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ENERGY FACILITY SITE
EVALUATION COUNCIL

BEFORE THE STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

In the Matter of the Petition of

QUINAULT INDIAN NATION

For a Declaratory Order Re: Jurisdiction
Over

WESTWAY TERMINAL COMPANY and
IMPERIUM TERMINAL SERVICES

OBJECTION TO QUINAULT INDIAN
NATION'S PETITION FOR
DECLARATORY ORDER

I. INTRODUCTION

Imperium Terminal Services, Inc., ("Imperium") objects to the Quinault Indian Nation's ("QIN") petition requesting that the Energy Facilities Siting and Evaluation Council ("EFSEC" or "Council") issue a declaratory order pursuant to RCW 34.05.240. The Administrative Procedures Act ("APA"), chapter 34.05 RCW, requires Imperium's written consent for the Council to consider QIN's request because Imperium is a necessary party whose rights would be substantially prejudiced by determination of the matter by a declaratory order proceeding. As the applicant of one of the two projects that is the subject of the QIN's petition, Imperium is a necessary party. Moreover, QIN's request seeks to subvert and render meaningless nearly two years of ongoing permitting and environmental review that has been and is currently being conducted jointly by the Department of Ecology ("Ecology") and the City of Hoquiam ("Hoquiam"), thereby

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PETITION FOR DECLARATORY ORDER - 1

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ORIGINAL

 **EFSEC Logged**

unnecessarily imposing significant delays and significantly increasing costs associated with the project review and approval.

Imperium contests the merits of QIN's petition and agrees with EFSEC staff's prior conclusions that Imperium's project does not fall within the Council's purview.¹ But it is because of the substantial prejudice resulting from QIN's request that Imperium does not consent to the determination of the matter by declaratory order proceeding. QIN filed this current request 18 months after first raising the issue and after deciding not to appeal the City's permit and associated environmental review on those grounds when it had the opportunity in the context of QIN's Shorelines Hearings Board appeal. In the meantime, Ecology and Hoquiam's permitting process and environmental review have proceeded in earnest since the remand from the Shorelines Hearings Board with significant applicant investment of time and resources. Contrary to QIN's baseless assertions, QIN has had and continues to have adequate opportunity to advocate its interests in the ongoing shoreline permit process and associated environmental review conducted by Ecology and Hoquiam. Because Imperium does not consent, the Council may not consider QIN's request as a matter of law.

¹ Imperium has not included in this pleading any substantive response to the merits of QIN's Petition, as we understand from EFSEC's letter that this early deadline is solely for objections related to consent of necessary parties.

II. FACTS

Imperium currently operates a bulk liquid storage terminal on property leased by the Port of Grays Harbor at the Port's Terminal #1 adjacent to the Chehalis River.² At its existing facility, which includes 8 storage tanks, rail spurs and related equipment, Imperium currently produces biodiesel fuel from feedstock, stores bulk liquids and fuels, and loads those liquids and fuels to and from rail cars, trucks and vessels.³ In late 2012, Imperium began pursuing plans to expand its existing bulk liquid storage terminal to allow for the receipt, storage, and shipment of biofuels, other renewable fuels, feedstocks for biofuel production, gasoline, diesel, and crude oil.⁴

Imperium submitted its Joint Aquatic Resources Permit Applications and SEPA checklist in on February, 2013, in which Imperium requested that the City issue a Shoreline Substantial Development Permit ("Shoreline Permit") for its expansion proposal. In this case, Ecology and the City agreed to work as SEPA "Co-leads," jointly responsible for the environmental review.⁵ On May 2, 2013, the Co-leads issued a mitigated determination of non-significance ("MDNS"), which concluded that the Imperium proposal was not likely to have probable adverse environmental impacts if

² Imperium Renewables, SEPA Checklist, Attached as Exhibit 3 to QIN Petition ("SEPA Checklist") at 2-5. The QIN only attached a portion of the SEPA checklist to its Petition. In addition to that excerpt, Imperium attaches as Exhibit A, its proposed site plan showing the existing facility and the proposed expansion. See also *Quinault Indian Nation, et al., v. Hoquiam, et al.*, SHB 13-012c, Order on Summary Judgment (As Amended on Reconsideration), (Dec. 9, 2013) ("SHB Order") at 6-9. A copy of the SHB Order is attached as Exhibit B.

³ *Id.* See also Letter from Imperium to EFSEC dated Mar. 19, 2013, attached as Exhibit 13 to the QIN Petition ("Imperium Letter").

⁴ Imperium Letter.

⁵ *Id.* SHB Order at 10.

mitigated consistent with the conditions listed in the MDNS.⁶ On June 14, 2013, the City issued the Shoreline Permit for Imperium's project.⁷

QIN and a collection of other petitioners⁸ filed an appeal with the Shorelines Hearings Board challenging the Shoreline Permit and the MDNS on a variety of claims under SEPA and the Shoreline Management Act.⁹ The parties filed cross-motions for summary judgment on July 12, 2013.¹⁰ On December 9, 2013, the Board issued its order on summary judgment.¹¹ While the Board unanimously found in favor of the applicants and Co-leads on several issues, a majority of the Board concluded that the Co-Leads' environmental review was clearly erroneous on several grounds and awarded summary judgment on that issue to the Petitioners.¹² As a result of the majority ruling on SEPA and cumulative impacts, the Board reversed the City's approval of the Shoreline Permit and remanded the matter back to the City for further SEPA analysis consistent with the Board's opinion.¹³

The Petitioners and Imperium have appealed the Board's decision on several grounds, and those appeals are pending before the Court of Appeals on direct review.

⁶SHB Order at 11.

⁷ *Id.*

⁸ Besides the Quinault Indian Nation, petitioning parties included: Friends of Grays Harbor, Grays Harbor Audubon Society, Sierra Club, Surfrider Foundation, and Citizens for a Clean Harbor.

⁹ SHB Order at 1-2.

¹⁰ *Id.* In their motion, Petitioners asked the Board to rule that SEPA Co-leads erred by failing to consider impacts from the potential USD project along with their consideration of impacts from the Westway and Imperium projects

¹¹ Two members of the Shorelines Hearings Board declined to agree with the majority's ruling on this issue and stated summary judgment was not appropriate.

¹² SHB Order at 42.

¹³ SHB Order at 43.

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Quinault Indian Nation, et al. v. Hoquiam, Court of Appeals Division II, Consolidated Nos. 45887-0-II, 45947-7-II, 45957-4-II. While those appeals have been pending, the Co-Leads have proceeded with environmental review of the projects on remand and are drafting an EIS for the Imperium and Westway projects. On January 22, 2014, the applicants sent a letter in response to the Shorelines Hearings Board Order in which Imperium and Westway requested that Ecology and Hoquiam initiate scoping for EISs for their respective terminal expansion projects.¹⁴ The Co-Leads issued a Determination of Significance and Request for Comments on Scope of Environmental Impact Statement on April 10, 2014.¹⁵ Since the applicants invited the EIS process, the co-leads have been working with their consultant to draft an EIS that addresses the issues raised in the scoping notice.

QIN has actively participated throughout the permitting process before the City and Ecology. As indicated in its petition to the Council, QIN asserted by letter in the spring of 2013, at the outset of the shoreline permit process, that the Imperium project should have been processed by EFSEC, rather than the Co-Leads.¹⁶ Imperium responded to QIN's claim by letter¹⁷ and EFSEC staff investigated that request and rejected it.¹⁸ On

¹⁴ Letter from Imperium and Westway to Ecology/Hoquiam, dated January 22, 2014, attached as Exhibit C.

¹⁵ Determination of Significance and Request for Comments on Scope of Environmental Impact Statement, attached as Exhibit D.

¹⁶ See QIN Letter to EFSEC, dated August 28, 2013, attached as exhibit 11 to QIN Petition ("Almost four months ago, I wrote on behalf of the Quinault Indian Nation asking the Energy Facility Site Evaluation Council ("EFSEC") to assert its jurisdiction over certain crude-by-rail proposals in Grays Harbor County, Washington. EFSEC decided it did not have jurisdiction over two of these projects – Westway Terminal Services and Imperium Terminal Services...").

¹⁷ See Imperium Letter.

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May 31, 2013, during the comment periods associated with the permitting and environmental review for the Imperium project, QIN again asserted that EFSEC should process the application.¹⁹ However, when QIN later appealed the Shoreline Permit and MDNS to the Shorelines Hearings Board, QIN failed to raise the issue on appeal or otherwise assert that the City Shoreline permitting process was deficient for failure to comply with chapter 80.50 RCW. QIN's petition now tries to revive an objection they raised a year and a half ago but did not pursue at that time.

A. Imperium Objects to Quinault's Request and Does Not Consent

Pursuant to RCW 34.05.240(7), an agency "may not enter a declaratory order that would substantially prejudice the rights of a person who would be a necessary party and who does not consent in writing to the determination of the matter by a declaratory order proceeding." Imperium is a necessary party and the requested Order would substantially prejudice Imperium's rights. Imperium does not consent to determination of the matter by a declaratory order proceeding.

1. Imperium is a Necessary Party

As the applicant of one of the two projects that are the subject of the petition and as a party specifically identified in the petition, Imperium is a "necessary party" to the QIN declaratory order proceedings.²⁰ Indeed, other agencies interpreting RCW

¹⁸ See Letter from EFSEC Manager to Imperium dated April 1, 2013, attached as Exhibit 4 to QIN Petition ("After careful consideration of the information you have provided, EFSEC has determined that it does not have jurisdiction over the proposed expansion of your facility.").

¹⁹ Except of letter from EarthJustice to Hoquiam and Ecology, dated May 31, 2013, attached as Exhibit E, at 18-19.

²⁰ The APA does not define "necessary party," but defines "party" to an agency proceeding as:

34.05.240(7) have concluded that the applicant of a project that is the subject of a petition for declaratory order is a necessary party.²¹

This approach is consistent with the use of the term “necessary party” in the superior court context when determining whether a party must be joined to a civil action pursuant to CR 19. In that context, courts have recognized that a project developer whose proposal is the subject of a complaint is a necessary party to the proceeding.²² Thus, there can be no credible argument that Imperium, as the applicant of one of the projects that is the subject of this petition, is a necessary party.

A. Imperium Would be Substantially Prejudiced

-
- (a) A person to whom the agency action is specifically directed; or
 - (b) A person named as a party to the agency proceeding or allowed to intervene or participate as a party in the agency proceeding.

RCW 34.05.020. Imperium satisfies the APA definition of “party” because the EFSEC declaratory order would be “specifically directed” to Imperium and because Imperium is named in the QIN petition.

²¹ See, e.g., Letter from Ecology to Center for Environmental Law and Policy dated Jan. 8, 2009 regarding “Petition for Declaratory Order on Stock Watering Purposes Exemption,” available at http://www.ecy.wa.gov/programs/wr/wrac/images/pdf/010909celp_swresponse.pdf (“CELP” Letter) (concluding that property owner and proponent of project to develop a new feedlot is a “necessary party” when the project is the focus of a request for declaratory order); *Noreen, et al., v. Burien, et al.*, SHB No. 03-006, Order of Dismissal (Mar. 18, 2003), 2003 WL 1441309 at *1. See also *The Boeing Company v. Ecology*, PCHB No. 11-050, Order of Dismissal (Aug. 5, 2011), 2011 WL 3546624 at *3 (relying on interpretation of RCW 34.05.240(7) by other administrative boards as requiring consent of the regulated entity before accepting a petition for declaratory order).

²² See *National Homeowners v. City of Seattle*, 82 Wn.App. 640, 919 P.2d 615 (1996) (court dismisses lawsuit challenging City’s approval of mobile home park relocation plan that had been prepared by project developer where Plaintiff homeowners association failed to name project developer that had “invested considerable time and money in designing, planning, and obtaining permits for the project.”); *South Hollywood Hills Citizens Ass’n v. King County*, 101 Wn.2d 68, 77, 677 P.2d 114 (1984) (“there is no question that the property owners in a plat dispute are indispensable parties”); *Veradale Valley Citizens’ Planning Comm. v. Bd. of Cnty. Comm’rs of Spokane Cnty.*, 22 Wn. App. 229, 232-33, 588 P.2d 750, 754 (1978) (A “property owner-applicant is a necessary party because he is ‘most affected’ by the granting of the writ of review, and he should be a party to any proceeding, the purpose of which is to invalidate or affect his interests”).

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As the applicant of a project that is the subject of the petition for declaratory order, Imperium's rights would be substantially prejudiced by Council consideration and determination of the matter by declaratory order proceeding. Other agencies interpreting this statutory provision have required a minimal showing of "substantial prejudice," with some agencies simply assuming, without relying on any factual showing at all, that a necessary party to a petition would be substantially prejudiced unless they consent. CELP Letter; *Noreen.*, SHB No. 03-006, Order of Dismissal (Mar. 18, 2003), 2003 WL 1441309 at *1; *The Boeing Company v. Ecology*, PCHB No. 11-050, Order of Dismissal (Aug. 5, 2011), 2011 WL 3546624 at *3.

In this case, the substantial prejudice to Imperium exceeds that minimal showing to support Imperium's objection. Imperium has invested significant time and money pursuing its necessary approvals and environmental review with the Co-Leads. That process is ongoing. The shoreline application is complete. The EIS scoping is complete; the scoping comment period closed almost seven months ago. The Co-Leads and their consultant have been drafting the EIS all that time and, given the amount of time since scoping was completed, should be nearing completion of a draft EIS. To stop that process now and initiate a new proceeding before a new state agency under a different statutory process, as requested by Petitioners, would result in significant delays and costs that constitute substantial prejudice to Imperium. As the Council is aware, the EFSEC process requires several formal steps including filing an application for site certification, consistent with EFSEC's statutory requirements (ASC), notice, initial public hearings, a

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land use consistency determination and environmental review conducted by EFSEC as the lead. All these steps would need to be conducted in duplication and/or replacement of the process already initiated by the Co-Leads for the Shoreline Permit. The EFSEC application requirements and procedural steps are different than the shoreline permit process, not to mention overseen by different agency staff and decisionmakers. In essence, Imperium would be starting over on a different permitting process almost two years since filing its application and more than a year since the Shoreline Hearings Board remanded the matter. The time added, alone, constitutes substantial prejudice, as does the significant cost that would be associated with starting a new process.

Indeed, the prejudice is exacerbated given the time Quinault has taken to make this new request. As early as the spring of 2013, QIN alleged that the project should be processed by EFSEC instead of Ecology and Hoquiam. EFSEC staff considered and rejected QIN's arguments on April 1, 2013. QIN could have acted at that time, but did not. Additionally, when QIN appealed the Shoreline Permit to the Shorelines Hearings Board in the summer of 2013, QIN could have challenged the permit on grounds that it should have been processed by the Council, and not Ecology or Hoquiam. QIN did not raise this challenge to the permit, thereby conceding to the shoreline permitting process.²³

²³ By failing to raise the challenge before the Shorelines Hearings Board, QIN is barred from challenging the permit and process by the doctrines of res judicata, collateral estoppel, laches, and equitable estoppel. See, e.g., *Marino Prop. Co. v. Port Comm'rs of Port of Seattle*, 97 Wn. 2d 307, 312, 644 P.2d 1181 (1982) (res judicata rests upon the ground that a matter on which there has been an opportunity to litigate should not be permitted to be litigated again in a subsequent action); *McCarthy v. Dep't of Soc. & Health Servs.*, 110 Wn. 2d 812, 823, 759 P.2d 351 (1988) (collateral estoppel precludes relitigation of issues once litigated and determined between the parties in an administrative proceeding, even though a different claim or cause of action is asserted); *State ex rel. Peninsula Neighborhood Ass'n v. Washington State Dep't of Transp.*, 142 Wn. 2d 328, 340, 12 P.3d 134, 141 (2000) (applying doctrine of laches); *Lybbert v. Grant Cnty.*, 93 Wn.

Imperium has not changed its project in any material way and QIN had the information since early 2013 and ability to assert this argument and petition the Council to act, but did not. QIN should not be permitted to lie in wait and revive this old issue at this late stage in the current environmental review and permitting process, after Imperium and the Co-Leads have invested substantial time and resources in the shoreline permit remand.

In an analogous factual situation, a court barred an action filed by a “dilatory” plaintiff when the plaintiff could have pursued the action sooner and before the other parties had invested time and effort pursuing and implementing the challenged action. *State ex rel. Peninsula Neighborhood Ass'n v. Washington State Dep't of Transp.*, 142 Wn. 2d 328, 340, 12 P.3d 134, 141 (2000). In *Peninsula Neighborhood Ass'n* the Court concluded a petitioner’s APA challenge to an implementing rule and an advisory election were barred by laches where that claim was raised two years after the rule was adopted and 8 months after an advisory election.²⁴ In reaching its conclusion, the Court noted that the parties relied on the challenged actions in the time between the dated of the advisory election and the date of the plaintiffs lawsuit. Similarly, here, in the time between when QIN first raised the issue and the time they have asked EFSEC to issue a declaratory order on the same issue, Imperium has proceeded with permitting and environmental review

App. 627, 633, 969 P.2d 1112 (1999) (equitable estoppel proper where there is (1) an admission, statement or act inconsistent with a claim afterward asserted, (2) action by another in reasonable reliance on that act, statement, or admission, and (3) injury to the party who relied on the admission, statement or act if the court allows the first party to contradict or repudiate the prior act, statement, or admission).

²⁴ *Id.* While that case did not address the APA provision governing agency declaratory orders in RCW 34.05.240, the court’s assessment for what constitutes “substantial prejudice” for purposes of the equitable doctrine of laches is informative. Where QIN’s dilatory pursuit of an administrative remedy would inflict substantial prejudice sufficient to bar prosecution of their claim under a theory of laches, the same prejudice should certainly be sufficient to require Imperium’s consent pursuant to RCW 34.05.240.

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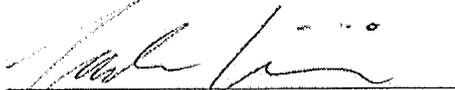
under the local shoreline permitting process, which QIN now disputes. Like in *Peninsula Neighborhood Ass'n*, the delay and lost time that would result if EFSEC were to now assume authority to review this project would substantially prejudice Imperium.

III. CONCLUSION

For the foregoing reasons Imperium does not consent to QIN's request for declaratory order. Because Imperium is a necessary party whose rights would be substantially prejudiced, the Council may not proceed with QIN's request. Substantively, Imperium contests the merits of the QIN's claim. The capacity of the proposed facility expansion is not above the threshold that prompts EFSEC review. EFSEC Staff has already reviewed and correctly rejected the merits of the QIN's claim. QIN's assertion in its petition that it is prejudiced by Ecology and Hoquiam's review is based on the false premise that those SEPA Co-Leads will not complete a thorough environmental review as part of the shoreline permitting process. That false assumption is belied by the extensive EIS scope and process underway. Additionally, QIN is precluded from pursuing its substantive claims related to the permitting process because of res judicata, collateral estoppel, and laches. Imperium does not consent to this process because of the substantial prejudice and the delay and cost associated with QIN's petition.

RESPECTFULLY SUBMITTED this 12th day of December, 2014.

VAN NESS FELDMAN LLP

By 

Jay P. Derr, WSBA #12620

Tadas Kisielius, WSBA #28734

Attorneys for Imperium Terminal Services, LLC

OBJECTION TO QUINAULT INDIAN NATION'S
PETITION FOR DECLARATORY ORDER - 11

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CERTIFICATE OF FILING AND SERVICE

I, Jessica Roper, declare as follows:

1. I am resident of the State of Washington, over the age of eighteen years, and not a party to the within action.
2. I am employed by the firm Van Ness Feldman LLP, 719 Second Avenue, Suite 1150, Seattle, WA 98104.
3. On the date indicated below, I caused a true and correct copy of the following documents:
 - Imperium Terminal Services' Objection to Quinault Indian Nation's Petition for Declaratory Order; and
 - Exhibits in Support of Imperium Terminal Services' Objection to Quinault Indian Nation's Petition for Declaratory Order

to be filed with EFSEC via ABC Legal Messenger and email and to be served by electronic mail to the following parties:

Svend A. Brandt-Erichsen
Marten Law PLLC
1191 Second Avenue, Suite 2200
Seattle, WA 98101
svendbe@martenlaw.com

Kristen L. Boyles
Earthjustice
705 Second Avenue, Suite 203
Seattle, WA 98104
kboyles@earthjustice.org

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

EXECUTED at Seattle, Washington on this 12th day of December, 2014.



Jessica Roper, Declarant

OBJECTION TO QUINAULT INDIAN NATION'S
PETITION FOR DECLARATORY ORDER - 12

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BEFORE THE STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

In the Matter of the Petition of

QUINAULT INDIAN NATION

For a Declaratory Order Re: Jurisdiction
Over

WESTWAY TERMINAL COMPANY and
IMPERIUM TERMINAL SERVICES

**EXHIBITS IN SUPPORT OF
IMPERIUM TERMINAL SERVICES' OBJECTION TO QUINAULT INDIAN
NATION'S PETITION FOR DECLARATORY ORDER**

EXHIBITS TO OBJECTION TO QUINAULT INDIAN
NATION'S PETITION FOR DECLARATORY ORDER - 1

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In the Matter of the Petition of Quinault Indian Nation

Exhibits in Support of Imperium Terminal Services' Objection to Quinault Indian Nation's Petition for Declaratory Order

Exhibit	Description
A	Imperium Terminal Services' proposed site plan showing the existing facility and the proposed expansion.
B	Order on Summary Judgment (As Amended on Reconsideration), (Dec. 9, 2013) ("SHB Order").
C	Excerpt of letter from Imperium and Westway to Ecology/Hoquiam, dated January 22, 2014.
D	Determination of Significance and Request for Comments on Scope of Environmental Impact Statement.
E	Excerpt of letter from EarthJustice to Hoquiam and Ecology, dated May 31, 2013.

Exhibit A

Exhibit B

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**SHORELINES HEARINGS BOARD
STATE OF WASHINGTON**

QUINAULT INDIAN NATION, FRIENDS
OF GRAYS HARBOR, SIERRA CLUB,
SURFRIDER FOUNDATION, GRAYS
HARBOR AUDUBON, AND CITIZENS
FOR A CLEAN HARBOR

Petitioners,

v.

CITY OF HOQUIAM, STATE OF
WASHINGTON, DEPARTMENT OF
ECOLOGY and WESTWAY TERMINAL
COMPANY, LLC,

Respondents,

And

IMPERIUM TERMINAL SERVICES, LLC

Respondent Intervenor.

SHB No. 13-012c

ORDER ON SUMMARY JUDGMENT¹
(AS AMENDED ON RECONSIDERATION)

On May 16, 2013, Petitioner Quinault Indian Nation (QIN) filed a petition for review with the Shorelines Hearings Board (Board) for review of a shoreline substantial development permit (SSDP) issued to Westway Terminal Company, LLC (Westway) by the City of Hoquiam (City) for expansion of Westway’s existing bulk liquid storage terminal at the Port of Grays Harbor. On May 17, 2013, the Friends of Grays Harbor, Sierra Club, Surfrider Foundation, Grays Harbor Audubon, and Citizens for a Clean Harbor (collectively the Environmental

¹ As amended by the Board’s Order on Petitions for Reconsideration or Clarification issued on December 9, 2013.

1 Petitioners) appealed the same SSDP. On July 3, 2013, the Environmental Petitioners and QIN
2 filed two new appeals at the Board, challenging an SSDP issued by the City to Imperium
3 Terminal Services, LLC (Imperium) for a similar facility located adjacent to the Westway
4 facility. All four appeals were consolidated, and now all parties to the appeal have moved for
5 summary judgment on several of the issues listed in the pre-hearing order.²

6 The Board was comprised of Tom McDonald, Chair, Kathleen D. Mix, Joan M.
7 Marchioro, Pamela Krueger, Grant Beck, and John Bolender. Administrative Appeals Judge
8 Kay M. Brown presided for the Board.

9 Attorneys Kristen L. Boyles and Matthew R. Baca represented the QIN. Attorneys Knoll
10 Lowney and Elizabeth H. Zultoski represented the Environmental Petitioners. Attorneys Svend
11 A. Brandt-Erichsen, Jeff B. Kray, and Meline G. MacCurdy represented Westway. Attorney
12 Steven R. Johnson represented the City. Assistant Attorneys General Thomas J. Young and
13 Allyson C. Bazan represented the Washington State Department of Ecology (Ecology).
14 Attorneys Jay P. Derr and Tadas Kisielius represented Respondent Intervenor Imperium
15 Terminal Services, LLC (Imperium).

16 In rendering its decision, the Board considered the following submittals:
17

18 ² The parties and the presiding officer established the issues in the pre-hearing order pertaining to the appeals of the
19 Westway SSDP prior to consolidation with the appeals pertaining to the Imperium SSDP. All parties agreed to
20 consolidation of all four appeals, given their extensive overlap in legal issues. However, because the parties had
21 already filed motions for summary judgment in the Westway appeals at the time of the consolidation, and the case
schedule was very compressed due to the 180-day statutory deadline on the Westway appeals, no amendments to the
existing legal issues or additional motions for summary judgment pertaining specifically to the Imperium project
were allowed. The parties agreed, however, that the questions of law raised in the dispositive motions that were
filed pertaining to Westway apply similarly to Imperium. This decision will include references to the Imperium
project to the extent that information is available in the summary judgment record and relevant to the decision.

- 1 1. Quinault Indian Nation’s Petition for Review for SHB No. 13-012 with attached
Exhibit A (Hearings Examiner Decision, with attached Exhibits 1-5).
- 2
- 3 2. Quinault Indian Nation’s Petitioner for Review for SHB No. 13-021 with attached
Exhibit A (Hearings Examiner Decision with attachments).
- 4 3. Imperium Terminal Services, LLC’s Motion to Intervene, Declaration of Tadas
Kisielius with attached Exhibits A-D;
- 5
- 6 4. Quinault Indian Nation Motion for Partial Summary Judgment (SEPA Issue No. 1).
a. Declaration of Kristen L. Boyles Re: Exhibits to Quinault Indian Nation
Motion for Partial Summary Judgment (SEPA Issue No. 1) with Exhibits A-T.
- 7
- 8 5. Friends of Grays Harbor, et al.’s Motion for Partial Summary Judgment.
a. First Declaration of Elizabeth H. Zultoski in Support of Friends of Grays
Harbor, et al.’s Motion for Partial Summary Judgment with Exhibits 1-41.
- 9
- 10 6. Respondent City of Hoquiam’s Motion for Partial Summary Judgment with Exhibit
A.
a. Declaration of Brian Shay
- 11
- 12 7. Respondents Department of Ecology and City of Hoquiam’s Joint Motion for Partial
Summary Judgment.
a. Declaration of Diane Butorac in Support of Respondents Department of
Ecology and City of Hoquiam’s Joint Motion for Partial Summary Judgment
with Exhibits A-G.
- 13
- 14
- 15 8. Westway Terminal Company LLC’s Motion for Partial Summary Judgment.
a. Declaration of Svend A. Brandt-Erichsen with Exhibits 1-2.
b. Declaration of Ken Shoemake.
- 16
- 17 9. Respondent Intervenor Imperium’s Motion for Partial Summary Judgment.
- 18 10. Joint Response of Westway Terminal Company, LLC and City of Hoquiam to
Friends of Grays Harbor et al.’s Motion to Partial Summary Judgment.
- 19 11. Response of Westway Terminal Company, LLC to Quinault Indian Nation Motion for
Partial Summary Judgment.
a. Declaration of Dennis Kyle with Exhibits 1-2.
- 20
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- 1 12. Quinault Indian Nation's Opposition to Respondents' Motions for Summary
2 Judgment (SEPA Issues Nos. 1, 3, 6, 7, 8, 9; SMA Issues Nos. 3, 4, 10).
3 a. Second Declaration of Kristen L. Boyles, Re: Exhibits to Quinault Indian
4 Nation's Opposition to Respondents' Motions for Summary Judgment with
5 Exhibits U-HH.
6
7 13. Friends of Grays Harbor et al.'s Response to Respondents' Motions for Partial
8 Summary Judgment.
9 a. Declaration of Arthur Grunbaum.
10 b. First Declaration of Knoll Lowney in Support of Friends of Grays Harbor et
11 al.'s Response to Motions for Partial Summary Judgment of Respondents with
12 Exhibits A-H.
13
14 14. Respondent Intervenor Imperium's Response to Petitioners' Motions for Partial
15 Summary Judgment.
16 a. Declaration of Steve Drennan in Support of Respondent Intervenor
17 Imperium's Response to Motions for Partial Summary Judgment with
18 Exhibits A-F.
19
20 15. Respondents Department of Ecology and City of Hoquiam's Response in Opposition
21 to Quinault Indian Nation's Motion for Partial Summary Judgment (SEPA Issue No.
1) with Exhibit A.
a. Second Declaration of Diane Butorac in Support of Respondents Department
of Ecology and City of Hoquiam's Response to the Quinault Indian Nation's
Motion for Partial Summary Judgment (SEPA Issue No. 1) with Exhibits A-E.
b. Declaration of Linda Pilkey-Jarvis in Support of Respondents Department of
Ecology and City of Hoquiam's Response to the Quinault Indian Nation's
Motion for Partial Summary Judgment (SEPA Issue No. 1) with Exhibits A-B.
c. Declaration of David Byers in Support of Respondents Department of
Ecology and City of Hoquiam's Response to the Quinault Indian Nation's
Motion for Partial Summary Judgment (SEPA Issue No. 1).
16. Reply in Support of Westway Terminal Company LLC's Motion for Partial Summary
Judgment.
17. Respondent Intervenor Imperium's Reply in Support of Motion for Partial Summary
Judgment.
18. Reply in Support of Quinault Indian Nation's Motion for Partial Summary Judgment.

1 a. Third Declaration of Kristen L. Boyles Re: Exhibits to Reply in Support of
2 Quinault Indian Nation’s Motion for Partial Summary Judgment with Exhibits
II-PP.

3 19. Friends of Grays Harbor et al.’s Reply in Support of Motion for Partial Summary
4 Judgment.

5 20. Respondents Department of Ecology and City of Hoquiam’s Reply in Support of
6 Joint Motion for Partial Summary Judgment.

7 a. Declaration of Sally Toteff in Support of Respondents Department of Ecology
8 and City of Hoquiam’s Reply in Support of Joint Motion for Partial Summary
9 Judgment with Exhibits A, B.

10 The following issues, which were submitted by the parties and set out in the Pre-Hearing
11 Order, are the subject of the motions filed by the parties.³

12 A. Violations of the State Environmental Policy Act (“SEPA”):

- 13 1. Is the Mitigated Determination of Non-Significance (“MDNS”) issued by the
14 City of Hoquiam and Washington Department of Ecology invalid because the
15 responsible officials failed to adequately consider the direct, indirect, and
16 cumulative impacts of three proposed crude-by-rail terminals in Grays Harbor
17 (Westway, Imperium, and U.S. Development)?
- 18 3. Is the MDNS invalid because the responsible officials failed to consider
19 alternatives, incorrectly relied on existing federal and state requirements as
mitigation, and failed to adequately condition and/or mitigate the Project?
- 20 6. Is the MDNS invalid because the responsible officials failed to require a pre-
approval analysis of critical environmental issues, including but not limited to
seismic and tsunami hazards, archeological and cultural resources, shipping and
train impacts, and oil spill hazards?
- 21 7. Is the MDNS invalid because the responsible officials and the Project failed to
comply with the requirements of RCW 88.40.025 relating to guarantees of
financial responsibility?
8. Is the MDNS invalid because the responsible officials failed to consider or
comply with the requirements of RCW 43.143 applicable to ocean resources
management?

³ This list does not include all issues identified in the pre-hearing order. Instead, it includes only those issues that are the subject of the summary judgment motions. Because the Board’s decision on issue A.1 results in invalidation of the SEPA Mitigated Determinations of Non-Significances (MDNS) upon which both the Westway and Imperium SSDPs rely, this decision is dispositive of the entire consolidated case.

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9. Did the responsible officials' approvals of the MDNS suffer from procedural errors, including failure to give proper notice, failure to consider public comments, and failure to obtain required and/or sufficient information on which to base its decisions?

B. Violations of the Shorelines Management Act:

- 3. In issuing the Permit, did the responsible official fail to consider and comply with applicable laws and regulations relating to ocean management and ocean uses, including the requirements of Hoquiam Municipal Code 11.04.065, 11.04.180(6), RCW Chapter 43.143, and WAC 173-26-360?
- 4. In issuing the Permit, did the responsible official fail to consider and comply with the requirements of RCW 88.40.025 relating to guarantees of financial responsibility?
- 8. Are the Project, Permit, and MDNS invalid because they are inconsistent with all applicable local, state, and federal laws and regulations, including but not limited to Growth Management Act Critical Areas Ordinances (including but not limited to provisions relating to wetlands, seismic hazards, and mandatory buffers), and the Coastal Zone Management Act, 16 U.S.C. § 1451, et seq.?
- 9. Did the application and the Permit contain insufficient detail to determine its consistency with the Shorelines Management Act, its implementing regulations, the Shorelines Management Plan, SEPA, and the Critical Area Ordinances?
- 10. Did the responsible official's approval of the Permit suffer from procedural errors, including failure to give proper notice, failure to consider public comments, and failure to obtain required and/or sufficient information on which to base its decisions?

Based upon the records and files in the case, the evidence submitted, and the written legal arguments of counsel,⁴ the Board enters the following decision.

⁴ QIN requested oral argument on the motion. The Board's presiding officer denies the request based on the compressed schedule for this appeal and the Board's calendar. WAC 461-08-475(3).

1 **BACKGROUND**

2 1. The Projects

3 a. Westway

4 Westway currently operates a bulk methanol storage terminal in Hoquiam on the
5 shoreline of Grays Harbor. The facility is located on property owned by the Port of Grays
6 Harbor (Port) and leased by Westway. Westway built the facility in 2009, and began operations
7 at the end of that calendar year. The facility currently includes four 3,340,000 gallon storage
8 tanks, two rail spurs with loading/unloading facilities and a concrete lined containment structure,
9 pipelines, pumps, vapor control equipment, two office buildings, one electrical room, and an old
10 wood frame warehouse building. Butorac Decl., Ex. A.

11 On December 3, 2012, Westway submitted an application to the City for an SSDP to
12 authorize the expansion of the facility in the shoreline. The purpose of the proposed expansion is
13 to allow for the receipt of crude oil by train, the storage of crude oil from these trains, and the
14 shipment of the crude oil by vessel and/or barge from Port Terminal #1. The proposed
15 expansion includes the addition of four 8,400,000 gallon storage tanks providing a project total
16 storage capacity of 33,600,000 gallons. Each tank will be 150 feet in diameter and 64 feet in
17 height. The tanks will sit on a concrete slab, supported by a series of piles driven approximately
18 150 feet into the ground. The new tanks will be surrounded by a concrete containment wall,
19 which will have the capacity to contain the total volume of a single tank plus an allowance for
20 rainfall. Butorac Decl., Ex. A.

1 The existing rail facility will be expanded from two short spurs with a total of 18 loading/
2 unloading spots to four longer spurs with a total of 76 loading/unloading spots. Westway
3 anticipates that the expanded terminal could result in two additional unit trains⁵ every three days
4 (one loaded with oil and one empty). The current volume of train traffic to the Westway
5 Terminal is an average of two to three rail cars per day. A new pipeline will be added to connect
6 the tanks via an existing pipe bridge to the Port Terminal #1. Westway anticipates the expanded
7 terminal will result in 64 barge movements per year. Currently, the facility has three to four
8 vessels per year. Boyles Decl., Exs. A, C; Butorac Decl., Exs. A, C.

9 b. Imperium

10 Imperium currently operates a facility for the production of biodiesel fuel and storage of
11 bulk liquids on property owned by the Port. The Imperium facility is at the Port Terminal #1,
12 and is immediately to the west of the Westway Terminal. 1st Zultoski Decl., Ex. 39; Kisielius
13 Decl., Ex. A.

14 On February 12, 2013, Imperium submitted a permit application to expand its existing
15 facility to allow for the receipt of biofuels, biofuel feedstocks, petroleum products, crude oil and
16 renewable fuels; storage of these bulk liquids; and outbound shipment of the liquids. The
17 proposal includes the addition of nine storage tanks, each with a capacity of 3,360,000 gallons
18 for a project total storage capacity of up to 30,240,000 gallons. Each tank will be 95 feet in

19 ⁵ The record on summary judgment does not provide a fixed definition of “unit train.” Apparently the number of
20 railroad cars in a unit train can vary because the Westway material describes a unit train as having up to four
21 locomotives and 120 cars, Boyles Decl., Ex. C, p. 2, Butorac Decl., Ex. C, §B.2; the Imperium material describes a
unit train as approximately 105 railroad cars, Boyles Decl., Ex. Q, p. 4; and the U.S. Development Group (USD)
material describes a unit train as approximately 60 to 120 rail cars, each with a capacity of 680 to 720 barrels.
Boyles Decl., Ex. N, p. 9.

1 diameter and 64 feet in height. A berm designed to contain 100 percent of the total volume of
2 one tank plus an additional six inches of precipitation will surround the tanks. The tank pads will
3 be supported by pilings driven into the ground. 1st Zultoski Decl., Ex. 39; Petition for Review,
4 SHB No. 13-021, Ex. A.

5 Imperium proposes to expand its existing rail facility by adding approximately 6,100 feet
6 of track in multiple new rail spurs and expanding the existing rail yard. Imperium estimates that
7 the terminal operations could result in an increase of two additional unit trains per day (one
8 loaded and one unloaded) and up to 200 ships or barges per year (400 entry and departure
9 transits). Pipelines will be installed connecting the Port Terminal #1 with the Imperium tank
10 farm. 1st Zultoski Decl., Ex. 39; Petition for Review, SHB No. 13-021, Ex. A.

11 c. USD

12 USD is proposing a third project of a similar type bordering Grays Harbor. The project
13 would be a \$50 million bulk liquids rail logistics facility at the Port Terminal #3. Boyles Decl.,
14 Ex. P. Port Terminal #3 is in the City of Hoquiam between Highway 109 and Grays Harbor.
15 Boyles Decl., Exs. K, N. USD, through its subsidiary Grays Harbor Rail Terminal (GHRT),
16 entered into an Access Agreement with the Port on September 11, 2012, allowing it to complete
17 a feasibility study by December 31, 2012. Boyles Decl., Ex. G. On March 12, 2013, in a
18 briefing to the Port Commission, USD stated that it had performed “due diligence” to determine
19 if the site is appropriate for a rail logistics facility. Boyles Decl., Ex. K. The record on summary
20 judgment also includes supporting documentation for a feasibility study. This documentation
21 includes a preliminary operations plan, which explains that the proposed facility “will include

1 delivery of various liquid bulk materials, specifically various types of crude oil and
2 condensates.” Boyles Decl., Ex. N., p. 9. The facility will be designed to “receive and off-load a
3 maximum of one full unit train every two days on average, providing a maximum receiving
4 capacity of less than 50,000 barrels per day. *Id.* The facility will have approximately six to eight
5 above-ground storage tanks with a total capacity of 800,000 to 1,000,000 barrels. The facility
6 will be developed to support the operation of approximately five vessel calls per month. *Id.* at
7 pp. 9, 10. In April 2013, the Port approved a Grant of Option to Lease to GHRT. The lease
8 provides GHRT 24 months for planning and permitting. Boyles, Ex. O. As the Port stated on its
9 web-site in July of 2013, the lease will allow GHRT to perform “further analysis and obtaining
10 of permits to bring the project to shovel-ready.” Boyles Decl., Ex. L. To date, USD has not
11 submitted an application for a shoreline permit for their project. 2nd Butorac Decl., ¶ 13.

12 2. The State Environmental Policy Act (SEPA) process

13 As part of their permit application process, Westway and Imperium were required to
14 comply with SEPA. The first step in the SEPA process is the submission of an Environmental
15 Checklist completed by the applicant. After two revisions, Westway submitted its completed
16 checklist with attachments on February 20, 2013. Butorac Decl., ¶ 5, and Exs. A, C. Imperium
17 submitted its completed checklist, with attachments, on February 22, 2013. QIN’s Petition for
18 Review (SHB No. 13-021) with attached Ex. A.

19 Ecology and the City worked together as SEPA Co-leads on both the Westway and
20 Imperium proposals. The summary judgment record contains detailed information regarding the
21 process the Co-leads went through to arrive at a final threshold determination for the Westway

1 project. The process occurred between December, 2012 and March, 2013, and included
2 meetings between the Co-leads, contacts the Co-leads made with Westway, additional
3 information requested and reviewed from Westway, consultation with other entities, open house
4 meetings in Grays Harbor where the Co-leads provided information to the public, discussions
5 regarding mitigation measures, and the consideration of other applicable laws. During their
6 review of the checklist, the Co-leads also considered the aggregate impacts of the existing and
7 proposed operations and the cumulative impacts of the Westway proposal and the Imperium
8 crude oil proposal. The Co-leads did not consider potential impacts from USD because USD had
9 not submitted an application or environmental checklist. Butorac Decl., ¶¶ 4-6, 10-20, 2nd
10 Butorac Decl., ¶ 13.

11 After considering the information they had gained during the process described above,
12 the Co-leads determined that the Westway proposal, as mitigated, was not likely to have
13 probable adverse environmental impacts. The Co-leads issued a mitigated determination of non-
14 significance (MDNS) on March 14, 2013, with a 15-day comment period, which they
15 subsequently extended. The Co-leads issued a subsequent and final MDNS on the Westway
16 project on April 4, 2013. Butorac Decl., ¶¶ 20-22, Ex. G.

17 The record does not contain a similar amount of detail pertaining to the SEPA process
18 conducted on the Imperium project. However, the Co-leads published an MDNS for the
19 Imperium project on May 2, 2013. The Co-leads did not consider potential impacts from USD.
20 2nd Butorac Decl., ¶ 13; Zultoski Decl., Ex. 39.

1 The City Shoreline Administrator (Administrator) issued the City's decision approving
2 the Westway SSDP, with conditions, on April 26, 2013. The Administrator issued the City's
3 decision approving the Imperium SSDP, with conditions, on June 14, 2013. QIN's PFR (SHB
4 No. 13-012) with attached Ex. A; QIN's PFR (SHB No. 13-021) with attached Ex. A.

5 3. Environmental impacts

6 The SEPA checklists, submitted by Westway and Imperium, and reviewed by the Co-
7 leads, contain many indications of potential environmental impacts, including oil spill risks,
8 increase in rail and vessel traffic, and location of expanded facilities in areas of known natural
9 resource and cultural sensitivity.

10 The Grays Harbor Estuary is an area rich in environmental resources. The Chehalis
11 River, which borders the Westway and Imperium sites, drains into the Grays Harbor estuary, and
12 is home to several fish species protected under the federal Endangered Species Act (ESA),
13 including bull trout, green sturgeon, and Pacific eulachon. The Grays Harbor Estuary provides
14 marine habitat that supports natural production for chinook, chum and coho salmon, and
15 steelhead. Grays Harbor also supports white sturgeon and Dungeness crab, an economically
16 vital fishery on the coast of Washington. Several ESA-listed and/or state listed bird species are
17 found in the Grays Harbor area including marbled murrelets, brown pelicans, western snowy
18 plovers, and the streaked horned lark. Grays Harbor National Wildlife Refuge is approximately
19 three miles from the Westway and Imperium project sites, and the Pacific Flyway flight corridor
20 for migrating waterfowl crosses both project sites. As many as 24 species of shorebirds use
21 Grays Harbor Refuge. Several species of ESA-listed and state-listed marine mammals use

1 marine habitat in Grays Harbor, such as the southern resident killer whale, gray whale,
2 humpback whale, sperm whale, and steller sea lion. An oil spill could potentially impact all of
3 these resources. Boyles Decl., Ex. Q; Butorac Decl., Ex. C; 3rd Boyles Decl., Ex. KK, Brennan
4 Decl., Ex. A.

5 The Westway project site is in an area with high potential for archaeological resources. It
6 is located across from a large fish weir archaeological site and is adjacent to a historic
7 archaeological sawmill site. Neither the Westway nor Imperium sites have any documented
8 known archaeological or cultural resources. 2nd Boyles Decl., Exs DD, EE and FF; Boyles Decl.,
9 Ex. Q; Butorac Decl., Ex. C.

10 Both of these projects are proposed within a recognized tsunami and liquefaction hazard
11 zone.⁶ The critical areas report relied on by Westway states that the project is located on dredge
12 soils, has a high liquefaction susceptibility factor, and is rated as a seismic site class D-E. The
13 Imperium critical areas report confirms that the project site is in an area of high liquefaction
14 susceptibility and estimates that during a moderate to severe earthquake, settlement at the ground
15 surface would be around 12 inches. This report also indicates that the site is located within the
16 tsunami inundation area. Butorac Decl., Ex. D; Brennan Decl., Ex. A, Geotechnical Report, pp.
17 10, 11.

18 The SEPA checklist for both Westway and Imperium identifies potential impacts from
19 the projected increase in rail and vessel traffic from the projects. The Westway checklist

20 _____
21 ⁶ “Liquefaction is a phenomenon where vibration or shaking of the ground, usually from earthquake forces, results
in development of excess pore pressures in loose, saturated soils and subsequent loss of strength in the deposit of
soil so affected.” Drennan Decl., Ex. A, Geotechnical Report, p. 10.

1 identifies the increase in train and vessel traffic (from two to three rail cars every day currently,
2 to two unit trains every three days; and from three to four vessels per year currently to 64 barge
3 movements per year). The checklist goes on to recognize that the increase in rail traffic will
4 increase the amount of greenhouse gasses in the state of Washington by approximately 11,329
5 tons per year, and the increase in vessel traffic will result in 1,595 metric tons of greenhouse gas
6 emissions.⁷ Butorac Decl., Ex. C. The Imperium checklist estimates that the project could result
7 in an increase of up to two additional unit trains per day (one loaded and one empty) and up to
8 200 ships or barges per year (400 entry and departure transits). The checklist estimates that
9 greenhouse gas emissions in Washington State from the additional rail and vessel volumes will
10 be 19,098 metric tons per year. Boyle Decl., Ex. Q; Zultoski Decl., Ex. 39.

11 In the MDNS issued for each project, the Co-leads address the potential impacts from the
12 increases in rail and vessel traffic, both from each project separately and the two projects
13 combined, primarily through the requirement of the future submission of a Rail Transportation
14 Impact Analysis (RTIA) and a Vessel Transportation Impact Analysis (VTIA). Both MDNSs
15 state that the RTIA and VTIA will “determine the potential for impacts” caused by additional rail
16 and vessel traffic, and shall identify any improvements or mitigation needed. The Co-leads
17 indicate that they considered the cumulative impacts from the Westway and Imperium projects
18 together, but that they did not consider the additional impacts from USD. Butorac Decl., ¶ 11,
19 Boyles Decl., Ex. C; Zultoski Decl., Ex. 39.

20
21 ⁷ The vessel greenhouse gas figure is based on barge movements from the three nautical mile limit to the facility and back. Butorac Decl., Ex. C.

1 ANALYSIS

2 1. Summary judgment standard and review of SEPA threshold determination

3 Summary judgment is a procedure available to avoid unnecessary trials where formal
4 issues cannot be factually supported and cannot lead to, or result in, a favorable outcome to the
5 opposing party. *Jacobsen v. State*, 89 Wn.2d 104, 108, 569 P.2d 1152 (1977). The party moving
6 for summary judgment must show there are no genuine issues of material fact and the moving
7 party is entitled to judgment as a matter of law. *Magula v. Benton Franklin Title Co., Inc.*, 131
8 Wn.2d 171, 182, 930 P.2d 307 (1997). A material fact in a summary judgment proceeding is one
9 that will affect the outcome under the governing law. *Eriks v. Denver*, 118 Wn.2d 451, 456, 824
10 P.2d 1207 (1992).

11 If the moving party is a respondent and meets this initial showing, the inquiry shifts to the
12 party with the burden of proof at trial. If, at this point, the non-moving party fails to make a
13 showing sufficient to establish the existence of an element essential to that party's case, and on
14 which that party will bear the burden of proof at trial, then the trial court should grant the motion.
15 *Young v. Key Pharmaceuticals, Inc.*, 112 Wn.2d 216, 225, 770 P.2d 182, 187 (1989). In making
16 its responsive showing, the nonmoving party cannot rely on mere allegations, unsubstantiated
17 opinions, or conclusory statements, but must set forth specific facts showing that there is a
18 genuine issue for trial. At that point, we consider the evidence and all reasonable inferences
19 therefrom in the light most favorable to the non-moving party. *Id.* at 226.

20 The Board reviews the City and Ecology's SEPA threshold determination under a
21 "clearly erroneous" legal standard. *Ass'n of Rural Residents v. Kitsap County*, 141 Wn.2d 185,

1 195-96, 4 P.3d 115 (2000); *Norway Hill Preservation and Protection Ass'n. v. King County*
2 *Council*, 87 Wn.2d 267, 272-274, 552 P.2d 674 (1976). “A finding is ‘clearly erroneous’ when
3 although there is evidence to support it, the reviewing court on the entire evidence is left with the
4 definite and firm conviction that a mistake has been committed.” *Murden Cove Preservation*
5 *Ass'n v. Kitsap County*, 41 Wn. App. 515, 523, 704 P.2d 1242(1985). For the MDNS to survive
6 judicial scrutiny, the record must demonstrate that “environmental facts were adequately
7 considered in a manner sufficient to establish prima facie compliance with SEPA,” and that the
8 agency based its decision to issue an MDNS on information sufficient to evaluate the proposal’s
9 environmental impact. *Pease Hill Community Group v. County of Spokane*, 62 Wn. App. 800,
10 810, 816 P.2d 37 (citations deleted); WAC 197-11-100.

11 In this case, the material facts necessary to rule on Issue A.1 are not in dispute, and this
12 issue is ripe for summary judgment. In addition, parts of Issues A.3 and A.6, all of Issues A.7,
13 A.8, B.3, and B. 4 are also ripe for summary judgment.

14 2. SEPA analysis and cumulative impacts from the USD project (Issue A.1).

15 QIN contends that the MDNS issued by the City and Ecology for the Westway⁸ project is
16 clearly erroneous because it failed to include consideration of cumulative impacts from the USD
17 project, along with its consideration of the impacts from Westway and Imperium. Based on the
18 analysis below, the Board concludes the MDNS is clearly erroneous for failing to consider the
19 cumulative impacts of all three projects.

20 _____
21 ⁸ While the QIN motion refers only to the Westway MDNS, QIN’s arguments on this issue, and the responses filed
by the Respondents, apply equally to the Imperium MDNS. While there are factual differences between the two
proposals, these facts are not material to the analysis on this issue.

1 a. Cumulative Impacts Standard

2 SEPA requires that “[a]n environmental impact statement (the detailed statement required
3 by RCW 43.21C.030(2)(c)) shall be prepared on proposals for . . . major actions having a
4 probable significant, adverse environmental impact.” RCW 43.21C.031(1). The Washington
5 State Supreme Court, in interpreting this requirement, has stated:

6 RCW 43.21C.031 mandates that an EIS should be prepared when significant
7 adverse impacts on the environment are “probable,” not when they are
“inevitable.”

8 *King Cnty. v. Washington State Boundary Review Bd. for King Cnty.*, 122 Wn. 2d 648, 663, 860
9 P.2d 1024, 1032 (1993). A state or local agency must make a “threshold determination” as to
10 whether an EIS is required, based on whether a project will have a significant adverse
11 environmental impact. RCW 43.21C.031, 033.

12 As explained in Ecology’s SEPA rules, “‘Significant’ as used in SEPA means a
13 reasonable likelihood of more than a moderate adverse impact on environmental quality.” WAC
14 197-11-794(1). “Impacts” are defined as “. . . the effects or consequences of actions.” WAC
15 197-11-752. “Probable” means:

16 . . . likely or reasonably likely to occur, as in ‘a reasonable probability of more
17 than a moderate effect on the quality of the environment’ (see WAC 197-11-
18 794). Probable is used to distinguish likely impacts from those that merely have
a possibility of occurring, but are remote or speculative. This is not meant as a
strict statistical probability test.

19 WAC 197-11-782.

20 Ecology’s SEPA rules provide further guidance on the environmental review process.
21 See WAC 197-11-060. WAC 197-11-060(1) states that, “Environmental review consists of the

1 range of proposed activities, alternatives, and impacts to be analyzed in an environmental
2 document, in accordance with SEPA's goals and policies.” The SEPA rules direct that
3 consideration of environmental impacts include impacts that are likely, and not merely
4 speculative. WAC 197-11-060(4)(a). The rules direct agencies to “carefully consider the range
5 of probable impacts, including short-term and long-term effects. Impacts shall include those that
6 are likely to arise or exist over the lifetime of a proposal or, depending on the particular proposal,
7 longer.” WAC 197-11-060(4)(c). A proposal's effects include “direct and indirect impacts
8 caused by a proposal.” WAC 197-11-060(4)(d). The rules further clarify that the range of
9 impacts to be analyzed in an EIS include direct, indirect, and cumulative impacts. WAC 197-11-
10 060(4)(e).

11 When making the threshold determination, WAC 197-11-330(3) requires that agencies
12 take into account that “[s]everal marginal impacts when considered together may result in a
13 significant adverse impact” and that “[a] proposal may to a significant degree . . . [e]stablish a
14 precedent for future actions with significant effects.”

15 Based on the SEPA statute and Ecology’s SEPA rules, agencies are required to consider
16 the effects of a proposal’s probable impacts combined with the cumulative impacts from other
17 proposals. This interpretation is consistent with the interpretation of the requirement for
18 cumulative impacts under the federal National Environmental Policy Act (NEPA). Washington
19 uses NEPA provisions and case law interpreting NEPA to discern the meaning of SEPA and its
20 implementing regulations. *Pub. Util. Dist. No. 1 of Clark Cnty. v. Pollution Control Hearings*

21

1 *Bd.*, 137 Wn. App. 150, 158, 151 P.3d 1067, 1070 (2007). The regulations interpreting NEPA
2 define cumulative impact as:

3 [T]he impact on the environment which results from the incremental impact of
4 the action when added to other past, present, and reasonably foreseeable future
5 actions regardless of what agency (Federal or non-Federal) or person undertakes
6 such other actions. Cumulative impacts can result from individually minor but
7 collectively significant actions taking place over a period of time.

8 40 C.F.R. § 1508.7.

9 This definition, referred to as the “reasonably foreseeable” standard, has been construed
10 and applied in several federal court cases. These cases have concluded that projects need not be
11 final before they are reasonably foreseeable, but that there must be enough information available
12 to permit meaningful consideration. *N. Plains Res. Council, Inc. v. Surface Transp. Bd.*, 668
13 F.3d 1067, 1078 (9th Cir. 2011); *Envtl. Prot. Info. Ctr. v. U.S. Forest Serv.*, 451 F.3d 1005, 1014
14 (9th Cir. 2006).

15 All of the parties, with the exception of Imperium, agree that the standard applicable to
16 the issue of cumulative impacts is whether the future project is reasonably foreseeable.⁹ This
17 standard comes from the SEPA statute, RCW 43.21C.031 (mandating preparation of an EIS for
18 major actions having a *probable* significant environmental impact), the SEPA rules, WAC 197-
19 11-782 (defining “probable” to mean “reasonably likely to occur” as opposed to being “remote
20 or speculative”) and the definition of *cumulative impact* under NEPA regulations, 40 C.F.R. ¶
21 1508.7 (incremental impact of the action when added to “reasonably foreseeable future actions”).

⁹ Westway states the standard as “reasonably likely to occur.” Westway’s response to QIN, p. 2.

1 Imperium argues, however, that the standard for consideration of cumulative impacts under
2 SEPA is narrower than the reasonably foreseeable standard. It contends that there is:

3 . . . a whole body of Washington law that suggests that [under SEPA]
4 cumulative impact analyses need only occur when there is some evidence that
5 the project under review will facilitate future action that will result in additional
6 impact, or when the project is dependent on subsequent proposed development.

7 Imperium’s Response to Motions for Partial Summary Judgment, p. 11, 12, citing several
8 Washington cases, the most recent of which is *Gebbers v. Okanogan Cnty. Pub. Util. Dist. No. 1*,
9 144 Wn. App. 371, 380, 183 P.3d 324, 328 (2008), *rev. denied* 165 Wn.2d 1004, 183 P.3d 324
10 (2008). While there is support for Imperium’s argument in these cases, the Board concludes that
11 this approach to cumulative impacts analysis conflates two separate and distinct SEPA concepts:
12 “cumulative impacts” and “connected actions.”

13 The SEPA rules define “connected actions” as “proposals or parts of proposals which are
14 closely related.” WAC 197-11-792(2)(a)(ii). Connected actions are narrowly prescribed to be
15 proposals that:

- 16 (i) Cannot or will not proceed unless the other proposals (or parts of proposals)
17 are implemented simultaneously with them; or
- 18 (ii) Are interdependent parts of a larger proposal and depend on the larger
19 proposal as their justification or for their implementation.

20 WAC 197-11-060(3)(b). The SEPA rules direct agencies to discuss connected actions in the
21 same environmental document. WAC 197-11-060(3)(b).

1 The SEPA rules, on the other hand, do not offer a definition of “cumulative impacts.”¹⁰
2 While the directive to evaluate “impacts” is clear, and the concept that “impacts” includes
3 “cumulative” as distinct from “direct and indirect impacts” is clear, a precise definition of
4 “cumulative impacts” is missing. WAC 197-11-060(4), WAC 197-11-792(2)(c). The SEPA
5 rules, however, plainly set out connected actions and cumulative impacts as two distinct
6 concepts. See WAC 197-11-060(3)(b) and WAC 197-060(3), (4).

7 The Ninth Circuit offers a succinct explanation of “cumulative impacts” and “connected
8 actions” in *Native Ecosystems Council v. Dombeck*, 304 F.3d 886, 896 (9th Cir. 2002), a decision
9 involving the review of a timber sale under NEPA. In *Native Ecosystems*, the Court stated:

10 The obligation to wrap several cumulative action proposals into one EIS for
11 decision making purposes is separate and distinct from the requirement to
12 consider in the environmental review of one particular proposal, the cumulative
13 impact of that one proposal when taken together with other proposed or
14 reasonably foreseeable actions.

15 *Id.* at 896, n. 2.

16 Other decisions, however, have muddied the distinction between these two concepts. In
17 *Gebbers*, a case heavily relied on by Imperium, the Court was asked to review a final EIS, which
18 was prepared to evaluate the impacts from a proposal to build a transmission line and substation
19 between Pateros and Twisp. *Gebbers*, at 376, 377. A citizens group argued that the EIS was
20 deficient because it failed to include an analysis of rebuilding the new line. *Id.*, at 380. In a
21 holding which intertwines the concepts of connected actions and cumulative impacts analysis,
the Court states that “When, like here, any future project [the rebuilding of the existing line] is

¹⁰ Because the SEPA statute and/or rules do not define “cumulative impacts,” it is appropriate to look to the federal definition of cumulative impacts for guidance. See *PUD No. 1*, at 158.

1 not dependent on the proposed action [building of a new connection line], no cumulative impacts
2 analysis is required.” *Id.* at 386. In rejecting what it referred to as a “cumulative impacts
3 analysis,” the court was referring only to the lack of interconnection between the proposal for the
4 new transmission line and future rebuilds of that line (i.e., that there had been no piecemealing or
5 improper segmentation of the proposal analyzed in the EIS), such that its impacts should have
6 been analyzed as a single proposal in a single environmental document. The *Gebbers* court, after
7 noting that SEPA does not define “*cumulative impacts*,” turns to the NEPA “reasonably
8 foreseeable” definition to fill the definitional gap. *Gebbers*, at 380.

9 *Gebbers*, however, does not support the notion that a cumulative impact analysis of past,
10 present, and reasonably foreseeable future actions is not required. *Id.* at 381. Simply put, in
11 *Gebbers*, future updates to the proposed transmission line were neither part of the transmission
12 line proposal nor reasonable foreseeable future actions. Hence, they did not violate SEPA’s
13 piecemealing rule nor require a cumulative impact analysis. *Cheney v. City of Mountlake*
14 *Terrace*, 87 Wn.2d at 338, 343-45, 552 P.2d 184 (1976) (evaluation of impacts from a possible
15 future development of a parcel of property was not required in the EIS prepared for the permit to
16 construct the road, when the road was independent of the development, because this did not
17 involve improper segmentation); *SEAPC v. Cammack II Orchards*, 49 Wn. App. 609, 614, 615,
18 744 P.2d 1101 (1987) (EIS need not consider impacts of subsequent phases when initial phase is
19 substantially independent and would be constructed without regard to future developments,
20 consistent with the SEPA rule allowing for phased environmental review). Neither these nor the

1 *Gebbers* court rejected the use of the reasonably foreseeable standard for evaluation of
2 cumulative impacts from multiple unrelated projects.

3 The Board is not convinced, based on this line of cases, that Washington courts have
4 adopted the narrow standard for evaluation of cumulative impacts argued for by Imperium. A
5 close reading of *Gebbers* does not support this conclusion. NEPA’s use of the reasonably
6 foreseeable standard for cumulative impacts makes it unlikely, in the Board’s view, that the
7 Legislature intended the cumulative impacts analysis under SEPA to be triggered only by
8 connected actions. The connected actions standard proposed by Imperium is less protective of
9 the environment than the reasonably foreseeable NEPA standard, a result that is contrary to the
10 “considerably stronger” policy statement in SEPA than in NEPA. *ASARCO, Inc. v. Air Quality*
11 *Coal*, 92 Wn.2d 685, 709, 601 P.2d 501 (1979). While projects may not be sufficiently related to
12 require analysis as connected actions and part of the same proposal, their individual cumulative
13 impacts must be analyzed together in order to make a significance determination. The Board
14 concludes that the standard for evaluation of cumulative impacts under SEPA is whether the
15 other project(s) is reasonably foreseeable.

16 b. USD project is reasonably foreseeable.

17 The evidence in the record establishes that the USD project is reasonably foreseeable.
18 USD entered into an ‘access agreement’ with the Port in September 2012 that allowed USD to
19 conduct feasibility studies more easily at Terminal #3. Boyles Decl., Ex. G. USD sent its
20 completed feasibility study to the Port on February 28, 2013. Boyles Decl., Ex. N. On March
21 12, 2013, USD provided an updated briefing to the Port on its “Proposed Terminal 3 Facility.”

1 Boyles Decl., Ex. K. Subsequent to completing the feasibility study, USD entered an Option to
2 Lease the site from the Port subject to obtaining necessary permits and other approvals. Boyles
3 Decl., Ex. L. USD has participated in community workshops put on by the Port of Grays Harbor
4 on crude-by-rail. In those community workshops, the USD project has been identified as one of
5 three crude-by-rail proposals. Boyles Decl., Ex. J, U. The Port's website and publications also
6 provide descriptions of, and fact sheets for, the three crude-by-rail proposals. Boyles Decl., Ex.
7 B, D, L, M, O. The totality of this undisputed evidence supports the conclusion that the USD
8 project is reasonably foreseeable.

9 There is also undisputed evidence in the record to conclude that the project is sufficiently
10 defined to allow for meaningful review. USD's feasibility study, which it sent to the Port in
11 February, 2013, included estimates of the maximum receiving capacity of the proposed operation
12 (less than 50,000 barrels per day); the total crude capacity of the tanks (six to eight above-ground
13 tanks with combined storage of 800,000-1,000,000 barrels); the anticipated increase in ship
14 traffic due to the operation (facility will support five vessel calls per month); and the anticipated
15 increase in train traffic (facility designed to receive and off-load a maximum of one full unit train
16 every two days on average). Boyles Decl., Ex. N. This information was sufficient to allow the
17 Co-leads to evaluate the potential increase in vessel and train traffic from the three proposals, as
18 well as to consider the greater risk of oil spills.

19
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1 While the Respondents¹¹ do not contest the facts established in the record on summary
2 judgment, they do argue that the facts are insufficient to meet the legal standard of reasonably
3 foreseeable or reasonably likely to occur, and that the information on USD’s proposal is
4 insufficient to provide the Co-leads with a basis to evaluate the potential for cumulative impacts
5 from the proposal. They argue that the evidence presented by QIN shows only that USD is
6 exercising due diligence in exploring the feasibility and economics of proposing an additional oil
7 terminal at Grays Harbor. They point to statements in the record from the Ecology SEPA lead
8 that the Port officials characterized the USD project as “not certain” and that the USD project
9 was still in a conceptual stage because it was undergoing changes as evidenced by
10 communication from EFSEC regarding changes in the USD project. 2nd Butorac Decl., ¶ 13 and
11 Ex. E. Therefore, they argue, the project is far from being inevitable, and in fact remains
12 speculative.

13 “Inevitable,” however, is not the standard. The Ninth Circuit Court of Appeals has
14 recognized that even reasonably foreseeable projects have some level of speculation. *N. Plains*
15 *Res. Council*, at 1078-79. In that case, the Court said that well-drilling estimates extending 20
16 years into the future and involving a wide range of number of wells (between 10,000 and 26,000
17 coal bed methane wells and between 250 and 975 conventional oil and gas wells) had reasonably

18 ¹¹ Ecology does not separately brief this issue, although it does join in the other parties’ briefing. During the SEPA
19 process, the Ecology Spills Program reached the conclusion that the cumulative impacts of the three projects should
20 be evaluated together. In a memo from the Ecology Spills Project Manager to Ecology’s Southwest Regional Office
21 SEPA leads, the manager stated: “Based on our understanding of the similarity of the three proposals, Westway,
Imperium, and U.S. Development Corporation; we believe that the effect of all facility operations together should be
assessed, thus warranting a programmatic review of these projects’ impacts. From a spills point of view, it is
important to assess spill risk from increased vessel traffic, oil handling, and transfer operations as [a] whole.”
Boyles Decl., Ex. CC.

1 foreseeable impacts. Similarly, the court in *Environmental Protection Information Center*
2 concluded that a timber sale, while not initially reasonably foreseeable, became reasonably
3 foreseeable when “although the proposal was still not firm, enough was then known to permit a
4 general discussion of effects.” *Environmental Protection Center* at 1015. Here, although the
5 USD project is not completely firm, or inevitable, it is reasonably foreseeable.

6 The Co-leads know enough about the USD project to make a general discussion of its
7 potential impacts, in combination with the other two pending proposals, meaningful. They know
8 its location on Grays Harbor, which is the same harbor as the other two facilities. They know its
9 purpose, which is the same as the Westway and Imperium expansions, is to receive multiple
10 grades of crude-by-rail, store it in terminals, and transfer it to vessels. They know its maximum
11 capacity of proposed liquid storage, along with the daily maximum capacity of liquids it can
12 handle. They know the number of anticipated rail unit trains and vessels visiting the planned
13 new facility. This information is sufficient to merit its inclusion in the consideration of
14 cumulative impacts from all three projects.

15 Here, based on uncontroverted facts in the record, the Board concludes that the USD
16 project is reasonably foreseeable, and that the project is sufficiently defined to allow for
17 meaningful review. Therefore, the Co-leads should have considered the cumulative impacts
18 from the USD project along with the cumulative impacts from Westway and Imperium in
19 making their threshold determination. Their failure to do so makes the MDNS clearly erroneous.
20 The Board grants summary judgment to QIN and FOGH on this portion of Issue 1.

1 3. SEPA analysis of impacts from increases to rail and vessel traffic from Westway alone, and
2 Westway and Imperium cumulatively (Parts of Issue A.1 and A.6)

3 QIN raises a second challenge to the validity of the Westway MDNS, contending that the
4 consideration of rail and vessel impacts both from the Westway project alone, and the Westway
5 and Imperium projects combined, was inadequate. One key aspect of this challenge is that the
6 applicant was not required to submit information necessary for consideration of these impacts
7 (both individually and collectively) until after the issuance of the MDNS and approval of the
8 SSDP. The Board agrees with QIN that this process does not comply with the requirements of
9 SEPA.

10 Unlike their approach in handling potential impacts from USD, Ecology and the City
11 correctly recognized that they needed to consider potential impacts from the Imperium proposal
12 when evaluating the environmental impacts for the Westway project. The MDNS for the
13 Westway project contains the following explanation of the Co-leads decision to address the
14 Imperium project:

15 As allowed in SEPA regulations (WAC 197-11-060) the Co-lead Agencies
16 recognize this is one of two similar crude oil terminal proposals in the Grays
17 Harbor area that have been submitted for review. The agencies have considered
18 the aggregate impacts of the existing Westway operations and proposed
19 operations and the cumulative impacts of the Westway proposal and the
20 Imperium crude oil proposal during this evaluation. The proposals are not being
21 considered a single course of action under WAC 197-11-060. They are not
interdependent and each proposal can be implemented on its own. The potential
vessel and rail traffic impacts from the Imperium proposal are being considered
because of the potential for indirect or cumulative impacts resulting from the
two proposals using the same transportation pathways and constructed in a
similar timeframe (WAC 197-11-792).

Boyles Decl., Ex. C, p. 4.

1 Both the Westway amended checklist and the Imperium checklist provide information on
2 numbers of additional trains and vessels, in categories of the checklist identifying impacts to air
3 and transportation. Butorac Decl., Ex. C; Boyles Decl., Ex. Q. The MDNS for the Westway
4 project uses the numbers from both the Westway and Imperium checklist and combines them
5 into a chart.¹² Boyles Decl., Ex. C, p. 9. Based on the chart, the number of vessels per year into
6 and out of Grays Harbor will increase from a 2012 level of 168 vessels to a projected level of
7 688 vessels. The number of trains per year into and out of the Port of Grays Harbor will increase
8 from a 2012 level of 730 unit trains to a projected level of 1,703 unit trains. After charting these
9 numbers, the Co-leads reach the conclusion, without further analysis or explanation, that they do
10 not expect the trains from just the Westway project to significantly impact existing traffic
11 patterns at two places where the trains cross roads (the Olympic Gateway shopping center and
12 the Port Industrial Road).

13 The conclusions of the MDNS are problematic for two reasons. First, while the chart
14 includes numbers from both the Westway and Imperium proposals, the Co-leads apparently
15 based the threshold determination on the Westway traffic additions alone. *Compare* Boyles
16 Decl., Ex. C, p. 10 (“Two additional unit trains shall transit through the Aberdeen/Hoquiam area
17 . . . every three days but are not expected to significantly impact existing traffic patterns. . . .”
18 *with id.* at p. 10 (Westway/Imperium totals of approximately 18 additional trains per week)).
19 There is no analysis provided of the increase in rail traffic from the combined proposals.
20

21 _____
¹² The MDNS for the Imperium project uses the same approach. *See* Zultoski Decl., Ex. 39, p. 11.

1 Second, the Co-leads rely on the yet-to-be-completed RTIA and VTIA to generate
2 information to determine the potential for impacts from the two proposals and any improvements
3 or mitigation needed. The MDNS states “[t]he RTIA *will determine the potential for impacts*
4 directly caused by changes and increases in rail traffic on local vehicular traffic and other rail
5 commodities.” Boyles Decl., Ex. C., p. 10 (emphasis added). A similar requirement is imposed
6 for vessel traffic, with a similar purpose (“The VTIA *will determine the potential for impacts* that
7 may result from changes or increases in vessel traffic in Grays Harbor.”) *Id.* (emphasis added).
8 The information the applicants will develop in the RTIA and VTIA is the information that the
9 Co-leads should have before they make their threshold determination, not afterward. To wait
10 until after the SEPA threshold determination is made, and the SSDP is issued, to obtain
11 information that identifies whether potential impacts from vessel and train increases will be
12 significant and whether mitigation is necessary, does not comply with the mandate of SEPA to
13 “provide consideration of environmental factors at the earliest possible stage to allow decisions
14 to be based on complete disclosure of environmental consequences.” *King Cnty. v. Washington*
15 *State Boundary Review Bd. for King Cnty.*, 122 Wn.2d 648, 663, 860 P.2d 1024, 1033 (1993).

16 The Respondents respond to this argument through both legal and factual arguments. In
17 their legal argument, they contend that it is acceptable to rely on future environmental studies
18 and cite two appellate cases and one Shorelines Hearings Board case in support of their
19 argument.¹³ In *West 514, Inc. v. Spokane Co.*, 53 Wn. App 838, 848-49, 770 P.2d 1065 (1989),
20

21 ¹³ The Co-leads also cite *Port of Seattle v. Pollution Control Hearings Board*, 151 Wn.2d 568, 601-02, 90 P.3d 659
(2004)(approving conditions on a CWA §401 certification that required submission of revised studies, plans, and

1 *rev. denied* 113 Wn. 2d 1005(1989), the Court upheld an MDNS issued in connection with the
2 approval of a site development plan for a shopping mall which required compliance with a future
3 study. The West court stated “when a governmental agency makes a negative threshold
4 determination, it must show it considered environmental factors ‘in a manner sufficient to
5 amount to prima facie compliance with the procedural requirements of SEPA.’” *West 514* at
6 848-49 (*citations deleted*). The Court in *West 514* concluded this standard was satisfied by the
7 MDNS issued in that case, even though it contained a condition requiring compliance with a
8 future study, because the SEPA responsible officials issued the MDNS only after they had
9 adopted the pertinent parts of a prior EIS detailing the impacts expected from a similar
10 abandoned project at the same site. *Id.* at 849. Hence, this case is not relevant to the present
11 case.

12 In *Anderson v. Pierce Cnty.*, 86 Wn. App. 290, 304-05, 936 P.2d 432, 440 (1997), the
13 second case relied upon by the Respondents, the Court affirmed an MDNS which, while
14 including a condition to submit a final mitigation plan, was issued only after the impacts of the
15 project had been determined. The Court in that case described the threshold determination
16 process as follows:

17 Our review of the record indicates that PALS [the Pierce County Planning
18 Department] thoroughly considered appropriate environmental factors in
19 analyzing RPW's CUP application and environmental checklist, reviewing
20 comments from other state agencies, and formulating 54 mitigation measures
included in the MDNS. After accepting comments and analyzing the proposal,
PALS initially determined that the RPW Project was reasonably likely to have a
“significant adverse environmental impact.” WAC 197-11-330(1)(b). PALS

21 reports in the future.) This is not a case involving a SEPA threshold determination, and therefore is not applicable
here.

1 and RPW then worked cooperatively to reduce the project's significant adverse
2 environmental impacts. WAC 197-11-350(2). RPW altered its plans, and PALS
3 imposed substantial mitigating measures. These mitigation measures reduced all
significant adverse environmental impacts below the threshold level of
significance, such that an EIS was no longer required. WAC 197-11-350(5).

4 *Anderson*, at 304-05 (footnote omitted). Thus, the impacts had been clearly identified, as well as
5 the needed mitigation; the submission of the final mitigation plan would merely reflect them.

6 This case is not relevant to the present case.

7 In the Shoreline Hearings Board case cited by Respondents, *Overaa v. Bauer*, SHB No.
8 10-015 (2011), the Board addressed a situation in which future studies, included as conditions in
9 an MDNS, were not expected to reveal any new significant adverse impacts. The Board
10 concluded that the county had the information necessary to determine whether the project would
11 have significant environmental impact at the time it issued the DNS, and that the study would not
12 provide pertinent information. *Id.* at CL 18. The Board, in fact, remanded the MDNS and
13 ordered the county to either modify or eliminate the future study condition because the results
14 were not necessary for the threshold determination. *Id.* at Order.

15 Here, unlike *West 514*, there has been no prior EIS completed to provide information
16 regarding the impacts from this level of increase in rail and vessel traffic. Unlike *Anderson*,
17 there have been no major changes made to the proposal prior to the issuance of the MDNS to
18 reduce the identified impacts. Unlike *Overaa*, the RTIA and VTIA studies are fundamental and
19 vital to the determination of whether the rail and vessel increases that will result from these two
20 projects, individually and cumulatively, will create significant adverse impacts.

21

1 The Co-leads argue as a factual matter that they determined that there were not going to
2 be probable significant adverse impacts from the increase in rail and vessel traffic from these two
3 proposals. They state they were “. . . told by the subject matter experts, the Port, and the rail
4 company, that there would be no probable significant impacts.” They explain that they required
5 the RTIA and VTIA studies, merely to “. . . verify that there would be no probable significant
6 impacts and also, for safety and clarity, to document the information on how things would be
7 done in Grays Harbor.” Toteff Decl., ¶¶ 5, 6. While the Co-leads may have reached the
8 conclusion that there was not likely to be more than a moderate environmental impact from 520
9 additional vessel transits per year in Grays Harbor, and 973 unit trains per year to the Port of
10 Grays Harbor, they did not share the basis for that conclusion in any of the SEPA documents.
11 Further, the Co-leads’ after-the-fact explanation as to why they required the preparation of the
12 RTIA and VTIA, after they had already concluded there would not be impacts, is not supported
13 by the required scope of the RTIA and VTIA analysis. The scoping documents for the RTIA and
14 VTIA clearly focus on evaluating potential adverse impacts. Toteff Decl., Ex. B, Contract and
15 Scope of Services document for Westway, p. 1, 2 (“Two of the mitigation measures required in
16 the MDNS as currently published includes the need to further evaluate potential adverse impacts
17 of the proposal by conducting a Rail Transportation Impact Analysis (RTIA) and a Vessel
18 Transportation Impact Analysis (VTIA) that would identify potential transportation impacts for
19 both modes of travel in and around Grays Harbor.”) The objective of Task 1 is stated as
20 “Evaluate the potential adverse impacts to existing railroad and roadway traffic along the rail
21 route resulting from projected rail traffic as defined by the traffic table provide above. The

1 analysis and potential mitigation measures included in the analysis will be for trains during both
2 peak and non-peak traffic hours along the rail route from Centralia to the facility.” *See also*,
3 Toteff Decl., Ex. A, Contract and Scope of Services document for Imperium.

4 Based on the information in the MDNS issued for the Westway project, the Co-leads’
5 factual statements in the declarations filed in support of these motions, and the responsibilities
6 imposed on SEPA responsible officials when making a threshold determination, the Board is left
7 with a firm and deep conviction that the Co-leads clearly erred in concluding that there would
8 not be probable significant impacts to the environment from the increases in rail and vessel
9 traffic prior to receipt of the RTIA and VTIAAs. The Board grants summary judgment to QIN on
10 those parts of issue A.1 and A.6 pertaining to the lack of pre-approval analysis of rail and
11 shipping impacts.

12 4. SEPA analysis of other individual and cumulative impacts and failure to require pre-approval
13 analysis (Remainder of Issues A.1 and A.6)

14 The Petitioners raise other factual challenges to the MDNS. They contend that the
15 Westway MDNS failed to adequately consider the cumulative risks posed by the Westway and
16 Imperium proposals, and to require sufficient pre-approval analysis of, potential impacts from oil
17 spills, seismic and tsunami events, greenhouse gas emissions, impacts on marine life, impacts on
18 recreational uses, and impacts to archeological and cultural resources. If the Board were not
19 invalidating the MDNS on other grounds, these challenges would need to proceed to an
20 evidentiary hearing. They are highly factual, and there has been a sufficient showing made of
21 disputed issues of fact to require a hearing. However, because the Board is invalidating the

1 MDNS and remanding it back to Ecology and the City, it is unnecessary to conduct a hearing on
2 the remaining issues pertaining to the MDNS.

3 Although these matters will not proceed to hearing at this time, the Board notes that there
4 are areas of the existing SEPA review, in addition to the failure to consider cumulative impacts
5 from USD, and the failure to require the RTIA and VTIA prior to the issuance of the MDNS, that
6 it finds troubling. In particular, the current record before the Board presents troubling questions
7 of the adequacy of the analysis done regarding the potential for individual and cumulative
8 impacts from oil spills, seismic events, greenhouse gas emissions, and impacts to cultural
9 resources prior to making the threshold determination. The pre-threshold determination analysis
10 of cultural resources, for example, appears incomplete. Despite information from the
11 Department of Archeology and Historic Preservation (DAHP) that the project area has a high
12 potential for containing archeology resources, and their recommendation that a professional
13 archaeological survey of the project area should occur before ground breaking activities, the
14 MDNS reaches the conclusion that a condition requiring construction to be halted in the vicinity
15 of any potentially historical objects or other resources found during construction, adequately
16 mitigates any potential for impact. Boyles Decl., Ex. C, p. 9. While the Co-leads argue that the
17 information from DAHP was conclusory, and that prior construction on the site revealed no
18 historic or cultural resources, they cite no evidence for this statement. Ecology and City's Reply,
19 pp. 7-8. The Co-leads might have been able to prove at hearing that there would not be a
20 potential for impact to archeological resources, however, the Board is not convinced by the
21 record on summary judgment alone that this is the case.

1 The Board also encourages the inclusion of more analysis in the SEPA documents, so
2 that the public and future reviewing bodies can be confident that the Co-leads analyzed all
3 potential impacts. As an example, the Co-leads acknowledge that different types of crude oil
4 could have different characteristics when spilled, and that the MDNS does not analyze or address
5 the difference. Ecology and City Response, p. 10. They then go on to explain in briefing that
6 they relied on current regulatory requirements regarding oil spills to address any potential
7 impacts from any types of spills. *Id.* at 10-14. While the Co-leads might have been able to prove
8 at a hearing that other regulatory requirements are sufficient to mitigate for impacts from spills
9 of any type of oil, the Co-leads do not provide this information in the SEPA documents
10 themselves.¹⁴ Although SEPA may not require “explicit” mention of every minor potential
11 impact in a decision document, as argued by the Co-leads, certainly an impact with the potential
12 to “wipe out generation(s) of a livelihood of work they [the shellfish folks or agricultural
13 families, or tribes and local communities] have enjoyed and are skilled to do” should be
14 explicitly addressed. 3rd Boyles Decl., Ex. JJ.

15 5. Consideration of alternatives, reliance on existing laws, and adequate conditions (Issue A.3).

16 The Petitioners attack the validity of the Westway MDNS on two other legal grounds.¹⁵
17 First, they contend that the MDNS is invalid because it does not consider alternatives to the

18 _____
19 ¹⁴ As is apparent from record on summary judgment, the Ecology Spills Program had concerns. See 3rd Boyles Decl.
20 Exs. II, Washington ‘s oil movement evolution: Talking points 02-12-2103 (draft) at 4-5, Ex. JJ, Email from Dale
21 Jensen, Ecology Spills Program, Re: Aberdeen media on Crude By Rail Public Meeting -250 attend meeting (Feb.
1, 2013): “Crude or refined products have not been moved out of the Grays Harbor in the large quantities as is being
proposed . . .ever. . . Crude oil . . . no matter the makeup, behaves differently than the refined product . . .”

¹⁵ The third part of issue A.3 is whether the MDNS is adequately conditioned and/or mitigated. Because the Board
has invalidated the MDNS on other grounds, and therefore the SEPA process will need to redone, the Board
concludes that the question of the validity of these conditions on the MDNS is now moot.

1 proposal. Secondly, they contend that it incorrectly relies on state and federal laws as mitigation.
2 The Respondents move for summary judgment on both of these contentions.

3 The Respondents argue that there is no requirement in SEPA that SEPA officials consider
4 alternatives to a proposal prior to preparation of an EIS. See RCW 43.21C.030(2)(c)(iii)
5 (requiring in every EIS, consideration of alternatives to the proposed action.) Neither the
6 Environmental Petitioners nor QIN cites to any such requirement, nor does the Board know of
7 any. In fact, QIN concedes this portion of Issue A.3. See QIN’s Response Brief, p. 10, n. 9. The
8 Board grants summary judgment to the Respondents on this issue, noting that this does not mean
9 it is inappropriate to consider alternatives at the threshold determination stage – just that it is not
10 explicitly required by SEPA.

11 The second contention, that the Co-leads incorrectly relied on state and federal law as
12 mitigation, is not as straightforward. The Respondents correctly state, and QIN concedes,
13 “Reliance on state and federal legal requirements in an MDNS plainly is appropriate.” City and
14 Ecology’s Motion, p. 13, citing WAC 197-11-330(1)(c)(in making threshold determination, lead
15 agency should consider mitigation required by other environmental laws); QIN response brief, p.
16 11. The issue, however, as recognized by all parties, is whether the Co-leads supported their
17 reliance on existing laws and regulations with sufficient analysis. The Board concludes that the
18 evaluating agency cannot “simply list generally-applicable laws that a project must by law
19 comply with and, without more, conclude that compliance will be sufficient to render impacts
20 insignificant.” QIN Response Brief, p. 12.

21

1 Here, the MDNS does more than just list the applicable laws. A good example of this
2 can be seen in section 7 of the MDNS where spill prevention is addressed. Boyles Decl., Ex. C.,
3 pp. 6-8. The MDNS states that Washington State has strong oil spill prevention, preparedness
4 and response regulations, and then goes on to generally discuss those requirements. It does not,
5 however, address the potential impacts from oil spills from these proposals (including quantities
6 and types of oil, locations of potential spills, and impacts to resources). In their summary
7 judgment material, Ecology and the City provide more information regarding the information the
8 Co-leads considered in determining that existing laws were adequate mitigation for the potential
9 for impacts from oil spills. 2nd Butorac Decl., ¶¶ 8-10. This analysis, however, is absent from
10 the SEPA documentation.

11 Here again, the Board concludes that a factual hearing would be necessary to rule on
12 whether the MDNS's extensive reliance on existing laws was appropriate. When, in response to
13 this opinion, the Co-leads take a second look at the SEPA MDNS, the Board encourages the Co-
14 leads to identify potential impacts and then analyze how existing laws will mitigate for those
15 impacts. The SEPA documents themselves should reflect this analysis.

16 The Board grants summary judgment to Respondents on the legal questions of whether
17 alternatives must be analyzed in a threshold determination and whether an MDNS can rely on
18 existing laws for mitigation. However, on the factual question of whether the Westway MDNS
19 inappropriately relied on existing laws without sufficient analysis, the Board declines to rule,
20 given the invalidity of the MDNS on other grounds.

21

1 6. Compliance with RCW 88.40.025 (Issue A.7 and B.4)

2 RCW 88.40.025 requires a facility to demonstrate financial responsibility in an amount
3 determined by Ecology to compensate the affected state and local counties and cities for
4 damages from a worst case spill of oil into the waters of the state. The statute directs Ecology to
5 consider various factors such as the amount of oil that could be spilled, the costs of response,
6 damages, operations at the facility, and affordability of financial responsibility. RCW 88.40.025.
7 RCW 88.46.040(2)(a) requires that a spill prevention plan include any applicable state or federal
8 financial responsibility requirements.

9 Issues A.7 and B.4 pose the question of whether the MDNS and the SSDP for the
10 Westway facility are invalid because neither requires that Westway demonstrate financial
11 responsibility. The Respondents move for summary judgment on these issues, contending that
12 financial responsibility guarantees are unrelated to potential environmental impacts, and that the
13 SMA and local shoreline master program (SMP) do not require evaluation of this statute when
14 reviewing an SSDP.

15 In response, Petitioners point out that the MDNS relies, in part, on the requirement that
16 Westway comply with an Ecology-approved spill prevention plan as mitigation for the potential
17 impacts from oil spills. The statute requires that a spill prevention plan show compliance with
18 financial responsibility requirements. *See* RCW 88.46.040(2)(a). They contend that this means
19 that Westway must show financial responsibility as part of the SEPA process and that its failure
20 to do so to date invalidates the MDNS.

21

1 After consideration of Petitioners arguments, the Board concludes that an appropriate
2 evaluation of SEPA impacts by the Co-leads did not require Westway to make a showing of
3 compliance with RCW 88.40.025. As pointed out by the Respondents, the spill prevention plan
4 is not yet required, and therefore it is premature to contend that Westway is out of compliance
5 with one of the plan’s requirements by not having made a showing of financial responsibility. If
6 Westway fails to establish a showing of financial responsibility at the time it submits a spill plan,
7 it will be subject to enforcement and penalty sanctions. WAC 173-180-670, 173-180-065. Spill
8 plans, along with the required showing of financial responsibility, will be required before the
9 facilities can begin operations. Butorac Decl., Ex. G, p. 3. Importantly, as pointed out by
10 Ecology, regardless of any financial assurances, a responsible party is strictly liable for unlimited
11 oil spill costs and damages. RCW 90.56.360, 370.

12 Further no party points to any requirements in the SMA or local SMP requiring a
13 showing of compliance with RCW 88.40.025 prior to approval of an SSPD, and the Board is not
14 aware of any such requirement. The Board grants summary judgment to Respondents on Issues
15 A.7 and B.4.

16 7. Compliance with Ocean Resources Management Act (Issues A.8 and B.3)

17 The Ocean Resources Management Act (ORMA), ch. 43.143 RCW, adopted in 1989,
18 requires local governments adjacent to certain defined coastal waters to incorporate policies,
19 guidelines, and project review criteria for “ocean uses” into their shoreline master programs.
20 Ecology has implemented ORMA through the adoption of WAC 173-26-360, which includes a
21 definition of the critical term “Ocean uses”. WAC 173-26-360(3) provides:

1 Ocean uses defined. Ocean uses are activities or developments involving
2 renewable and/or nonrenewable resources that occur on Washington's coastal
3 waters and includes their associated off shore, near shore, inland marine,
4 shoreland, and upland facilities and the supply, service, and distribution
5 activities, such as crew ships, circulating to and between the activities and
6 developments. Ocean uses involving nonrenewable resources include such
7 activities as extraction of oil, gas and minerals, energy production, disposal of
8 waste products, and salvage. Ocean uses which generally involve sustainable use
9 of renewable resources include commercial, recreational, and tribal fishing,
10 aquaculture, recreation, shellfish harvesting, and pleasure craft activity.

11 Hoquiam's Shoreline Master Program includes provisions mirroring these statutory and
12 regulatory requirements. HMC 11.04.030(20), 11.04.180(6).

13 Ocean uses, as defined in WAC 173-26-360(3), are "activities or developments"
14 involving "renewable/and or non-renewable resources that occur on Washington's coastal
15 waters." The definition goes on to clarify that "Ocean uses involving nonrenewable resources
16 include such activities as extraction of oil, gas and minerals, energy production, disposal of
17 waste products, and salvage." From this definition, it is clear that Ecology understands that the
18 Legislature designed ORMA to address facilities directly engaged in resource exploration and
19 extraction activities in Washington waters.

20 As further clarification of this purpose, the regulation defines specific categories of ocean
21 uses. "Oil and gas uses and activities" are those that "involve the extraction of oil and gas
resources from beneath the ocean." WAC 173-26-360(8). Ocean uses that are considered
"transportation uses" are those that "originate or conclude in Washington's coastal waters or are
transporting a nonrenewable resource extracted from the outer continental shelf off Washington."
WAC 173-26-360(12). The proposed Westway terminal does not fall within these definitions.

1 Westway does not intend to extract or otherwise service the extraction of crude oil or any other
2 resources *from Washington waters*. It is not transporting oil from *beneath the ocean*. Rather, the
3 Project will facilitate the movement of crude oil from and to areas outside the Washington
4 border.

5 Petitioners argue for a very broad interpretation of “ocean uses” based on the policy goals
6 of ORMA. Their proposed interpretation, however, would expand ORMA’s reach and require
7 ORMA analysis for every transportation project in ports along the Washington coast, regardless
8 of whether those projects transport extracted materials from the outer continental shelf. The
9 Petitioners offer no evidence that ORMA, which has been in place in Washington for 24 years,
10 has ever been interpreted in this manner nor that this interpretation is consistent with its stated
11 purposes and administration by the agency primarily responsible for its administration, Ecology.

12 The critical term “ocean uses” has been defined by Ecology, the agency charged with
13 implementation of ORMA through the SMA, in WAC 173-26-360. The City has further
14 implemented this definition through its SMP. The Board must apply that regulatory definition.
15 Based on the plain language of WAC 173-26-360, the Westway facility is not a facility involved
16 in an “ocean use” as defined by Ecology regulation. WAC 173-26-360. *See also* HMC
17 11.04.065, 11.04.180(6).

18 Because Westway is not proposing an ocean use, its facility is not subject to the
19 provisions of ORMA, through the provisions of the SMA and the local SMP. Further, there is no
20 requirement that the SEPA Co-leads consider the provisions of ORMA when reaching a
21

1 threshold determination for the same reason: Westway proposes no ocean use. The Board grants
2 summary judgment to the respondents on issues A.8 and B.3.

3 8. Issue A.9, and B.8, 9 and 10 are now moot

4 Issue A.9 raises challenges to procedural aspects of the SEPA MDNS, such as notice,
5 consideration of comments, and obtaining sufficient information. Because the Board is
6 invalidating the MDNS on other grounds, and the City and Ecology will need to go through
7 another SEPA process in adopting a new threshold determination, a challenge to the process on
8 the existing MDNS is now moot. Similarly, Issue B.10, which raises challenges to the SSDP
9 based on alleged procedural errors, is also moot. Other challenges to the MDNS and SSDP's
10 validity based on compliance with the SMA, the local SMP, the Coastal Zone Management Act,
11 and critical areas ordinances are also moot because of the invalidity of the MDNS on other
12 grounds.¹⁶ The Board declines to address these moot issues.

13 Based on the foregoing analysis, the Board enters the following:

14 **ORDER**

15 1. Summary judgment is granted to Petitioners on Issues A.1 and parts of A.6 as set
16 forth in this Order.

17 2. Summary judgment is granted to Respondents on parts of Issue A.3, and all of
18 issues A.7, A.8, B.3, and B.4.

19
20
21 ¹⁶ The Board does note that the Coastal Zone Management Act is applicable only to projects requiring a federal license or permit. 16 U.S.C. § 1456(c)(3)(A). There is no indication in the record that such federal authorization is required for the Westway project.

Exhibit C



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Innovating renewables for the future www.imperiumrenewables.com

January 22, 2014

Brian Shay
City Administrator
City of Hoquiam
609 8th St.
Hoquiam, WA 98550-3522

Sally Toteff
Southwest Regional Director
Washington Department of Ecology
PO Box 47440
Olympia, WA 98504

Re: Imperium and Westway Terminal Expansion Projects
Implementing Shorelines Hearings Board's Decision

Dear Mr. Shay and Ms. Toteff:

Westway Terminal Company LLC ("Westway") and Imperium Terminal Services LLC ("Imperium") ask the Department of Ecology and the City of Hoquiam to initiate scoping for Environmental Impact Statements ("EISs") for their respective terminal expansion projects, rather than asking the co-lead agencies to issue new SEPA threshold determinations.

In response to the Shorelines Hearings Board's Order in case number 13-012c, Westway and Imperium initially considered requesting new SEPA threshold determinations that would have been informed by additional information the companies were preparing. This new information includes comprehensive rail and marine traffic studies and consideration of the possibility of other port development such as U.S. Development in the cumulative impacts analysis. The information would have thoroughly addressed the substantive issues raised by the Shorelines Hearings Board in its Order. However, Westway and Imperium also acknowledge the interest by some members of the community in crude-by-rail operations. Both companies have conferred and agree to pursue the development of EISs to provide ample opportunities through the robust EIS process for airing and responding to any concerns regarding the Westway and Imperium terminal expansion projects.

Imperium and Westway are prepared to work with the City and Ecology to coordinate environmental review for the two projects as much as feasible. Imperium and Westway would like to work with the co-lead agencies to put the necessary agreements in place and to initiate the scoping process as soon as possible.

We look forward to discussing this matter with you at your earliest convenience.

Sincerely,


Gene McClain, CEO
Westway Group LLC


Troy Williams, CFO
Imperium Renewables Inc.

Exhibit D

**DETERMINATION OF SIGNIFICANCE
AND REQUEST FOR COMMENTS ON SCOPE OF ENVIRONMENTAL IMPACT
STATEMENT FOR IMPERIUM BULK LIQUID FACILITY PROJECT**

Description of proposal: Imperium Renewables proposes to expand its existing bulk liquid storage terminal to allow for: the receipt, storage, and shipment of biofuels such as ethanol, biodiesel and additional feedstocks for biofuel production such as used cooking oil/waste vegetable oil and animal fat; petroleum products including naphtha, gasoline, vacuum gas oil, jet fuel, no. 2 fuel oil, no. 6 fuel and kerosene; crude oil; and renewable fuels such as renewable diesel and renewable jet fuel. Imperium is also applying for permits to store the following additional bulk liquids in the existing tanks: used cooking oil, waste vegetable oil, animal fats, naphtha, gasoline, vacuum gas oil, jet fuel, no. 2 fuel oil, no. 6 fuel oil, kerosene, crude oil, renewable diesel, and renewable jet fuel. The bulk liquids could be shipped by rail, trucks, ships, or barges to and from the facility from the Port of Grays Harbor Terminal 1.

Up to nine (9) storage tanks would be constructed on the site to the north/northwest of Imperium's existing bulk storage tanks. The new tanks would each have a capacity of 80,000 barrels for a project total storage capacity of up to 720,000 barrels. The annual maximum throughput for the entire Imperium facility, including the expansion, would be 30,000,000 barrels per year. The tanks would be surrounded by a concrete containment wall with the capacity to contain the total volume of a single tank plus an allowance for precipitation.

The existing rail facility would be expanded. Approximately 6,100 feet of track in multiple new rail spurs would be constructed on site in connection with the existing rail line and the existing rail yard would be expanded. The rail car containment area would have the capacity to contain the total volume of a single rail car plus an allowance for precipitation.

Pipelines would be installed connecting Terminal 1 with the tank area. One 24-inch-diameter pipe and one 16-inch-diameter pipe would be constructed from the tank area and routed across an existing pipe bridge over the existing rail line. The two pipes would be routed to Terminal 1 following a similar route as the existing Imperium tank farm piping.

A marine vapor combustion unit would be installed west of the existing Imperium tank area and would be used to incinerate displaced vapors during vessel loading. A new building or buildings would be constructed on the site to replace the existing mobile trailers. The new buildings would provide offices and laboratory, maintenance, and warehouse facilities.

No in-water work is proposed.

The company estimates that the terminal operations would handle a maximum of 730 unit trains a year (loaded and empty) or two (2) unit trains per day. The company estimates that the terminal operations would handle up to 200 ships or barges a year (400 entry and departure transits).

Proponent: Imperium Terminal Services, LLC, a wholly owned subsidiary of Imperium Renewables Inc.

Location of proposal: The project would be located on leased property owned by the Port of Grays Harbor. The site is located adjacent to the Chehalis River at Section 7, Township 17 North, Range 9 West W.M., tax parcel number 056402300000. The majority of the Project, including the tanks and most of the rail facility improvements, will be in the City of Hoquiam. The new office building and a segment of the rail facility improvements will be on the portion of the site in neighboring Aberdeen.

Co-Lead Agencies: City of Hoquiam and Washington Department of Ecology. The City of Hoquiam is the nominal lead for the SEPA review process.

EIS Required. The Co-Lead Agencies have determined this proposal is likely to have a significant adverse impact on the environment. An Environmental Impact Statement (EIS) is required under RCW 43.21C.030 (2)(c) and will be prepared. The Co-Lead Agencies will make notifications related to the environmental review process, including public meetings and hearings, in accordance with adopted City and State procedures.

The Co-Lead Agencies have identified the following areas for discussion in the EIS. Additional areas of study will be identified and considered during the scoping period.

Earth

- Geology and Soils
- Seismic Events
- Tsunami Preparedness

Air

- Emissions (including Greenhouse Gases)

Water

- Water Quality
- Runoff

Plants

Animals

- Marine Life

Energy and Natural Resources

Environmental Health

- Oil Spill Prevention, Preparedness, Response
- Noise
- Risk of Fire or Explosion
- Releases or Potential Releases of Toxic or Hazardous Materials

Land and Shoreline Use

Aesthetics

Light and Glare

Recreation

Historic and Cultural Preservation

Transportation

- Vehicle Traffic
- Rail traffic, including a rail transportation impact analysis for the rail line from Centralia to Grays Harbor
- Rail Safety
- Vessel Traffic, including vessel transportation impact analysis for vessel traffic in Grays Harbor
- Vessel Safety

Public Services

The No Action Alternative will also be evaluated.

Scoping. Agencies, affected tribes, and members of the public are invited to comment on the scope of the EIS within a 47-day expanded scoping comment period beginning on April 10, 2014 and closing May 27, 2014. You may comment on alternatives, mitigation measures, probable significant adverse impacts, and licenses or other approvals that may be required.

Scoping comments will be accepted in three ways:

Oral Comments: Oral comments will be accepted during two public scoping meetings:

1. Hoquiam: April 24, 2014 at Hoquiam High School Commons, 501 W. Emerson Avenue, Hoquiam WA. The meeting will start at 5 p.m. and end at 9 p.m. The public comment period will start at 6 p.m. and end at 9 p.m.
2. Centralia: April 29, 2014, Centralia High School Commons, 813 Eshom Road, Centralia WA. The meeting will start at 5 p.m. and end at 9 p.m. The public comment period will start at 6 p.m. and end at 9 p.m.

Electronic Written Comments: Electronic written comments will be accepted through 5 p.m. Pacific Daylight time until May 27, 2014 via a web form at <https://public.commentworks.com/cwx/westwayimperiumcommentform>.

Other Written Comments: Other written comments will be accepted through May 27, 2014 via US Mail at the following address:

Imperium and Westway EISs
c/o ICF International,
710 Second Avenue, Suite 550
Seattle, WA 98104

Written scoping comments will also be accepted at scoping meetings listed above.

Documents Available: An environmental checklist or other materials indicating likely environmental impacts can be reviewed at the City of Hoquiam Office, 609 8th Street, Hoquiam WA, or at the Ecology website at <http://www.ecy.wa.gov/geographic/graysharbor/imperiumterminal.html>.

Responsible Officials:

Brian Shay
City Administrator, City of Hoquiam

Date: 4/4/2014 Signature: Brian J. Shay

Sally Toteff
Southwest Regional Office Director, Washington State Department of Ecology

Date: 4/3/2014 Signature: Sally Toteff

Exhibit E



ALASKA CALIFORNIA FLORIDA MID-PACIFIC NORTHEAST NORTHERN ROCKIES
NORTHWEST ROCKY MOUNTAIN WASHINGTON, DC INTERNATIONAL

May 31, 2013

Via Federal Express and Email

Brian Shay, City Administrator
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Sally Toteff, Southwest Regional Director
Washington Dep't of Ecology
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Re: Imperium Bulk Liquid Facility Project: Mitigated Determination of
Non-Significance

Dear Mr. Shay and Ms. Toteff:

The following comments are submitted on behalf of the Quinault Indian Nation on the proposed State Environmental Policy Act ("SEPA") Mitigated Determination of Non-Significance ("MDNS") for the Imperium Bulk Liquid Facility Project—the second crude-by-rail oil shipping proposal to be given an MDNS this spring. The Quinault Indian Nation is a sovereign tribal government that has federally-guaranteed treaty rights and other interests in Grays Harbor and the Chehalis River. We appreciate the opportunity to comment.

As we expressed in our comments on the Westway proposal, we are deeply concerned about this decision, which will effectively authorize the construction of another new oil shipping terminal in Grays Harbor. With the addition of up to nine new storage tanks of 80,000 barrels each, the proposal would give Imperium the capacity to store 720,000 barrels of crude oil and other petroleum products at any given time. The decision to authorize this type of facility, particularly given the acknowledgement that two additional facilities for crude-by-rail—amounting to **tens of millions of barrels of crude oil annually through Grays Harbor**—are also being proposed in the same area, poses **major environmental risks to the Grays Harbor community and the Quinault Indian Nation.**

The Quinault Indian Nation has usual and accustomed fishing areas in Grays Harbor and the Chehalis River, and tribal members' right to access currently-used fishing, hunting, and gathering sites will be impacted by increased vessel and rail traffic. Grays Harbor and the

withdraw the MDNS and hold off from issuing any permits related to this project until SEPA is fully satisfied.

The Imperium project requires a complete EIS that fully evaluates the environmental impacts of the crude-by-rail project, reasonable alternatives to that project, and mitigation options. The EIS should encompass all related portions of the project and should include other agency permitting actions related to the project. The EIS should also consider the indirect and cumulative impacts of the other two proposed crude-by-rail projects; alternatively, the Department of Ecology could review these projects as similar actions under WAC 197-11-060(3)(c). The EIS should do an emissions analysis of transporting oil via rail and marine vessel and also include emissions from drilling, pumping, refining, and burning—a true life-cycle analysis of greenhouse gas emissions as well as other air toxics like mercury.

III. IMPERIUM'S PROPOSAL MUST BE REVIEWED AND APPROVED BY THE WASHINGTON UTILITY TRANSPORTATION COMMISSION UNDER RCW 80.50.

The State of Washington, through the passage of RCW 80.50, assigned the selection, review, and development of energy facility sites to the Energy Facility Site Evaluation Council ("EFSEC"). The stated policy of this law is "to recognize the pressing need for increased energy facilities, and to ensure through available and reasonable methods, that the location and operation of such facilities will produce minimal adverse effects on the environment, ecology of the land and its wildlife, and the ecology of state waters and their aquatic life." RCW 80.50.010.

EFSEC has jurisdiction over facilities that have "the capacity to receive more than an average of fifty thousand barrels per day of crude or refined petroleum ... which has been or will be transported over marine waters ..." RCW 80.50.020(12)(d). Imperium's proposal, with a 720,000 barrel capacity, meets this definition of a covered facility.

Imperium's position is that this proposal does not trigger EFSEC jurisdiction because it is an expansion that would yield a net increase in receiving capacity of less than 50,000 barrels per day. "A unit train typically has 105 tank cars, each of which can carry up to 743 barrels for a total of 78,000 barrels per unit train. Currently we have 64 spots for unloading rail cars, yielding a capacity to receive 47,500 barrels per day. The expansion would add capacity to unload up to an additional 41 rail cars per day (i.e., an entire unit train of 105 cars), thus adding an incremental capacity to receive approximately 30,500 barrels daily." Letter from John Plaza, Imperium, to Stephen Posner, EFSEC (March 19, 2013).

Imperium's position misreads Washington law. In order to trigger EFSEC jurisdiction, a facility must have the capacity to receive an average of 50,000 barrels of crude a day, not a lower expectation based on unit train length. Plans can change, yet there will be no further state review if Imperium begins to receive more crude oil. Additionally, Imperium's proposed storage capacity is 14 times greater than the jurisdictional threshold set in RCW 80.50.020(12)(d); this

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proposal, even though it is an expansion, should be proceeding under the EFSEC's jurisdiction, procedures, and environmental review requirements.

* * * * *

Thank you for the opportunity to comment. We would be pleased to meet with you and discuss these comments further if such a discussion can help avoid appeals and litigation on this project's permits and SEPA review.

Sincerely,


Kristen L. Boyles
Attorney for the Quinault Indian Nation

cc: Governor Jay Inslee
Dr. Mary Alice Heuschel, Chief of Staff
Governor's Office
(via U.S. Mail)

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Page 21

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