

June 2, 2016

Via First Class Mail and E-mail

E. Bronson Potter
Vancouver City Attorney
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Re: Vancouver Energy Project – Application No. 2013-01
EFSEC Case No. 15-001
Informal Discovery Responses—Financial Arrangements

Dear Mr. Potter:

This letter and the documents referenced herein serve as Vancouver Energy's response to the City of Vancouver's informal discovery requests, dated May 2, 2016. Vancouver Energy's responses are based on information now known, and on our understanding and reasonable interpretation of your requests. This response is made without waiving any objections to the information requested and without admitting the relevancy or materiality of this response. Vancouver Energy's preparation for the adjudication is ongoing and all answers are given without prejudice to its right to introduce or object to the discovery of any documents, facts, or information discovered after the date of this response.

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.

RESPONSE: Vancouver Energy objects to the request to the extent it seeks information that is available in the public record. Vancouver Energy objects to the request to the extent it seeks information that is overly broad, unduly burdensome, or not reasonably calculated to lead to the discovery of admissible evidence. Vancouver Energy further objects to the extent the information sought is confidential. Vancouver Energy previously sought agreement among the parties to a protective order and confidentiality agreement. Until such an agreement is in place,

Vancouver Energy is unable to produce confidential documents that may be responsive to this request.

Subject to and without waiving these objections, Vancouver Energy responds that it will establish and maintain, or cause to be established and maintained, several forms of insurance during construction and operation of the Facility. Insurance will be maintained as required by law and customary business practice and to satisfy third party participants and lenders. The forms of insurance available to satisfy Facility related financial assurances are addressed in Section 1.3 of the Vancouver Energy Project application (May 2016), which is hereby incorporated by reference. Vancouver Energy intends to provide further evidence pertaining to its ability to meet financial assurances requirements related to the potential project risks and liabilities addressed in this discovery request during the adjudication. The net assets of the applicant, or its member companies, are not dispositive of Vancouver Energy's ability to provide the necessary financial assurances. Accordingly, the information sought by this request will not lead to the discovery of admissible evidence.

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, from any other companies is relying upon for financial support.

RESPONSE:

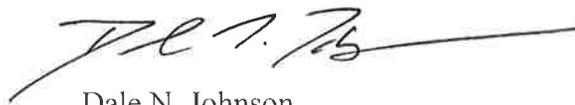
See response to Request No. 1 above.

REQUEST FOR CLARIFICATION

As noted in Vancouver Energy's response to the City of Vancouver's previous requests, pursuant to WAC 463-72-040, the applicant must provide the Council with the initial site restoration plan and address site restoration at least ninety (90) days prior to the beginning of site preparation. Only at that stage is the applicant required to provide financial assurances, including evidence of pollution liability insurance coverage in an amount justified for the project, and a site closure bond, sinking fund, or other financial instrument or security in an amount justified in the plan. A project application is sufficient so long as it describes the applicant's commitment to the financial assurances requirements set forth in Chapter 463-72 WAC. Section 1.3 of the Vancouver Energy Project application addresses this requirement and adequately demonstrates Vancouver Energy's commitment to meeting the financial assurances requirements pursuant to WAC 463-72-040.

Sincerely,

VAN NESS FELDMAN LLP



Dale N. Johnson