Janet Alderton

THE CURRENT DRAFT FINANCIAL RESPONSIBILITY REQUIREMENTS FOR CLASS 1 FACILITIES ARE INSUFFICIENT TO COVER OIL SPILL RESPONSE AND DAMAGE COSTS.

I live on an island in the Salish Sea, an amazing bioregion of wonderful diversity and productivity.

Ever since the Exxon Valdez tragedy, I have been deeply concerned that a devastating oil spill might occur in the Salish Sea. With the ever-greater expansion of shipping in the Salish Sea, a large-magnitude oil spill now may be inevitable.

The Trans Mountain pipeline expansion and the expansion of the ports in the Fraser River Delta region will bring ever-greater risks as the volume of traffic expands.

Who will pay the costs to address the impacts of a major marine oil spill?

A rational approach would be to have the oil and shipping companies fund another "rescue tug", like the one stationed at Neah Bay.

But this comment letter is about "Who Pays?" in the event of an oil spill.

Will it be the checkout staffers at the local grocery store, or the school teachers, or the electricians installing energy-efficient heat pumps?

They and Washingtonians like them work hard and pay taxes&#65533;and they will be the ones who foot the bill for most of the oil recovery efforts and damages after an oil spill.

I cannot use the term, 'clean-up" in reference to an oil spill because fossil fuel spills are never truly "cleaned up". At best, 20% of the spill is recovered. Damage to our environment can be massive and long-lasting.

It is more rational that Big Oil cover those costs instead.

The five biggest oil companies reported combined profits of $196.3 billion last year -more than the entire economic output of many countries. ExxonMobil, for example, raked in $36 billion for its shareholders. While price-gouging American consumers at the pump and elsewhere and contributing massively to our climate crisis, Big Oil has never been more profitable.

We, as taxpayers, provide Big Oil with huge subsidies with the biggest being the license to pollute for free. Harvard researchers have found that pollutants from oil and gas combustion were responsible for 8.7 million premature deaths annually from heat and air pollution. The Office of Management and Budget reports that growing costs

from intensifying disasters, such as wildfires, floods, droughts, and others due to Big Oil could cost the federal budget $2 trillion annually by the end of the century.

The International Monetary Fund estimates the implicit fossil fuel subsidies for the U.S. to be $646 billion each year. And the London School of Economics reports that these estimates often underestimate the harm of climate dangers by failing to account for how hazards can cascade across ecological and economic systems.

A basic principle of market economies is that the price of a good should reflect its true cost. That's not happening with Big Oil, which privatizes the benefits and socializes the costs.

Now, in Washington State, we are facing decisions on who should pay the costs of an oil spill in our waters: Big Oil or citizen taxpayers.

The State Department of Ecology is conducting a rulemaking that will establish financial responsibility requirements for refineries, pipelines, and other bulk oil-handling facilities. The Department's draft rule does not even come close to covering the estimated costs of a large oil spill.

THE CURRENT DRAFT FINANCIAL RESPONSIBILITY REQUIREMENTS FOR CLASS 1 FACILITIES ARE INSUFFICIENT TO COVER OIL SPILL RESPONSE AND DAMAGE COSTS. These measures are not just about protecting our natural environment—they're about safeguarding our communities and our way of life.

I believe the State Department of Ecology should consider the following points developed by the Friends of the San Juans, which I support:

The proposed $300 million maximum financial responsibility requirement for Class 1 facilities is not enough. At the very least, refineries, pipelines, and other bulk oil handling facilities should be required to have the same financial responsibility requirements as tank vessels and barges: $1 billion per facility. The $300 million maximum financial responsibility amount is based on a 1993 study that used 1992 U.S. dollar values to identify oil spill response and damage costs at $12,500 – $18,900 per barrel. The proposed financial responsibility requirements are based on the outdated and low-estimated $12,500 per barrel cost.
Financial responsibility requirements should prioritize sufficient compensation for oil spill impacts over oil industry profits. The Ecology Department reports that "a large spill could cost the state $10.8 billion and 165,000 jobs. The draft rule does not address current oil spill response and damage costs. Instead, it focuses on "the commercial availability and affordability" of achieving needed financial responsibility for an oil spill.
It thus allows oil industry profits to supersede the financial responsibility requirements

for the costs and damages from an oil spill. Tank vessels and barges can comply with the $1 billion financial responsibility requirement through P&I (protection & indemnity) clubs or mutual insurance associations. Class 1 facilities could do the same.

Canada's Trans Mountain Pipeline (Puget Sound), which transports Alberta tar sands to Washington State's northern refineries, should have a financial responsibility requirement that is based on a higher per barrel amount in order to address the higher oil spill response and damage costs for spills of tar sands products. The basis for the Trans Mountain Pipeline's financial responsibility requirement should be increased to at least $60,153 per barrel.
The cost of the spill response and damage costs for the 2010 tar sands crude oil spill into the Kalamazoo River was $1.2 billion, or $60,153 per barrel. An oil spill from the Puget Sound spur of the Trans Mountain Pipeline could impact the Salish Sea including the San Juan Islands as well as the Nooksack River, Lower Skagit River, Samish River, Sumas River, Swinomish Channel, Padilla Bay, and the human and animal communities that live near and within these waters. Canada's Trans Mountain Pipeline expansion project is expected to be operational this year. It will increase the pipeline's current capacity by 590,000 barrel per day and increase oil tanker traffic in the Salish Sea by 696 ship transits per year.

Thank you for considering my views on this draft rule of the State Department of Ecology.