



May 2, 2016

VIA FIRST CLASS U.S. MAIL AND E-MAIL

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Re: Vancouver Energy Project - Application No. 2013-01/EFSEC Case No. 15-0001
Informal Discovery Requests - Financial Arrangements

Dear Counsel,

In accordance with Judge Noble's May 5th Pre-Hearing Order, the City of Vancouver requests that the applicant, Tesoro Savage Petroleum Terminal, LLC, and property owner, the Port of Vancouver, respond to the below discovery requests and request for clarification.

DISCOVERY REQUEST

REQUEST NO. 1: Describe in detail the net assets (assets minus liabilities/debt) the applicant and property owner have available to cover damage to or loss to the physical or human environment from the proposal, including damage/losses from construction, operation (including product spills, discharge, explosion during transport, storage, and loading activities), and abandonment/termination. This includes the ability to cover intentional acts of sabotage and natural disasters, such as seismic events. This question encompasses disclosure of net assets the applicant's member companies, parent company or companies, subsidiaries, or other entities hold which are available or could be made available to cover project risks and liabilities.¹

¹ The application describes the applicant as Tesoro Savage Petroleum Terminal LLC. Tesoro Savage Petroleum Terminal LLC is further described as a Delaware limited liability company that is qualified to do business in the state of Washington. Its members are identified as Savage Companies (described as a privately held operator) and Tesoro Refining & Marketing Company LLC (also a Delaware LLC). Tesoro Refining and Marketing Company LLC is described as a subsidiary of the Tesoro Corporation, but the availability of Tesoro Corporation assets to cover project financial risks and liabilities is not disclosed.

REQUEST NO. 2: Identify and provide all documents whether paper or electronic which support or substantiate your response to this request and identify with specificity the responsive chapters and sections. This includes providing financial statements from the applicant companies, including the Delaware LLC formed for the project, and its two member companies, and from any other companies is relying upon for financial support.

REQUEST FOR CLARIFICATION

The City of Vancouver requested on December 9, 2015, that the applicant, Tesoro Savage Petroleum Terminal, LLC, and property owner, the Port of Vancouver, respond to the certain informal discovery requests related to the financial arrangements in place to cover damages and losses arising from the proposal. The requests are reproduced in full below. The applicant and Port objected, although the information is directly relevant to the EFSEC adjudication process. The applicant is required to document its capability to address damage and financial losses from catastrophic incidents. The applicant's ability to address such issues is a component of EFSEC's review, not a minor procedural matter delayed until after adjudication. *See e.g.*, WAC 463-60-075.²

Based upon the applicant and Port's response to the City's requests, the financial arrangements being made are quite limited for the type of project under consideration. If this is incorrect, and financial arrangements other than those identified in the responses are in place, be it through insurance, bonding, indemnification, or other arrangements, please supplement your original answers.

Very truly yours,



E. Bronson Potter,
Vancouver City Attorney

Cc: Parties (via e-mail only)

² "The application shall set forth insurance, bonding or other arrangements proposed in order to mitigate for damage or loss to the physical or human environment caused by project construction, operation, abandonment, termination, or when operations cease at the completion of a project's life."

**ORIGINAL DISCOVERY REQUEST RE:
FINANCIAL ARRANGEMENTS**

REQUEST NO. 1: Describe in detail the insurance, bonding or other financial arrangements ("arrangements") which will be or are in place to cover damage to or loss to the physical or human environment from the proposal, including damage/losses from construction, operation (including product spills, discharge, explosion during transport, storage, and loading activities), and abandonment/termination. Address the extent to which the arrangements cover intentional acts of sabotage and natural disasters, such as seismic events.

REQUEST NO. 2: Identify and provide all documents whether paper or electronic which support or substantiate your response to this request and identify with specificity the responsive chapters and sections.