansion to up to four-unit trains a day on average.

A unit train can range from 95-ish to 118 cars, rail cars, depending on the shipper and the railroad, and that ranges from about 120,000 to a maximum average of 360,000 barrels a day.

We'll unload those rail cars, and I'll show in a few moments the product flow, but in brief, we'll stage that crude oil in storage tanks to be built on site, and then we'll load

the crude oil into vessels at the existing berth at the Port of Vancouver.

The facility will serve the refineries on the North American West Coast. And one of the advantages the facility has is that Tesoro, through its appetite for product on the West Coast, will bring a base load capacity that will make the terminal viable through its capacity, but the facility will have additional capacity that we will market to other refiners on the West Coast. We anticipate there being two to three total customers that will utilize this facility.

Now, this map shows the location of the facility in the Greater Vancouver area. It will be located entirely within the Port of Vancouver, and, as you can see, there on the Columbia River, the closest neighborhoods being the Fruit Valley neighborhood there to the north. I believe that's the northeast. I get my directions up here a little confused, so you'll forgive me on that.

The site is a brownfield site that has been remediated to the Department of Ecology standards. This photograph was taken at the time when the Alcoa aluminum facility was still there. You can see located -- or it's showing what is now Terminal 5 at the Port, so that facility has, since this photograph, been taken down. The property has been remediated and the Port has constructed a loop track facility on that and we'll show a photograph in a moment.

And also shown here are Berths 13 and 14. Those are the berths that will be utilized by this facility.

And this is a photograph of the site, an aerial photograph of the site today. The Terminal 5 there is where the aluminum smelter was formerly located. And Berth 13 and 14 are shown there, and you can see some of the surrounding parcels.

This facility has several components to it, and they're going to be located on different parcels within the Port to fit within the Port's existing infrastructure and what property it has available, and so it may be a little different than some of the facilities you've looked at it. It's not a nice, you know, rectangular piece of property. We actually have several components to it.

And if we look at this next slide, this overlays those over it and within the application, those are identified serially as Parcels 100 through -- Dave, 600?

MR. CORPRON: Six hundred.

MR. FLINT: And we'll walk through this in a moment, but you can see where these -- that's why there's the different colors here. It's laying it out. The components basically are the rail unloading facility and a supporting office complex, small office complex for our employees.

The nose will be located there on the loop tracks at the top, and you can see to the right where the storage tanks will be constructed. We call that -- that's on the Port's

Parcel 1A, which is a site that is available. Then the loading will occur out of Berths 13 and 14, and then the balance of the parcels are the easements for the pipelines that will connect these components.

ACTING CHAIR MOSS: Is this the project at full build-out?

MR. FLINT: This is the project at full build-out, yes. Initially, we intend to build four of the six storage tanks. We'll build the full containment area so that it's available.

But, initially, we will start with two tracks, two loop tracks, with the capacity to expand to a third and with four of the six storage tanks.

This shows, again, in a more diagram basis, the facility, and we can walk through kind of the product flow here. So in the highlighted box, the trains will arrive and actually be placed by the BN railroad onto Port property, and so that when the train is parked, it will be entirely within the Port on the tracks that you see there to the right, the series of tracks.

The BN crew will get off the train and turn it over to a Savage crew, which will then pilot the train through the system. The trains will never be left uncrewed. There will be the handoff.

The trains will then proceed around the loop track

that's identified there in a clockwise manner. The lower portion of that loop track is the location of the potash transloading facility that BHP Billiton is proposing to construct on the same track.

The trains will then proceed around the loop up to the top of the loop, the north part there, where they will enter -- the trains are kept intact. The power, the locomotives, are not decoupled, and the train, the four-unit train, is left intact. And that's the advantage of the loop track.

They'll be brought into the unloading building in what we call "index through" in sets, because the facility can unload 30 rail cars at a time on each track. And so the locomotives will pull through and pull the first 30 cars into the unloading building and from there, those 30 cars will be unloaded.

The system is a completely closed-loop unloading system. The crude oil is never exposed to the atmosphere. Our crews will attach hoses to the valves on the bottom of the rail cars using what are called "dry disconnects." These are disconnect valves that can only allow flow of product when they're locked, in the locked attached position, and from there, when that's completed, they will then attach a vapor hose to the top of the rail car so that as -- and that vapor hose -- and then below the rail cars there is what we call a "header pipe."

It's basically a channel pipe into which the crude flows, and as the crude comes out the rail car, it displaces air in that pipe. That hose then goes to the top of the rail car so that the air can go into the top of the rail car and replace the crude as it comes out so the vapors are continually contained within the system.

And the rail cars are then emptied into this channel, this pipe, and it's what we call a "free-flow pipe." There is always excess capacity or air within the pipe so that the system is not pressurized. There's no back pressure into the rail cars as they're being unloaded.

The crude in that header system -- or in that unloading system then is conveyed to the storage tanks by pipeline. There are a series of pumps that will be there with the unloading building within containment -- concrete containment chambers. Then we'll pump the crude oil up to the storage tanks. These will be purpose-built storage tanks with a shell capacity of 380,000 barrels each. They have an effective capacity of about 360,000 barrels, the difference being the headroom within it and what we refer to as "slosh capacity" in the case of an earthquake so that the crude wouldn't come out of the top.

The tanks have two roofs. There's a fixed roof on the top of the tank that is designed to shed rain so that water does not get into the tank. There is also a floating roof

within -- inside the tank that stays even with the product so it moves up as the tank's filled and goes down as the tank is emptied to minimize the vapor space within the tank. And that has seals to the sides of the tank so that it contains the vapors within it.

The initial four tanks will be unheated. The two expansion tanks, additional tanks, we have proposed the ability to include heating with that.

As you may know, there's a range of crude oils that are produced in North America ranging from very light to heavier crudes. Some of those heavier crude oils at cool temperatures don't flow as well, and as part of our expansion, if we add the third track, we would add some unloading stations where we would have the capability of steaming rail cars. That heavier crude would come in in rail cars that have internal steam coils. We'd hook it up to the steaming system to warm the crude up so it flows better, and then we'd put that into tanks that are also heated to maintain that flowability.

The crude is then pumped from the storage tanks along a corridor out to the berth where it will be loaded into vessels. The vessels are, for the most part, in the handymax size, which is roughly 350,000 barrels, so that matches up with about a storage tank. At full capacity at this facility, that would equate to about a vessel a day. Initially, it would be a vessel every two to three days that we would be loading.

The dock that is there now, the berths, do not meet current seismic standards, and so we will be applying to the U.S. Army Corps of Engineers for a permit to upgrade that dock and bring it into compliance with current seismic standards. And as part of that, we are also proposing a significant amount of remediation of the existing dock, removing portions of it, removing piles, so that there's no net increase in piles in the river and no net increase in overwater coverage.

That's the basic product flow for this facility. It's actually a pretty simple system. Savage has built and operated and currently operates a number of these systems, including in Anacortes and in the Northeast at refineries and in the Midwest of the Country as well. We are unloading trains for refineries.

The advantage of this facility is that it can serve a number of refiners. As I have said, the Port of Vancouver actually is the closest deepwater port by rail from the Bakken formation in North Dakota, where we believe that most of this crude will come from, at least initially, and it works very well for the market.

The facility will include return pipes from the dock so that it is continuously welled and piped to minimize any chance of an occurrence that the crude will be loaded into the vessels using high-pressure hoses and a crane system that will be on the dock.

We will preboom each vessel before it's loaded, and will have extensive spill response capabilities on the dock and on the river through the Clean Rivers Initiative Cooperative that Tesoro is already a member of.

The return line is important because we have our rapid shut-off valves at the berth, and so if there is a need to stop the flow, we can do so very rapidly. And the return lines will then take the product back so that there's no, you know, water hammer effect on the pipes that could affect their integrity.

We'll also have our vapor recovery system there. The vessels will come in with inerted holds for safety purposes, and as the vessels are filled, obviously, that vapor material in the holds will be displaced, will capture all of that, and that will then be transferred landside to a vapor control unit where it will be oxidized.

So that is --

MR. STEPHENSON: Can I ask a question, Chair?

ACTING CHAIR MOSS: Yeah, sure.

We've got a question for you.

MR. FLINT: Certainly.

MR. STEPHENSON: Kelly, thanks. So you have shown the vapors from the marine.

What about the vapors from the tanks and the trains?

MR. FLINT: The tanks and the trains, there's a

completely enclosed system, so the vapors are not released there.

And the vessels, you know, come in with a hold and their release, but our system on the unloading side is balanced so that as the -- again, as the air is displaced from the pipe into which the crude is unloaded, that goes back into the rail cars to replace the crude that is unloaded. And so there is no release of vapors from either the unloading process or in the tanks. Again, that's the purpose of the floating roofs is so that there is not vapor displacement within. A vapor space is created that has to be captured in the tanks.

So in conclusion, we just want to emphasize again the safe construction and operation of the facility is our highest priority. We are proud of our track record of both companies, and we look forward to the opportunity of really building a facility with the latest technology and capabilities here, taking advantage of the existing rail and marine infrastructure at the Port and really bringing economic value to the Port and to its constituencies.

The facility will meet all applicable air emissions standards that we've set out in the application, and as I have said, we minimized the impacts to the -- obviously, the critical marine environment by utilizing the existing dock and by planning extensive remediation -- removal of piles, removal of existing overwater structures -- as we bring the berths up to

seismic code.

And just a final point. As we've noted in our application, we hope for and look forward to a cooperative relationship with EFSEC. We have asked in our application that you make a determination that an EIS is required, and we look forward to working with EFSEC through that process and for our rigorous analysis of our plants and our facility and our ability to demonstrate that it does comply with regulations and can be operating safely and effectively.

And with that, I would be happy to answer any questions.

ACTING CHAIR MOSS: Thank you for your presentation, Mr. Flint.

Are there other questions from the Council in addition to those we've had?

MR. SNODGRASS: Hello?

ACTING CHAIR MOSS: Yes?

MR. SNODGRASS: No question, Mr. Chairman, just a very quick introduction, if that's all right.

This is Bryan Snodgrass of the City of Vancouver, and the City Council appointed me a couple of days ago to serve as the local representative to the Council, to EFSEC, for review of this project. And so you should be receiving correspondence to that effect shortly, and I look forward to working with everyone in review of this.

ACTING CHAIR MOSS: Bryan, was it?

MR. SNODGRASS: Yes.

ACTING CHAIR MOSS: Bryan Snodgrass. Well, thank you and welcome to the Council. We look forward to working with you and meeting you in the near future.

MR. SNODGRASS: Thank you.

MR. STEPHENSON: Maybe just a quick comment and a question, Mr. Flint.

I'm a former refiner. I drive a car, so I'm not ill-disposed to looking at this application, and I want to just make sure we do it right.

MR. FLINT: Right.

MR. STEPHENSON: And it looks like you're trying to do a good job.

In a high-level overview, when I look at it, we're talking 360,000 barrels a day average.

MR. FLINT: Mm-hm.

MR. STEPHENSON: So I didn't see when I looked through the material -- I got the disk and, you know, the big notebooks. I didn't see a maximum. So that's one part of the question.

The other part is 360,000 a day, six tanks at about 360,000 each.

MR. FLINT: Yes.

MR. STEPHENSON: So that means you're putting out

essentially one a day on average also?

MR. FLINT: That's correct.

MR. STEPHENSON: There's not quite a week's capacity on site. That's looking like an Exxon Valdez-sized -- in my calculations -- tanker once a week, and I'm guessing you're not going to use something that big.

But just some comments on that on the efficacy of the in and out and how the movement happens rationally with 500 cars a day --

MR. FLINT: Correct.

MR. STEPHENSON: -- a big tanker --

MR. FLINT: And, yeah. The Port's facility can handle about four trains a day. The reason we say average -- and four trains a day would be about three hundred fifty to 360,000 barrels.

The reason we say average is because, you know, with train movements, it could be that we had five one day and three the next as it spills over, you know, on an artificial clock of a day.

But, basically, we'll be doing four trains a day, but we're saying average because, you know, we don't want to be locked in it if -- on a one given day if five trains arrive because one train left at one a.m. kind of thing, but that's the basic flow is 360,000 barrels a day at full capacity.

And as I mentioned earlier, the vessels that we

anticipate coming to the facility are the handymax size vessels, so that's about a 350,000-barrel vessel. So that matches up at that -- so at full capacity, we anticipate loading a vessel a day. We do not anticipate -- you know, the river doesn't handle -- the dock doesn't handle a vessel -- it would be a vessel a week. That doesn't work for this facility.

The six tanks give us the capacity to handle different customers, as I said before, so that the customers can build their capacities to load their individual vessels. It also gives our customers the capacity to do some lending of crudes.

And as a refiner, you know that refineries are tuned to a specific crude slate. And some of the crude, particularly the Bakken crudes, can be a little light for some of the facilities, and so they may want to bring in, you know, trains, decoupled trains, in different capacities and then blend them as they load the vessel so that it comes to the facility, to the refinery. It's more compatible with the refinery's appetite for crude.

Does that answer your question?

MR. STEPHENSON: Yes, thank you.

ACTING CHAIR MOSS: Other questions from Councilmembers?

All right. I think you just answered a couple of my questions.

So you anticipate one vessel per day --

MR. FLINT: At full build-out; yes, sir.

ACTING CHAIR MOSS: -- at full-build out?

MR. FLINT: Initially, we believe it will be a vessel every two to three days.

ACTING CHAIR MOSS: Okay. All right. That's where I understood you before.

MR. FLINT: Yeah.

ACTING CHAIR MOSS: I had that reversed.

All right. And you mentioned upgrades to the dock to current earthquake standards --

MR. FLINT: Yes, sir.

ACTING CHAIR MOSS: -- and I noticed there's some other references in the application to piling removal and piling replacement and one thing and another that you plan to do.

So I'm just kind of wondering just how extensive are we changing this dock when using an existing dock at some point becomes not using the existing dock?

MR. FLINT: Yeah. It is substantially using the existing dock. I mean, basically, what we're doing is -- yeah. As, you know, it's a T-dock. There are two T-docks -- and I may get my terminology all wrong here -- than with the larger beams, and that's all cast-in-place concrete -- or excuse me. It's all precast concrete.

The problem is the precast concrete is sitting on

piles not tied to us. So we're going to remove the precast sections, we'll replace some of that with cast-in-place so that it meets the earthquake code.

But what we're basically doing is reducing the overwater coverage. We don't need everything that's there, and so we're taking out parts of it.

And then for safe operation, the dolphins that are there now are not connected to the dock by walkways, and so we are going to -- we would need to move a couple of the dolphins, so that is some of the work we'll be removing. And some of them are dolphins that are closer, you know, in shallower water. We're going to move them out to deeper water so that they work better for the vessels we're bring in.

ACTING CHAIR MOSS: Okay. In my understanding, a dolphin is some kind of a fish --

MR. FLINT: No. I'm sorry.

ACTING CHAIR MOSS: -- so you'll have to tell me what that is.

MR. FLINT: The dolphins are the structures that are in the water that the vessel ties up to.

ACTING CHAIR MOSS: All right.

MR. FLINT: Okay. So there's the dock face the vessel comes against, but then they take their ropes basically out on angles --

ACTING CHAIR MOSS: I see.

MR. FLINT: -- and tie them to structures to hold the vessel in place while it's being loaded. Those structures in the water are called "dolphins."

ACTING CHAIR MOSS: Okay. Thank you.

MR. FLINT: And so we'll be relocating a couple of dolphins, but basically what we're doing is we're taking down -- or taking off the parts of the dock that we don't need now, and then we're adding some graded walkways between the dock and these dolphins so that our personnel, as they tie the vessel up, can handle the lines in a safe way without having to be on small craft moving around with those ropes.

ACTING CHAIR MOSS: Okay.

THE WITNESS: So, yeah, the overwhelming -- yeah. We are using this dock. We're just bring it up to seismic code and then taking out sections of it that we don't need where the net result of that reduces the overwater coverage and any amount of shadowing.

ACTING CHAIR MOSS: Yeah, and I'm sure we'll get into this in more detail as we go along. I was just sort of trying to get a sense of how much work we're talking about in the marine environment as opposed to above the marine environment, and it sounds like there will be some of both.

MR. FLINT: There are -- will be -- yeah, there will be some of both. We can easily accommodate the in-water work in a single construction, you know, window, an in-water

construction window, and actually a portion of it.

I have Dave Corpron here with me, who's our project manager. Maybe Dave -- and he's going to be much more conversant with the exact number of pilings and that kind of thing than I am.

ACTING CHAIR MOSS: Okay. Just a high level discussion if you don't mind.

MR. CORPRON: Hello. My name is Dave Corpron. I'm the project manager for this. Right now we're looking at removing roughly 200 piles up at Terminal 2 at the Port of Vancouver that are wood piles that have been sitting there for quite some time. And we are going to add -- the number of piles that we are going to install are roughly about 60 piles, and we are taking out pilings for four of the dolphins and then replacing those.

So the dolphins will have four additional piles per dolphin right now than they currently have, and we're changing the size of those as well. So that is one of the reasons for the increased number of piling removed at the other area.

ACTING CHAIR MOSS: Okay. You mentioned, I think, that the pilings that are being removed are wooden and old; is that right?

MR. FLINT: It's a mix. At the dock itself the pilings we're removing are steel pilings. But as part of our remediation efforts, we're also removing some other pilings at

the Port that are old wood pilings that are not used.

ACTING CHAIR MOSS: Yeah.

MR. FLINT: It's to restore habitat along that waterfront at the Port.

ACTING CHAIR MOSS: Okay. All right. I see.

And the new pilings will be steel or...

MR. CORPRON: Yes.

MR. FLINT: The new pilings will be steel.

ACTING CHAIR MOSS: Okay. All right. Thank you.

MR. STOHR: Mr. Flint, I'm curious about the involvement or the discussions with Oregon.

I mean, how does that work? I'm relatively new on the Council here, but what is the interstate relationship as we look at these kinds of facilities on the river and...

MR. FLINT: This facility does not require a permit from the State of Oregon. It requires only the permits from Washington, and absent EFSEC, there will be a variety of permits that will be required. Obviously, with EFSEC, those are brought together into the single application, and in addition, we require the U.S. Army Corps of Engineers permit for the work on the dock. But those are the only two applications.

In an effort to -- you know, to be good corporate citizens and neighbors, we have an outreach program both in the State of Washington and in the State of Oregon. We talked to local officials and we'll be holding an open house and some

things to which they are invited. But there is not a permit required from the State of Oregon.

MR. STOHR: Another question. As these tankers come in or leave, it will be under pilots --

MR. FLINT: Absolutely; yes, sir.

MR. STOHR: -- Columbia River pilots?

MR. FLINT: Yeah. And the river pilots and the bar pilots both are, you know, in the different stretches. And we have been in contact with the Pilots Association, and we have discussions with them, so they're aware of our plans and the volume of vessels. We can plan accordingly for their purposes.

MR. STOHR: Great. Thank you.

ACTING CHAIR MOSS: And while I'm sure we'll have many more detailed questions later, we were just hinting at a little bit some of the process questions, so I'll thank you very much for your presentation today.

MR. FLINT: Thank you.

ACTING CHAIR MOSS: And perhaps we can turn the lights up back in the room.

And I would like to have Mr. Posner come back up here and between the two of us, perhaps exclusively by him, we can talk a little bit about the process going forward --

MR. FLINT: Okay.

ACTING CHAIR MOSS: -- that EFSEC will be following in accordance with its statutes and rules.

MR. FLINT: Well, thank you, Chair Moss. We appreciate the opportunity to appear here and introduce ourselves to the Council and look forward to working with you over the coming months as we go through this process.

ACTING CHAIR MOSS: It was a very useful interexchange. Thank you very much -- or interchange.

Mr. Posner, can I put the burden on you?

MR. POSNER: Yes, absolutely.

Before we get into that, just to address Councilmember Stohr's question, we have the various State of Oregon agencies on our mailing list for our SEPA process and also just general notification. So they should be made aware of the progress as we move forward with this project.

MR. STOHR: Okay. Thank you.

MR. POSNER: So I'll just give you a quick general update where we're at, and then there are a couple decisions that I'll put forth to the Council as we move forward in processing the application.

We did receive the application on the 29th of August, and we have sent out all our notification letters to local and state agencies and also appointment letters to various local and state entities that have an opportunity to appoint somebody to sit on the Council.

And we are currently reviewing the application for site certification. We have an independent consultant that's

assisting us with the review, and our statute requires that we have a public meeting, a first public meeting within 60 days of receiving the application. So we're looking at trying to schedule something towards the end of October.

Our statute requires that we have a land use hearing, and we expect that that will probably occur in November sometime. The applicant is currently working with the City on land use matters.

And then as far as SEPA goes, as Mr. Flint said, the applicant has requested that an EIS be performed for this project. EFSEC Staff concurs with that, and we are prepared to issue a threshold determination, a SEPA threshold determination of significance, a DS, determination of significance, and with that, we would also begin our scoping process.

So if Councilmembers have any questions on that, I would be happy to answer them.

And then just so you're aware, the SEPA rules and our EFSEC rules give the Council a couple of different options as far as preparing the EIS. As has been common, most recently on other EFSEC projects, we expect to have the applicant's consultant and the applicant prepare a document, preliminary document, a draft environmental document, EIS, for us to review -- EFSEC Staff, Councilmembers, and our consultant to review -- and we will ultimately decide on the document and will issue that document.

So, essentially, EFSEC will be issuing the draft environmental impact statement. As the SEPA lead agency, we will be presented a document by the applicant and their consultant, so just so you understand, that's the process that we expect as far as processing the EIS.

So a schedule. Last week I sent Councilmembers a packet of information electronically. I asked you to be prepared to talk about schedule. And we have a couple of meetings that we need to schedule, and I proposed three dates: October 28th, October 29th, and the 30th. That's a Monday, Tuesday, and Wednesday, I believe.

So what I would propose -- to refine that down even further -- is that on the 28th, if Councilmembers' calendars are agreeable, that we -- as is common practice in the past, start off with a site tour in the afternoon of the proposed project. I would propose that, Councilmembers, we do that in the afternoon and then have a short break for dinner and then have our public meeting, our informational public meeting, in the evening.

And then on the next day, the 29th, we would return late afternoon for the first SEPA scoping meeting. And we would have, as we have done in the past, an informational part of the meeting where there would be posters or informal information presented for the public, and then we would have a formal SEPA scoping comment meeting where the public and agencies could

provide comments to us.

So I would ask the Councilmembers to look at their calendars now and let me know if the 28th and 29th work for you.

ACTING CHAIR MOSS: And while people are checking their calendars, which I have already done, the public information meeting that you're proposing for the evening of the 28th --

MR. POSNER: Right.

ACTING CHAIR MOSS: -- we allow for public comment and --

MR. POSNER: Yes.

ACTING CHAIR MOSS: -- comment by the applicant and so on and so forth?

MR. POSNER: Right.

ACTING CHAIR MOSS: Okay. It's a true public forum. All right. And I am available on those dates.

MR. HAYES: Those dates work for me, Stephen.

MR. POSNER: Okay.

MS. GREEN-TAYLOR: They work for me as well.

MR. POSNER: Okay. Great.

MR. STEPHENSON: They work for me as well.

MR. POSNER: Okay. That's good. That was easy.

Okay. So we'll go ahead and we will -- obviously, we'll take care of all the logistics, and we will share that information with you. We do not have a facility yet, but we

will find one, and we will make sure everyone's aware of where the meetings will take place.

ACTING CHAIR MOSS: Bryan, are you still on the line there?

MR. SNODGRASS: I am, yes, and those dates are fine here.

ACTING CHAIR MOSS: Okay. Great.

MR. POSNER: I believe that's all I have.

ACTING CHAIR MOSS: All right. Any questions of Mr. Posner?

All right. Well, with that, I don't believe we have any further business today, and so --

MR. POSNER: I just have one last item.

ACTING CHAIR MOSS: You caught me in time.

MR. POSNER: Okay. Good. Since the last Council meeting, which was in July, we have hired two new Staff. I just want to make everybody aware of that.

ACTING CHAIR MOSS: Thank you.

MR. POSNER: Kali Wraspir is our new support staff person, and Sonia Bumpus is our new siting specialist.

ACTING CHAIR MOSS: Well, thank you. That was my oversight. I'm glad that you did that, Mr. Posner.

All right. Very well. With that, then, I think we have come to the conclusion of our meeting today, and we'll be adjourned. Thank you.

(Whereupon, the meeting was adjourned at 2:33 p.m.)

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C E R T I F I C A T E

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I, SHELBY KAY K. FUKUSHIMA, a Certified Shorthand Reporter and Notary Public in and for the State of Washington, do hereby certify that the foregoing transcript is true and accurate to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 1st day of October, 2013.

_____
SHELBY KAY K. FUKUSHIMA, CCR

My commission expires:
June 29, 2017