

Friends of the San Juans

Thank you, Thea, for this opportunity to testify. My name is Lovel Pratt and I'm the Marine Protection and Policy Director at Friends of the San Juans. I agree with Ken Zirinsky's and Janet Hedgepath's testimony that the 300 million maximum financial responsibility requirement for class one facilities is not enough. As included in RCW, 88-40-025. Ecology was directed to consider the following in this rulemaking process: the worst case amount of oil that could be spilled, the cost of cleaning up the spilled oil, the frequency of operations at the facility, the damages that could result from the spill, and the commercial availability and affordability of financial responsibility. So these considerations may not have compatible outcomes. However, the rulemaking process should not have focused on the commercial availability and affordability of financial responsibility. As a result, the draft rules proposed 300 million maximum financial responsibility requirement for class one facilities fails to fulfill the requirement in RCW 88-40-025. Quote, an onshore or offshore facility shall demonstrate financial responsibility in an amount determined by the department, that's ecology, as necessary to compensate the state and affected federally recognized Indian tribes, counties, and cities for damages that might occur during a reasonable worst case spill of oil from that facility into the navigable waters of the state. The draft rule does not address the current costs and damages from oil spills and focuses on the availability and affordable and affordability of financial responsibility, allowing oil industry profits to supersede the financial responsibility requires needed for compensation. For over 20 years passenger vessels with a fuel capacity of just 6,000 gallons have had a 300 million maximum financial responsibility requirement. And it makes no sense that the same 300 million maximum financial responsibility requirement has been proposed for class one facilities, which are the state's largest oil handling facilities that transfer process or transfer oil on or near the navigable waters of the state. These are refineries, pipelines, and the state's largest bulk oil handling facilities. The draft rule prioritizes oil industry profits above Ecology's mission, quote, to protect, preserve, and enhance Washington's environment for current and future generations, unquote. Um Ecology's prioritization of oil industry profits over the financial responsibility required to compensate for these damages contradicts Ecology's commitment quote to reduce greenhouse gas emissions by 95% by 2050. This will help protect a wash, help protect Washington's environment and economy from the effects of climate change. unquote.

Thank you, I'll finish my comments now. Ecology's valuation of oil spill impacts is based on 2006 2006 numbers quote a large spill could cost the state 10.8 billion and a 165,000 jobs, unquote. In today's dollars the cost would be 16.8 billion. The 300 million maximum financial responsibility for class one facilities is based on California's regulations, which were established in 1995 and based on a 1993 study that used 1992 US dollar values to identify the cost of oil spill response and the damages that could result. The 30 plus year old study identified the oil spill response and damage costs at \$12,500 to \$18,900 per barrel. In today's dollars, those costs would range from \$27,916 to \$42,209. In summary, the draft rule fails to identify a financial responsibility amount for class one facilities necessary to compensate the state and affected federally recognized Indian tribes, counties and cities for damages that might occur during a reasonable worst case spill of oil. The draft rule should be revised to address the higher skill response and damage costs for Alberta Tar Sands, or Canadian Tar Sands products, also known as bitumen, diluted bitumen and dilbit. The draft rule should be revised to remove the 300 million limit and require class one facilities to demonstrate

their ability to pay the full worst case spill costs at currently as currently calculated uh that's with the outdated and low estimate of \$12,500 per barrel. Alternatively, and at the very least, class one facilities should have the same financial responsibility requirements as tank vessels er which is 1 billion dollars. The final rule should include a provision that directs Ecology to conduct reviews and updates to the financial responsibility requirements similar to the federal um procedure for updating limits of liability to reflect significant increases in the consumer price index and statutory changes. And finally, if this rulemaking process does not allow for the financial responsibility requirements for class one facilities to be increased, in the final rule, the requirement for an update to be completed within 2 years should be added to the final rule. Thank you so much.