BEFORE THE STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

In the Matter of: Application No. 2013-01 TESORO SAVAGE, LLC TESORO SAVAGE DISTRIBUTION TERMINAL	CASE NO. 15-001 SWORN PRE-FILED TESTIMONY OF ERIC HAUGSTAD

I, Eric Haugstad, state as follows:

1. I swear under the penalty of perjury of the laws of Washington and the United States that the following testimony is true and correct.

2. I am over eighteen years of age and am otherwise competent to testify in this case. My testimony is based upon my education, training, experience, professional qualifications, and understanding of the matters herein. Based on my professional experiences and training, I have developed an expertise in oil spill and emergency planning, preparedness and response.

I. EDUCATION AND PROFESSIONAL BACKGROUND

3. I have been in the field of oil spill and emergency planning, preparedness and response for 34 years. Throughout my professional training and career in this field, I have been involved in spill and emergency responses and have become very experienced with federal and state spill planning and response requirements and federal and state emergency response requirements for facilities that store, transfer, and process oil and petroleum products.

4. I have completed several training programs and obtained professional certifications that are relevant to my area of expertise. In 1990, I obtained a Merchant Mariners Document ("MMD") Unlimited Tankerman Endorsement. The Tankerman

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Endorsement is a mariner credential issued by the United States Coast Guard to qualified members of a deck crew who are trained to assist or supervise the transfer of liquid cargo. I obtained this certification to aid in my professional responsibilities at Alyeska Pipeline Service Company. The certification authorized me to preside over the loading and unloading of a vessel. The requirements for obtaining this endorsement are set forth in federal regulations.

5. Previously, when I worked for Alaska Clean Seas, I completed a Spill control and countermeasure training at the University of Texas A&M in 1983. At that time, this program was widely considered the preeminent oil spill training program in the country.

6. In 2006, I completed training and received certification from FEMA's Emergency Management Institute related to the Incident Command System ("ICS") of the National Incident Management System ("NIMS"). Although the Federal Emergency Management Agency ("FEMA") provides the course materials, State and other agencies typically coordinate and teach this course in the field. I took the course with the U.S. Coast Guard in Oakland, California. I completed the training through the 400 level, which is the level designated for command and senior personnel who are expected to perform in a management capacity in an area command or multiagency coordination entity.

7. I have been actively involved in the spill and emergency response profession in several positions with several companies. From 1983 through 1988, I worked with Alaska Clean Seas, where I: maintained oil spill equipment in Dutch Harbor, Nome, and Prudhoe Bay, Alaska; conducted spill exercises for Exploration and Production ("E&P") companies in the Bering Sea and North Slope of Alaska (which includes the Beaufort Sea); and served as a shoreline supervisor for the cleanup of Cook Inlet after the Glacier Bay tanker spill. From 1988 through 1990, I worked for VRCA

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Environmental Services, an Alaska Native Corporation specializing in oilfield clean-up services, where I supervised fuel transfers at various E&P sites and recorded fuel usage. As part of my role with VRCA I was contracted by BP to maintain all their response equipment that was owned and operated by BP Endicott. I was also sent to respond to the Exxon Valdez spill in March, 1989, where my specific role was to draft and implement salmon hatchery protection plans. From 1990 through 1993, I worked for Alyeska Pipeline Company where I participated in the development of the vessel escort system in Alaska, and was a vessel supervisor which included weekly training sessions for the vessels under my supervision. In 1991, I was promoted to the oil spill coordinator for the Southern section of the pipeline and all of Prince William Sound where I was responsible for oil spill training and prevention at the terminal and worked with Alyeska projects to review construction work to eliminate any hazards. In my role as oil spill coordinator, I worked with the U.S. Environmental Protection Agency and the Alaska Department of Environmental Conservation to close out contaminated sites. I was also trained as a Shipyard Competent. In this role, I was responsible for maintaining gas free certificates for the company's barges, which required me to calibrate the instruments used in taking the readings inside the cargo tanks and document that they still read zero for VOC, LEL, and have sufficient oxygen. From 1993 to 1996, I was president of Cook Inlet Spill Prevention & Response, Inc., which provides companies with contingency plan assistance and spill removal services. Initially I was the planning manager and worked with companies on spill drills and purchased spill equipment for member companies. I was also responsible for purchasing safety equipment and training employees, which included in-house developed HAZWOPER training. In 1995, I was promoted to operations manager and acting general manager.

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8. I have been employed by Tesoro Corporation since 1996. Currently, I am the Director of Contingency Planning and Emergency Response. In my position with Tesoro, I am responsible for a variety of oil spill and emergency planning and response programs and measures for all of Tesoro's facilities, which are located throughout the Western United States. I am responsible for drafting, obtaining approval and implementing Tesoro's Federal- and State-approved Oil Spill Contingency Plans for all of our operations as well as emergency response plans that cover all types of incidents. I am responsible for training Tesoro's Incident Management Teams on the NIMS across the corporation. I am responsible for ensuring that the members of the fire brigades at each of Tesoro's refineries meet the training requirements spelled out in National Fire Protection Association ("NFPA") standards 1081, 600, and 1041. I review and write Operations Excellence Management System ("OEMS") standards pertaining to my area of responsibility. I represent Tesoro on the Board of Directors of the Marine Preservation Association ("MPA"). MPA funds the Marine Spill Response Corporation ("MSRC"), the National Oil Spill Response Organization ("OSRO") contracted by Tesoro. Additionally, I represent Tesoro in the international OSRO of which Tesoro is a member. I review facility design and prevention measures on a variety of Tesoro's projects and facilities. Additionally, I review response equipment for purchase and ensure that it has been tested according to appropriate methodology and ensure that it will meet not only the technical requirements but will also be appropriate for the environment it is to work in. I am a Qualified Individual for Tesoro, which gives me the full authority to organize and implement any emergency or spill response needed, including contracting and organizing our Regional and National Incident Management Team members.

9. In my roles with these various companies mentioned above, I was involved in responses to several oil spills, including: the Glacier Bay Cook Inlet Alaska in 1987;

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Exxon Valdez in 1989; Crowley Tug Avenger Salvage in the Pribolofs in 1989; Seabulk Pride 2007; Deepwater Horizon in 2010; and many smaller incidents throughout the years. I served in a variety of supervisory and command roles in these various responses, including acting as the Qualified Individual. With respect to the Deepwater Horizon spill, I was invited by Alan Allen, the leading expert in *in situ* burning, to assist in putting together an *in situ* burning program as part of BP's spill response. The *in situ* burning program included the mechanics on how to corral/contain the oil, how it would be ignited, and how the volumes in the burn would be measured. It required training of the fishermen that were contracted on safety of conducting *in situ* burning, the proper towing speed for the fire boom, and emergency procedures should one of the boats develop a problem. After obtaining corporate approval, I participated in that effort. Accordingly, I have seen and been involved firsthand in the implementation of response planning.

10. In addition to my professional positions with these various companies, I have also played an active role in several industry-wide working groups, committees and organizations to conduct technical reviews on equipment and new types of feedstock, including, fate and behavior studies. For example, I serve as the Chair of MPA's Equipment Technical Committee, which is responsible for reviewing developing technologies and new equipment to identify for recommendation those that ensure progressively better spill responses.

11. In approximately 1994, I was the chair of ASTM F20.11 committee. ASTM International is a standards organization that develops and publishes voluntary consensus technical standards for a wide range of industries and services. ASTM F20.11 is the committee that is responsible for developing standards related to spill control systems and equipment. While I was on the committee, the committee was responsible for adopting a standard (the "universal slide connector") that allows compatibility between

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booms made by different manufacturers in order to improve regional coordinated response regardless of the booms different response companies used.

12. I have been a member of the American Petroleum Institute's ("API") Emergency Response Team ("ERT") for approximately the last two years. The API is a trade group and its ERT is a sub-group that is responsible for implementing strategy to proactively enhance emergency communications, planning, preparedness and response to spill and emergency events. Further, the ERT represents the industry in meetings with emergency response advocacy organizations. Since 2010, I have been actively involved in the *in situ* burning workgroup for API ERT, which was responsible for updating *in situ* burning guides and safety procedures.

13. Additionally, since 2007, I have worked on behalf of the Prince William Sound Shippers (a collection of companies that ship Alaska North Slope Crude out of Valdez, Alaska) to evaluate new oleophillic skimmer technology with a goal of improving oil spill response capability for Prince William Sound. As a result of this effort, in April, 2016, we submitted a request to the State of Alaska to change the response protocols for the Prince William Sound Tanker Plan.

14. I am very familiar with Applicant Tesoro Savage Petroleum Terminal LLC, d/b/a Vancouver Energy (hereinafter, "TSPT" or the "Applicant") and its Terminal Project (herein after "Vancouver Energy Terminal" or "Project"). As an employee of one of the members of the Joint Venture applicant, I have been assigned several duties related to the Project. Specifically, and as described in further detail below, I have helped draft and review application materials and documents related to the environmental review. I have focused specifically on facility design and operations related to spill and emergency response planning and implementation. For example, and as described below, I led a table-top spill drill designed to assess adequacy of response capabilities to two scenarios

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of spills, including one assuming API of 41 (representative of Bakken oil) and another assuming API of 18.9 (representative of dilbit).

II. TSPT'S INCIDENT PLANNING AND PREPAREDNESS

15. In my role for Tesoro, I am responsible for the Oil Spill Contingency Plans that are prepared for Tesoro facilities and the Vancouver Energy Terminal. We have prepared a Spill Contingency Plan for the Vancouver Energy Terminal. Initially, the original Application for Site Certification ("ASC") that was submitted in 2013 complied with the Washington State Energy Facility Site Evaluation Council ("EFSEC") regulatory requirements and included only the outline of a Spill Controls and Countermeasures Plan. We subsequently prepared and submitted to EFSEC an Oil Spill Contingency Plan with revisions to the ASC in January 2014. In June 2015, we submitted further revisions to the Contingency Plan to respond to Agency input. Most recently we submitted further revisions with TSPT's comment letters to EFSEC's Draft Environmental Impact Statement (EIS). This final round of revisions incorporated information and input from the recent spill drill described in further detail below. Ultimately, this last set of revisions to the Contingency Plan are included in the version that is transmitted to EFSEC as part of the revised ASC in advance of the Adjudication. Ex 0001-PCE, Appendix B.

16. In general, there are several components of an Oil Spill Contingency Plan for a facility like the Vancouver Energy Terminal. The Plan must be written to comply with all Federal and State regulations which are designed to meet requirements of the National Contingency Plan. Typically, in other situations, applicants develop contingency plans later in the process of the review and approval of a facility, when design drawings are finalized, and often times after other permits have been approved and employees hired.

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In this case, the Plan is preliminary in nature to reflect the earlier planning and permitting stage of the Vancouver Energy Terminal. As noted in the introduction to the Plan:

> **This OSCP is a PRELIMINARY version of the plan that will be prepared, implemented, and submitted as necessary to applicable state and federal agencies in accordance with applicable laws and regulations prior to the beginning of operations of the Facility. This OSCP has been developed based on Facility design completed at the time of writing. The Company will update this OSCP based on additional consultation conducted during the permitting effort for the Facility and the final design of the Facility. <u>This preliminary OSCP is intended to be indicative of the planning and response strategies to be implemented by the Company at the Facility</u>.**

Ex 0001-PCE, at App. B (emphasis added). A third party hired by EFSEC to review the Spill Contingency Plan, among other plans, confirmed that the level of detail in the Plan is "appropriate for this stage of siting" and confirmed that the plan should be completed in advance of operation. *See* Plan Review Comment Form, attached Letter from Golder Associates, dated October 30, 2015, attached hereto as Attachment A.

17. Despite the early stages of the project and the preliminary nature of the Contingency Plan, it includes completed portions for many of the required elements. For example, the Plan identifies: response team organization; initial response actions, including notification protocols; specific sensitive areas and response tactics to protect those areas; and response resources onsite and offsite as well as response tactics. Part of the plan preparation includes a review to ensure that the response equipment is adequate to respond to the type of material that will be stored and to mitigate the spread of any spilled material. In this case, we have determined that the response equipment is appropriate for the range of liquids and will adequately mitigate the spread of any spills, in the unlikely event a spill is to occur. The Plan holder must establish contracts with Certified Oil Spill Response Organizations (OSRO) to support facility operations and describe those entities in the Plan.

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18. Terminals, such as the Vancouver Energy Terminal, have certain features that are reflected in the Plan that lend themselves to more comprehensive and faster oil spill responses than vessels and rail. In particular, terminals are located in a fixed location, allowing for a concentrated area for spill response equipment and response capabilities, such as containment, as well as increased familiarity of spill response personnel with the area and specific sensitive areas in which a terminal is located. Additionally, terminals, such as the Terminal, have certain features that minimize the likelihood of any potential spill and the overall impacts of any potential spill as compared to vessels. A spill is less likely at a terminal because there is no risk that the terminal will bump into something or run aground because it is stationary. In general, terminals have lower potential risks because they do not store oil over water. In the case of the Vancouver Energy Terminal, the facility design includes substantial containment to prevent spilled oil from reaching water. Additionally, the tanks are located a significant distance from the River, minimizing the likelihood that spills from the facility will reach the river. Moreover, the Vancouver Energy Terminal will have double bottom tanks with floors that will sniff out hydrocarbons before a leak is able to get through the bottom of the tank. The Vancouver Energy Terminal will be equipped with high alarms, as well as secondary alarms, which will alert personnel to an issue and allow enough time for the facility to be shut-down before a tank overfills. Spills from transloading activities can be mitigated with resources available at that location, including skimmers and booms that are further described below.

II. Incident Response Training

19. Training of the employees is paramount in the success of a safe operation. Training is two-fold. First we train employees on the procedures of normal operations and secondly we train them to respond to emergency situations. The emergency operations

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training includes shutdown procedures, use of emergency response equipment, notification procedures, drills, tabletops, equipment deployments with company owned equipment, and equipment deployments with OSRO equipment.

20. Tesoro follows guidelines prepared by Washington State Department of Ecology ("Ecology") and the National Preparedness for Response Exercise Program ("PREP") for setting up our annual training and drill program. The same will be true at the Vancouver Energy Terminal. That will require scheduling drills and equipment deployment with Ecology for the upcoming calendar year. We conduct a rigorous training program to get our employees comfortable and competent in the roles they play during an incident. This starts by training employees on the Emergency Response Action Plan ("ERAP") that is part of the Oil Spill Contingency Plan. Employees learn emergency shutdown drills and are drilled adequately to ensure they know the procedures without having to look them up. Quick execution of the shutdown drills is an important component to mitigating the spread or release of a product during an incident. After shutdown, notifications are next in priority. Prompt notification is critical to success; no one will be able to help implement the regional response plan or offer assistance if they are unaware a spill or event has occurred. Additionally, to facilitate a broader, regional response, the employees must train with our OSROs and learn the Geographic Response Plans ("GRPs") that surround the proposed Vancouver Energy Terminal. The GRPs that have been developed in the Columbia River have been tested over the years by the NWACP Committee led by Ecology. Most recently Ecology updated the lower Columbia River GRP and adopted new staging areas for the lower Columbia River.

21. Each employee will be trained in the Incident Command System following NIMS. Incident Command System is the NIMS process that we follow that establishes the chain of command for every position in a response situation. We also strongly

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embrace the unified command process within NIMS, which incorporates input of the Coast Guard, the State and the responsible party to implement a coordinated response. We implement the Incident Command System Protocols very well and we do not rely on contract firms to fulfill all the roles of the Incident Management Team ("IMT"). Based on our experiences at existing Tesoro facilities, we know our employees are very dedicated and take pride in their roles in the IMT. The employees at Vancouver Energy Terminal will be similarly trained on the specific position they will be expected to fill in the IMT. They will participate in drills at other locations prior to the beginning of facility operations so that they will be prepared to play that role on day one. Eventually over time they will be able to fill a number of roles in an IMT with more training and experience. Tesoro's plan designates local facilities in the City of Vancouver for potential incident command posts ("ICP") for a large scale incident already for the other facility that Tesoro operates in the Port of Vancouver. We have a number of options for ICP in Vancouver which we have utilized in the past.

III. Spill Response Equipment

22. TSPT has already purchased state of the art oil spill response equipment for the Vancouver Energy Terminal. TSPT has made this significant financial commitment to spill preparedness well in advance of the typical stage of project development when a project applicant invests in response equipment.

23. First, TSPT purchased the Nofi Current Buster number 2. This technology is used in place of typical booms that are placed in the vicinity of a loaded vessel at berth and protect against the transport of spilled oil away from the location of a potential spill. While conventional containment booms will fail at .75 to 1 knot of current, the current buster booms have been tested and could still contain oil in currents up to 5 knots. This

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technology has been used in Norway and the United States for many years. We tested them once we received our two systems and they performed perfectly.

24. TSPT also purchased two 13/30 fuzzy disc skimmers. In general, skimmers are deployed with the boom and remove oil from water to a nearby barge. Traditional skimmers typically utilize weir technology. The skimmers TSPT purchased utilize oleophillic discs that pick up oil up off the water. The discs are coated with a special fabric that increases the surface area that comes into contact with the oil. They are much more efficient than the traditional skimmers because they remove less water with the oil that is removed. This new technology was tested at OHMSETT to the ASTM F2709 skimmer standard. They received very good ratings. The skimmer also uses a Volgelseng Pump which is a positive displacement pump. This is important because, once the crew has recovered oil from a spill and let it settle, they can decant any of the entrained water off and have re-usable oil instead of waste. Many of the conventional skimmers use a centrifugal pump or cargo type that would emulsify the oil making separation after collecting the oil very difficult and typically generating waste instead of a product. The skimmers purchased by TSPT have an approved Coast Guard rating.

25. TSPT also has drafted a pre-booming plan that includes specific techniques to address the Columbia River environment. The booming protocol is fully described in section 2.10.2.6 of the revised ASC. We intend to develop a final safe and effective determination report based on final terminal design, and will submit the report for state review and approval 120 calendar days prior to the first oil transfer operation at the Vancouver Energy Terminal as required by WAC 173-180-224 (4).

26. Once the proposed Vancouver Energy Terminal is approved go forward, TSPT will purchase additional spill response equipment and stage that equipment so that it is ready for use before the Vancouver Energy Terminal opens. That additional equipment

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will be used with the equipment that has already been purchased to create a complete "systems approach" that ensures a complete response: from containment, to removal, and ultimately to storage. By way of example, we expect to have to purchase mini barges that can store 100 bbl of oil that can be recovered from the skimmers in a response to an incident. However, we intend to purchase this equipment later in the permitting process, but still in advance of operations, when it is more typical for facilities to invest in spill response. This additional equipment along with the already-purchased equipment described earlier will add to the robust regional response capability that currently exists in the Columbia River and State of Washington.

27. In general, the volume of oil that can be transferred by a facility or in a geographic location is limited to a planning standard. Ecology sets that planning standard for specific facilities or geographic locations, like the Columbia River, based on existing response capabilities identified in contingency plans. Because a majority of the vessels on the Columbia River utilize an umbrella plan provided by the Maritime Fire and Safety Association ("MFSA") to satisfy response obligations, the limit for the Columbia is set at 300,000 BBL based on MFSA's response contingency plan. That planning standard currently sets the limit of the amount of oil that can be carried by any given vessel so that the commercial vessels on the river do not exceed the spill response capabilities. In order to change that standard, there is a process that requires Ecology's approval. TSPT intends to participate with agencies and response entities to revise the marine vessel spill response planning standard for the Columbia to 600,000 bbls. To do this, TSPT needs to work OSROs (including Clean Rivers and MSRC) and MFSA, the plan holder, to purchase and stage equipment adequate to respond to the larger planning standard and, ultimately, modify the umbrella plan to reflect those changes. The equipment would have to meet the same vigorous testing and standards that the new equipment already purchased for the

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facility did. The focus is to obtain effective dedicated resources that are well maintained and personnel with the knowledge to effectively operate it. Those who would operate the equipment include the OSROs. MSRC already holds the highest rating that an OSRO can receive from the U.S. Coast Guard and Ecology. Both MSRC and Clean Rivers have worked together and there are natural synergies with both of them.

IV. Incident Response Drills.

28. In January 2016, TSPT ran a week long exercise to look for any gaps on a worst case discharge from the Vancouver Energy Terminal. The exercise is called a "tabletop" drill in which we convene the entities that would be involved in the spill response and simulate the deployment of resources to meet the identified spill. We utilized Clean Rivers and MSRC, our national OSRO, to do the drill. We utilized members of Tesoro's National IMT to fill some of the other roles since we have not yet hired employees for this proposed facility. The tabletop drill evaluated two spill scenarios. The first evaluated a spill assuming API 41 (representative of Bakken crude) while the second evaluated a spill assuming API 18.9 (representative of "dilbit"). We simulated the loss of an entire tank and did not consider planned secondary or tertiary containment and assumed the entire contents reach the River. We used the spill trajectories that are in the draft plan. The drill went without any problems and we did not identify any gaps. For both scenarios we identified adequate equipment and personnel that would be on-hand and vessels to deploy the equipment and transport personnel. As is common in a coordinated regional incident response, we relied on equipment and personnel arriving from other locations in Washington, but both personnel and equipment were able to arrive in time such that there were no issues or slowdown in the response. The dilbit scenario differed from the Bakken scenario to reflect the different fate and behavior of each of the types of oil. For example, the spill drill noted that dilbit will have

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a greater tendency to hang on the shores as opposed to spreading and continuing downstream. While some have expressed concern about the potential for dilbit to eventually sink after it has weathered enough to lose its buoyancy, we confirmed that we were able to deploy resources in a timeframe sufficient to complete recovery prior to the timeframe that the oil would begin to weather and sink. The drill nevertheless addressed the potential of the oil to sink. Both OSROs have agreements with specialty contractors that could be quickly mobilized to respond to that concern should it arise.

29. We have also participated in another recent drill that addressed the Vancouver Energy Terminal safety in regional disaster scenario. Specifically, I recently participated in the Department of Energy's earthquake drill held in Portland on April 19th and 20th, 2016. I was one of the National Petroleum Council Representatives that worked with Department of Energy and the Emergency Managers for the States of Washington and Oregon. My role was to assist the State Emergency Managers develop a fuel plan for the First Responders. Throughout the five months of planning meetings and conference calls, it became apparent to me that the proposed Vancouver Energy Terminal is one of the only facilities we encountered that will be designed to withstand a 9.0 earthquake. Other facilities that were considered in the drill would be severely damaged if not destroyed because the age and codes to which they were built did not take into effect the planning level earthquake that was the subject of the drill.

30. Tesoro and others in industry have worked with BNSF, which is the entity that would deliver trains into the Vancouver Energy Terminal once it is built. I work closely with the BNSF Hazmat personnel from local to corporate levels for many years. BNSF has developed a fairly extensive GRP network along the Columbia River. I have participated in a drill and training session with BNSF at two of these locations. BNSF has response equipment strategically located along their rail system. That equipment is pre-

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loaded on a high rail flat for a rapid deployment to the location. The equipment is packaged in a systems approach, meaning it addresses all aspects of incident response, including containment, recovery and storage. This systems approach is consistent with how most of the major OSRO's package their equipment.

31. I recently attended a GRP deployment in Montana in late March. It was just outside West Glacier National Park on the Flathead River. It was a challenging site and had been recently developed. We accompanied their contractors and deployed the response tactic identified in the GRP to validate it. It was marginal weather and there were many successes that came out of the two day training session. Most notably, it familiarized the contractors with some new technology such as the Current Buster for mountain rivers and streams. This technology is the first of its kind in the United States and the exercise demonstrated that it worked. There were boom vanes deployed and even though the initial tactic as drafted needs to be modified, the responders onsite along with agency personnel made changes onsite to make the second day a total success. This is precisely the way these drills are designed to work—by testing new GRPs to validate the tactics and make adjustments as needed. Tesoro is continuing to work with BNSF and is planning future cooperative training in the future. Again we are committed to safe and reliable transportation but also realize a robust response capability is required should an incident arise.

32. TSPT is capable of bringing a tremendous amount of resources to bear during an incident. TSPT's approach to incident response would be patterned on Tesoro's approach. As stated previously, Tesoro follows the NIMS process across the corporation and relies on its employees to manage the incident following NIMS. Tesoro conducts drills throughout the year in all our regions, testing and training our IMT's continuously. Through this consistent training and drill program, we can bring a number of trained

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personnel to manage the Incident Command Post wherever it may be. Through long standing contracts with the best OSROs in the region, we can cascade equipment in from around the United States in very short order. Through some of the responses I have been on for other companies, I have done and seen this take place very quickly. Washington State is one of a few states that has a robust amount of dedicated spill response equipment and personnel available in the event of an incident.

33. With respect to first responders, Tesoro works with the local fire departments and offers them training at Texas A&M Industrial Fire Fighting NFPA 1081. This includes terminals that we have throughout the U.S. We have offered this same training to the City of Vancouver Fire Department a number of times. It is important that we work closely with the City and County Fire Departments because, in a fire incident, they are the responders. The Vancouver Energy Terminal will have very good firefighting systems and foam, but the employees will only have incipient training, which will give them training to turn on the firefighting systems and foam and evacuate. They would interface with the fire departments responding to the Vancouver Energy Terminal and would assist the fire departments with where the hydrants are and provide any other information needed to make the response quick and safe for everyone in the community. Working with the Local Emergency Planning Committee ("LEPC") is the beginning of developing a common understanding of the employees' roles and responsibilities. It is an avenue for upfront planning and discussions on how this would work in a response. It also facilitates drills and exercises for all involved, during what I call a "peace time," so if an incident did occur, employees are not learning the facility at the time they should be responding. This is one of the strong points of PREP: getting industry and outside responders to practice ahead of time and know what to expect from each other during a response.

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34. With the spill response planning and equipment, the Vancouver Energy Terminal can be operated safely and with adequately mitigated spill risk.

IV. FINANCIAL ASSURANCES

35. Tesoro files Certificates of Financial Responsibility ("COFR") for our operations throughout the United States as required by applicable state law.

36. We operate in Alaska and demonstrate our financial responsibility to meet Alaska regulatory requirements based on the type of operations (i.e. vessel, rail, pipeline, terminal). Tesoro files COFRs for ships operating in Alaska, which generally require the highest dollar amount of financial responsibility. The amount of financial responsibility for vessels in Alaska is based on the storage capacity of the vessel, which is the amount of oil the vessel has the capacity to haul, not what is loaded and not based on a reasonable worst case spill scenario. The number of barrels is multiplied by a dollar amount which reflects the cost of clean-up per barrel, which depends on whether the vessel is carrying persistent oil, such as crude, or non-persistent oil. This amount can be adjusted periodically for inflation and tracks the CPI based in Anchorage. The financial responsibility for one of Tesoro's tankers in Alaska is $444,000,000, which is based on 808,687 barrels of capacity even though the ship is only loaded to 499,000 barrels.

37. Tesoro also files COFRs for terminals, similar to the proposed Vancouver Energy Terminal, in Alaska. The amount of financial responsibility for crude terminals in Alaska is not based on storage capacity like non-crude facilities and vessels. Instead, there is a minimum financial responsibility requirement of $91,500,000 for crude terminals. Although Alaska's regulations say that this amount is the minimum required, Alaska has not required greater financial assurances for Tesoro's crude terminal. The amount of financial responsibility for the Nikiski Terminal is $91,500,000.

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38. Tesoro also operates in California and demonstrates our financial responsibility to meet California regulatory requirements based on the type of operations. For terminals, the amount of financial responsibility required in California is based on a reasonable worst case spill volume, but is capped at $300,000,000. Using the reasonable worst case spill volume to calculate the amount of financial responsibility makes more sense than using the total storage capacity as Alaska does for non-crude terminals and vessels, because, to the best of my knowledge, no facility has ever lost all tanks during an incident. Although Alaska and California have different approaches to calculating financial responsibility amounts, the total financial responsibility required for similar operations in Alaska and California is usually fairly even because California takes into account fewer barrels, but Alaska's amount per barrel is much lower than California's. Tesoro operates five terminals in California that subject to a COFR requirement. One terminal in California, the Carson Crude Terminal, is exempt from the financial responsibility requirements because it is located more than .25 mile from waters of the state. Tesoro's other terminals have reasonable worst case discharges that range from 6,170 barrels to 139,196 barrels. If you calculated the financial responsibility for the terminals with larger worst case discharges, such as the Vinvale Terminal, San Diego Terminal and Stockton Terminal, based on the worst case discharge multiplied by the cost of clean-up per barrel, it would exceed $300,000,000, but these terminals are only required to provide $300,000,000 in financial responsibility because of the cap in California. California consistently applies the cap. Although California may require for financial responsibility above the cap under exceptional circumstances, greater financial responsibility has not been required for these terminals because they have safety measures in place, such as secondary containment. These safety measures will also be in place for the Terminal.

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39. The following documents are attached to my testimony for reference:

Attachment A: Plan Review Comment Form, attached Letter from Golder Associates, dated October 30, 2015

[*Signature on Following Page*]

Van Ness Feldman LLP
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Seattle, WA 98104
(206) 623-9372

DATED this ___ day of May, 2016.

Eric Haugstad

Eric Haugstad, Declarant

STATE OF ~~Texas~~ Texas)
)
COUNTY OF Bexar)

ERIC HAUGSTAD, being duly sworn upon oath, deposes and says: The foregoing testimony is true, correct and complete to the best of my knowledge, information and belief and is given subject to the laws of perjury in the State of Washington.

GIVEN under my hand and official seal this 13th day of May, 2016

NOTARY PUBLIC in and for the State of:
Texas

JAMES SANFORD
Notary Public, State of Texas
My Commission Expires
September 19, 2017

Residing at: 19100 Ridgewood Parkway San Antonio, TX 78259

My Commission Expires: 9/19/17

Printed Name of Notary:
James Sanford

Van Ness Feldman LLP
719 Second Avenue Suite 1150
Seattle, WA 98104
(206) 623-9372


JAMES SANFORD
Notary Public, State of Texas
My Commission Expires
September 19, 2017