



Who Foots the Bill when there's an Oil Spill? Make Big Oil Pay!

Take a deep dive into Friends' financial responsibility rulemaking analysis to support your comments and testimony.

The risks and costs of oil spills in the San Juans and surrounding Salish Sea is high. The Washington State Department of Ecology is conducting a [rulemaking](#) that will establish financial responsibility requirements for refineries, pipelines, and other bulk oil handling facilities (Class 1 facilities.) Ecology's draft rule will not come close to covering the estimated costs of a large oil spill. Action is needed to ensure that Washington State's oil industries won't go bankrupt before covering all the costs of their oil spills.

Join us in advocating for robust financial responsibility requirements that will hold the oil industry accountable and prevent them from shirking their obligations in the face of disaster.

The information below will provide source material and analysis for your comments and testimony. See also the [draft rule](#) and the *Preliminary Regulatory Analyses for Chapter 173-187 WAC Financial Responsibility* ([Preliminary Regulatory Analyses](#)).

There is unlimited liability for oil spills in Washington State.¹ However, financial responsibility requirements are needed to ensure that bankruptcy won't occur before all the response and damage costs have been paid.

In the event of an oil spill for which the costs for cleanup and damages exceed the assets of a responsible party, that party may face insolvency.²

However, Ecology has proposed a maximum financial responsibility amount that may only address a small fraction of the oil spill response and damage costs that could result from a Class 1 facility oil spill.

The requirements for this rulemaking are included in RCW [88.40.025](#) Financial responsibility for onshore or offshore facilities:

An onshore or offshore facility shall demonstrate [financial responsibility in an amount determined by the department as necessary to compensate the state and affected federally recognized Indian tribes, counties, and cities for damages](#) that might occur during a reasonable [worst case spill of oil](#) from that facility into the navigable waters of the state. The department shall adopt a rule that considers such matters as the worst case amount of oil that could be spilled, as calculated in the applicant's oil spill contingency plan approved under chapter [90.56](#) RCW, [the cost of cleaning up the spilled oil](#), [the frequency of operations](#) at the facility, [the damages that could](#)

¹ RCW [90.56.370](#) Strict liability of owner or controller of oil—Damages—Exceptions.

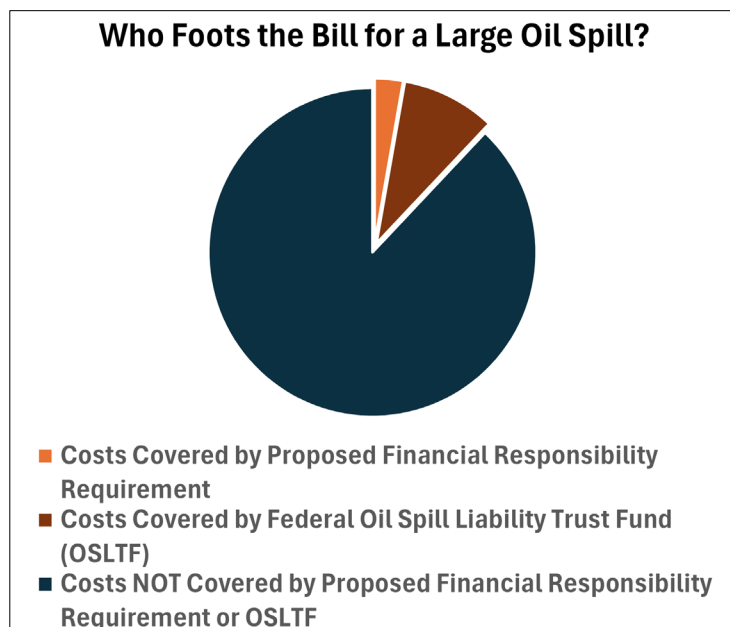
² Mercer Management Consulting. June 1993. *Analysis of Oil Spill Costs and Financial Responsibility Requirements*. PDF page 247. https://fortress.wa.gov/ecy/ezshare/spr/preparedness/MercerStudy1993_CombinedFiles.pdf.

[result from the spill](#), and the [commercial availability and affordability of financial responsibility](#). In order to demonstrate financial responsibility as required under this section, the owner or operator of a facility must obtain a certificate of financial responsibility from the department. The requirements of this section do not apply to an onshore or offshore facility owned or operated by the federal government or by the state or local government.

Oil spill response and damage costs:

The specter of a large oil spill looms over our region, casting a shadow of potential devastation. The stakes are high. At risk are our environment, economy, and cultural resources; the vulnerable Southern Resident killer whales and their dwindling food source, chinook salmon; the forage fish that nurture the salmon and the eelgrass that provides refuge for the creatures that call the coastlines of the Salish Sea home. All of this and much more are at risk from a major oil spill.

Ecology states: “Based on 2006 numbers, a large spill could cost the state \$10.8 billion and 165,000 jobs.”³ The proposed \$300 million maximum financial responsibility requirement would cover less than 3% of the \$10.8 billion cost of a large oil spill. (See below for more information on the Oil Spill Liability Trust Fund.)



Financial responsibility in an amount necessary to compensate the state and affected federally recognized Indian tribes, counties, and cities for damages:

The \$300 million maximum financial responsibility for Class 1 facilities is based on California’s regulations which were established in 1995 and based on a [1993 study](#) that used 1992 US dollar values to identify the cost of oil spill response and the damages that could result from a spill. This 30+ year-old study identified the oil spill response and damages costs at \$12,500 - \$18,900 per barrel. The \$18,900 per barrel cost was recommended for facilities given that “Natural

³ Ecology’s Spill Prevention, Preparedness, and Response Program webpage: <https://ecology.wa.gov/About-us/Who-we-are/Our-Programs/Spills-Prevention-Preparedness-Response>. See also Ecology’s January 2024 Preliminary Regulatory Analyses, page 36: <https://apps.ecology.wa.gov/publications/documents/2408001.pdf>.

resource damage claims are expected to rise in the future.”⁴ California based its 1995 regulations on the low range of \$12,500 per barrel.

RCW 88.40 sets the financial responsibility requirements for vessels and directs Ecology to set the financial responsibility requirements for facilities. RCW 88.40 does not direct Ecology to base the financial responsibility requirements for Washington State’s industrial facilities on other West Coast states’ financial responsibility requirements.

It makes no sense that the \$300 million maximum financial responsibility requirement for facilities is the same amount that is required for passenger vessels with a fuel capacity of at least 6,000 gallons.

[E2SHB 1691](#) Concerning financial responsibility requirements related to oil spills, changed state law to require onshore facilities to demonstrate financial responsibility in an amount determined by the department as necessary to compensate “federally recognized Indian tribes” for damages.

The *Preliminary Regulatory Analyses* addresses the expected benefits from this rulemaking, which includes Tribes:

State, federal, and local government, tribes and Washingtonians would have assurance that oil handling facilities that transfer, process or transport oil on or near the navigable waters of the state are able to pay for oil spill clean-up and damage costs if a spill occurs.⁵

The *Preliminary Regulatory Analyses* also addresses the impacts to Tribes from oil spills:

Tribes would also suffer disproportionate damages from impacts to fisheries, shellfisheries, waters, and shorelines that are part of maintaining their traditional lifeways, generating economic revenues, and maintaining cultural values. If the responsible party is not able to pay for the damages noted above, then the Tribes, underserved populations, and other Washingtonians would have to absorb the losses.⁶

However, there is nothing in the rulemaking documents that identifies how Ecology considered the financial responsibility amount that would be needed to compensate Tribes for damages from an oil spill in the unceded waters of the state. The *Preliminary Regulatory Analyses* report only states that:

Ecology notified and solicited input from these and other federal and state agencies, Tribes, and other stakeholders throughout this rulemaking process.⁷

⁴ Mercer Management Consulting. June 1993. *Analysis of Oil Spill Costs and Financial Responsibility Requirements*. PDF page 37. https://fortress.wa.gov/ecy/e2share/sppr/preparedness/MercerStudy1993_CombinedFiles.pdf.

⁵ Washington State Department of Ecology. January 2024, Publication 24-08-001. *Preliminary Regulatory Analyses for Chapter 173-187 WAC Financial Responsibility*. Page 38. <https://apps.ecology.wa.gov/publications/documents/2408001.pdf>.

⁶ *Ibid.* Page 35.

⁷ *Ibid.* Page 65.

The [1993 study](#) that is the basis for California's and now Washington State's financial responsibility regulations refers to the federal [Oil Pollution Act of 1990 \(OPA 90\)](#) to address Tribes' oil spill removal costs and natural resource damages, and the federal [Oil Spill Liability Trust Fund](#) that can provide up to \$1 billion for any one oil pollution incident. The \$1 billion from the Oil Spill Liability Trust Fund would address less than 1/10th of the \$10.8 billion cost of a large oil spill.

Will the industry that is risking the well-being and health of our communities and cultures, wildlife, clean water, and the Salish Sea ecosystems have the necessary financial resources to immediately pay for oil spill response and damage costs?

While the risk of a large oil spill is low, the consequences would be devastating and potentially long-lasting. The Exxon Valdez spilled 11 million gallons of crude oil into the beautiful and pristine Prince William Sound in 1989. The Exxon Valdez oil slick covered 1,300 miles of coastline and killed hundreds of thousands of seabirds, otters, seals, and killer whales. After the oil spill, the local killer whale population plummeted by 41%, and has not recovered since. Nearly 30 years after the Exxon Valdez oil spill, pockets of crude oil remain in some locations. According to NOAA (National Oceanic and Atmospheric Administration) Fisheries' scientists, the local killer whale population is now thought to be heading toward extinction as they have lost their reproductive-age females and has failed to produce young.

Exxon paid about \$2 billion in oil spill response costs and \$1.8 billion for habitat restoration and personal damages related to the spill.⁸ It was the worst oil spill in U.S. history until the Deepwater Horizon oil spill in 2010.

The Washington State portion of the Salish Sea that encompasses Puget Sound, and portions of the central Salish Sea and the Strait of Juan de Fuca, has 2,500 miles of shorelines⁹ and two populations of killer whales: the critically endangered and culturally significant Southern Resident killer whales and the healthier/more abundant Biggs or transient killer whale population.

NOAA Fisheries' *Recovery Plan for Southern Resident Killer Whales* documents the impacts of oil spills:¹⁰

The possibility of a large spill is considered one of the most important short-term threats to killer whales and other coastal organisms in the northeastern Pacific (Krahn et al. 2002).

⁸ History.com. Exxon Valdez Oil Spill. <https://www.history.com/topics/1980s/exxon-valdez-oil-spill>.

⁹ Washington Department of Fish and Wildlife. Marine shorelines, Physical description. <https://wdfw.wa.gov/species-habitats/ecosystems/marine-shorelines#desc-range>.

¹⁰ NOAA Fisheries. 2008. *Recovery Plan for Southern Resident Killer Whales (Orcinus orca)*. Pages II-49, II-116, and II-73. <https://www.fisheries.noaa.gov/resource/document/recovery-plan-southern-resident-killer-whales-orcinus-orca>.

Oil spills are also potentially destructive to prey populations and therefore may adversely affect killer whales by reducing food availability.

The Exxon Valdez oil spill was identified as a potential source of mortality for resident and transient killer whales in Prince William Sound, Alaska (Dahlheim and Matkin 1994, Matkin et al. 2003) and has raised concerns about potential implications for Southern Residents, particularly if the entire population is together in the vicinity of a spill.

Worst case spill of oil:

For refineries and other bulk oil handling facilities, "worst case spill" is defined in [WAC 173-182-030 Definitions](#) (73)(b)

For an onshore facility, the entire volume of the largest above ground storage tank on the facility site complicated by adverse weather conditions, unless ecology determines that a larger or smaller volume is more appropriate given a particular facility's site characteristics and storage, production, and transfer capacity

There are no worst case spill volumes that consider a "facility's site characteristics and storage, production, and transfer capacity;" only the size of the largest above ground storage tank. As a result, the state's 4th largest refinery, Phillips 66, has the largest worst case spill volume, while having less than half the operating capacity of the state's largest refinery, BP Cherry Point.

Refinery, Location	Start Year*	Refinery Operating Capacity Crude Distillation Capacity Barrels per Calendar Day			Percentage Increase from Start Year to 2023	Worst Case Spill Volume in Barrels
		Start Yr.**	1994***	2023***		
BP Cherry Point Refinery, Blaine	1971	100,000	179,000	238,500	138.5%	498,438
HF Sinclair Puget Sound Refinery, Anacortes	1958	45,000	96,600	145,000	222%	301,316
Marathon Anacortes Refinery, Anacortes	1955	50,000	132,000	119,000	138%	600,000
Phillips 66 Ferndale Refinery, Ferndale	1954	35,000	84,300	105,000	200%	659,222
Par Pacific US Oil & Refining Co., Tacoma	1957	10,000	32,400	40,700	307%	274,655

*Data Source: Industrial Facilities Permits, Washington State Department of Ecology. Referenced in *The Cost-Benefit Analysis for Safety Standards for Process Safety Management of Highly Hazardous Chemicals* (page 33): <https://www.ini.wa.gov/rulemaking-activity/AO17-20/1720FCBA.pdf>.

** Data Source: <https://www.sightline.org/2021/09/22/the-history-of-northwest-refineries/>.

***Data Source: EIA (U.S. Energy Information Administration) Refinery Capacity Reports: <https://www.eia.gov/petroleum/refinerycapacity/archive/>.

The proposed \$300 million maximum financial responsibility requirement would cover only a small fraction of the total cost of a worst case spill from these refineries:

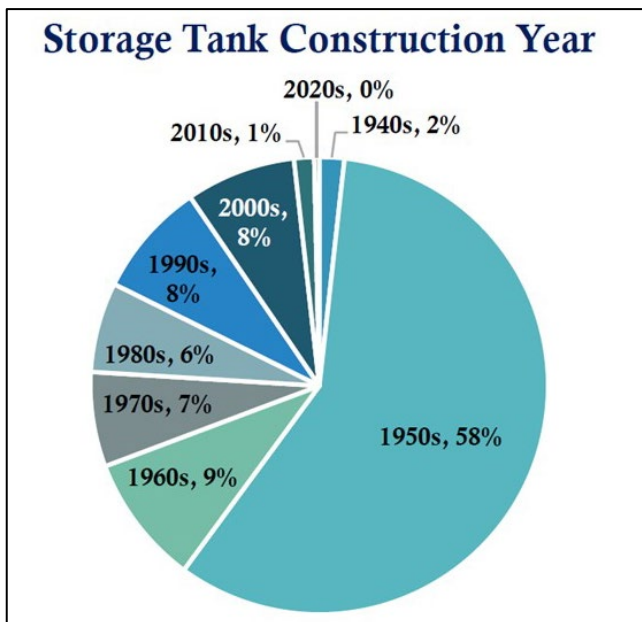
- Phillips 66 Ferndale Refinery: 3.64%
- Marathon Anacortes Refinery: 4.00%
- BP Cherry Point Refinery: 4.82%
- HollyFrontier Sinclair Puget Sound Refinery: 7.97%
- Par Pacific U.S. Oil Refinery: 8.74%

For a complete list of Class 1 facilities, their worst case spill volumes, the total cost of their worst case spill based on the outdated and low estimate cost of a spill at \$12,500 per barrel, and the percentage of that cost that would be covered by the proposed \$300 million maximum financial responsibility requirements, see the [Proposed Financial Responsibility Requirements for Class 1 Facilities](#) spreadsheet at the end of this document.

There is reason to be concerned about spills from above ground bulk oil storage tanks. According to an economic impact assessment of Western States Petroleum Association (WSPA) member facilities in Washington State, the majority of bulk oil handling facilities – 58% – were built in the 1950s, and 89% were built before the state implemented storage tank requirements.

The existing tankage infrastructure is aged, with 89% of the tanks being built prior to the first implementation of [WAC 173-180-330](#) in 1994.”¹¹

For pipelines, "worst case spill" is defined in [WAC 173-182-030 Definitions](#) (73)(d). The Puget Sound spur of Canada’s Trans Mountain Pipeline transports Alberta tar sands crude and other oil products to Washington State’s northern refineries. The worst case spill volume for the Trans Mountain Pipeline (Puget Sound) is 12,305 barrels which results in a financial responsibility requirement of just \$153,812,500. The financial responsibility requirement for the Trans Mountain Pipeline should have a financial responsibility requirement that is based on a higher per barrel amount in order to address the higher oil spill response and damage costs for spills of tar sands products.



¹¹ Turner Mason & Company. February 16, 2023. *Refining Industry Economic Impact Assessment Washington State Amendment to WAC Chapter 173-180, 184*. Page 4. https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did200006/pid_204735/assets/merged/vn0mi00_document.pdf?v=13730.

The oil spill response, remediation, and restoration costs for the 2010 tar sands crude oil spill into the Kalamazoo River from the pipeline known as Line 6B is \$1,208,000,000.¹² This brings the cost of this pipeline oil spill to \$60,153 per barrel.

An oil spill from the Puget Sound spur of the Trans Mountain Pipeline could impact the Nooksack River, Lower Skagit River, Samish River, Sumas River, Swinomish Channel, Padilla Bay, the Salish Sea, and the human and animal communities that surround and live within these waters.

The construction of Canada's Trans Mountain Pipeline expansion project is more than 98% complete and expected to be operational by April 2024.¹³ This expansion project will increase the pipeline's current capacity by 590,000 barrels per day.¹⁴

The spill response and damage costs could be much higher for a tar sands oil spill in the Salish Sea watershed as compared with the Kalamazoo River. According to Ecology:

Bitumen from Alberta, even once diluted, is uniquely difficult to remove after a spill, because of its properties. Alberta bitumen oils are potentially sinking oils, or some portion may sink after weathering, which renders ineffective conventional techniques to contain and remove oil from the water's surface. Potentially sinking oil poses a risk of contamination to sediments and their ecosystems, which include economically and culturally valuable shellfish and fisheries.¹⁵

¹² UNITED STATES SECURITIES AND EXCHANGE COMMISSION. FORM 10-Q. September 30, 2014, Quarterly Report. Page 19. https://media.mlive.com/grpress/news_impact/other/Enbridge%20FORM%2010-Q.pdf.

¹³ Trans Mountain blogpost. January 12, 2024. *Trans Mountain Receives Decision on Variance Application*. <https://www.transmountain.com/news/2024/trans-mountain-receives-decision-on-variance-application>. Reuters. January 24, 2024. *Canada's Trans Mountain pipeline expansion to start in April*. By Arathy Somasekhar and Georgina Mccartney. <https://www.reuters.com/world/americas/canadas-trans-mountain-pipeline-start-up-second-quarter-2024-01-24/>.

¹⁴ U.S. Energy Information Administration. January 8, 2024. Canada's Trans Mountain Pipeline expansion reportedly 95% complete. <https://www.eia.gov/todayinenergy/detail.php?id=61184>.

¹⁵ Ecology. 2012. *Final Cost-Benefit and Least Burdensome Alternative Analysis Chapter 173-182 WAC Oil Spill Contingency Plan*. Pages 8-9. (Web address is no longer provided.)

See also: H. Gary Greene, John Aschoff. 2023. *Oil spill assessment maps of the central Salish Sea – Marine seafloor & coastal habitats of concern – A tool for oil spill mitigation within the San Juan Archipelago, Washington State, USA*, Continental Shelf Research, Volume 253, 2023, 104880, ISSN 0278-4343, <https://doi.org/10.1016/j.csr.2022.104880>. <https://www.sciencedirect.com/science/article/pii/S0278434322002333>.

The basis for the Trans Mountain Pipeline’s financial responsibility requirement should be increased to at least \$60,153 per barrel.

Class 1 Facilities	Type	Location	Worst Case Spill Volume in Barrels	Worst Case Spill Cost at \$12,500/barrel	Cost exceeds \$300 Million by	\$300 Million as a % of total cost
Trans Mountain	Pipeline/Tankage	Bellingham	89,455	\$1,118,187,500	\$818,187,500	26.83%
Trans Mountain	Pipeline only	Canada to Northern Refineries	12,305	\$153,812,500	NA	NA
Class 1 Facilities	Type	Location	Worst Case Spill Volume in Barrels	Worst Case Spill Cost at \$60,153/barrel	Cost exceeds \$300 Million by	\$300 Million as a % of total cost
Trans Mountain	Pipeline/Tankage	Bellingham	89,455	\$5,380,986,615	\$5,080,986,615	5.58%
Trans Mountain	Pipeline only	Canada to Northern Refineries	12,305	\$740,182,665	\$440,182,665	40.53%

The frequency of operations at the facility:

In 2023 alone, Class 1 facilities, excluding pipelines, conducted 2,589 over-water oil transfer operations totaling 4,469,806,696 gallons. These are just the transfers that occur at these facilities to and from vessels, and do not include oil transfer operations via pipeline, rail, or truck. Over-water oil transfer operations include the risk of oil spills directly into the “waters of the state.”

[Learn more about the frequency and volume of over-water oil transfer operations at Class 1 facilities here.](#)

Commercial availability and affordability of financial responsibility:

The draft rule does not address the current costs and damages from oil spills and exclusively addresses “the commercial availability and affordability of financial responsibility,” allowing oil industry profits to supersede the financial responsibility requirements needed to address the costs and damages from an oil spill.

To justify the \$300 million maximum financial responsibility requirements for Class 1 facilities, the rulemaking’s [Preliminary Regulatory Analyses](#) quotes the same section of the 2003 [ESB 5938](#) (Updating financial responsibility laws for vessels) three times to justify using California’s financial responsibility requirements for facilities in this rulemaking (on pages 15, 37, and 44):

The legislature finds that the current financial responsibility laws for vessels are in need of update and revision. The legislature intends that, whenever possible, the standards set for Washington state provide the highest level of protection consistent with other western states and to ultimately achieve a

more uniform system of financial responsibility on the Pacific Coast.

However, ESB 5938 does not address financial responsibility requirements for facilities. The 2022 legislation that required this rulemaking, [E2SHB 1691](#) Concerning financial responsibility requirements related to oil spills, and [RCW 88.40](#) make no mention of a uniform system of financial responsibility on the Pacific Coast.

The [Preliminary Regulatory Analyses](#) states (on page 36):

The proposed rule mirrors California's regulations to a large extent and adopts the same FR requirement for the largest oil handling facilities (\$300 million). Several of the Washington state regulated facilities also operate in California and are complying with the California rule. The benefit of this parity of west coast states is that it increases rule clarity and consistency, which increases simplicity and minimizes management of multiple similar but disparate requirements for the regulated community. It also meets the legislative intent of Engrossed Senate Bill 5938, passed in 2003, which states:

[E2SHB 1691](#) and [RCW 84.40](#) do not mention west coast states.

Ecology considered a \$600 million financial responsibility requirement in the [Preliminary Regulatory Analyses](#) on page 48:

This higher level could have provided a higher level of protection for the state but failed to meet the specific objective of considering commercial affordability and availability of FR [financial responsibility] in the marketplace. Having to demonstrate FR for \$600 million would require companies to pay significant costs into the millions of dollars per year to remain in business.

For over 20 years, passenger vessels with a fuel capacity of at least 6,000 gallons have been required to demonstrate financial responsibility to pay \$300 million, and tank vessels that carry oil as cargo in bulk have had to demonstrate financial responsibility to pay \$1 billion.¹⁶

Why is it too burdensome for refineries, pipelines and bulk oil handling facilities to have a \$600 million financial responsibility requirement, while tank vessels and barges are able to comply with the \$1 billion financial responsibility requirement? The answer is mutual insurance associations. As stated in the rulemaking's [CR-102 form](#) on page 2:

RCW 88.40 outlines the amount of financial responsibility a vessel must demonstrate and provides authorization to establish a process for verification of protection & indemnity (P&I) club membership. P&I clubs are mutual insurance associations that

¹⁶ [ESB 5938](#) - Updating financial responsibility laws for vessels. Sec. 3.(2)(a) and (3)(a)
<https://lawfilesexternal.wa.gov/biennium/2003-04/Pdf/Bills/Session%20Laws/Senate/5938.SL.pdf?q=20240122064544>.

serve the vessel community and that provide risk pooling for their members. They provide insurance type protection for oil pollution risk, as well as other risks that are common for the vessel industry.

Class 1 facilities could establish their own mutual insurance association.

This rulemaking's focus on "the commercial availability and affordability of financial responsibility" is an example of how the oil industry benefits from "externalized costs" – costs that are generated by producers but paid for by society as a whole. There are many examples of externalized costs that benefit the oil industry, including government subsidies. According to U.S. Senator Sheldon Whitehouse (D-RI), Chairman of the U.S. Senate Budget Committee:

In the United States, by some estimates taxpayers pay about \$20 billion dollars every year to the fossil fuel industry. What do we get for that? Economists generally agree: not much. To quote conservative economist Gib Metcalf: these subsidies offer "little if any benefit in the form of oil patch jobs, lower prices at the pump, or increased energy security for the country."¹⁷

Sen. Whitehouse goes on to detail more of the externalized costs that benefit the oil industry:

But the really big subsidy is the license to pollute for free. The IMF [International Monetary Fund] calls this global free pass an "implicit" fossil fuel subsidy. Economists call it an "unpriced externality." Behind these benign-sounding phrases is a lot of harm.

Start with harmful effects of local air pollution. Researchers from Harvard found pollutants from oil and gas combustion were responsible for 8.7 million premature deaths annually – the increased mortality rates from heat and air pollution we heard about at last week's hearing.

Then, growing costs from intensifying disasters: wildfires, floods, droughts, which according to OMB could cost the federal budget \$2 trillion annually and reduce US GDP 3 to 10 percent by the end of the century.

You tally up the harms, and the IMF estimates it at a \$5.4 trillion annual subsidy worldwide. In the United States, it's \$646 billion – every single year.

Worse, this is almost certainly undercounting the true costs. The London School of Economics reports that studies often underestimate the harm of climate dangers by failing to account for how hazards can cascade across ecological and economic systems. These cascades can cause irreparable damage to human

¹⁷ United States Senate Committee on the Budget press release. May 3, 2023. SEN. WHITEHOUSE ON FOSSIL FUEL SUBSIDIES: "WE ARE SUBSIDIZING THE DANGER" <https://www.budget.senate.gov/chairman/newsroom/press/sen-whitehouse-on-fossil-fuel-subsidies-we-are-subsidizing-the-danger->

well-being, to ecosystems, and to the US economy. These are the systemic risks we've heard about from previous witnesses. And as we will hear from one of our witnesses today, the very act of extracting these dirty fuels has terrible consequences for human health - especially for children. From higher rates of birth defects to childhood leukemia, there's ample evidence that communities around oil and gas extraction sites pay an especially high price.

It's textbook economics that the price of a good should reflect its true cost. The fossil fuel industry violates this rule of market economies. It does so by spending billions of dollars on disinformation, false doubts, climate obstruction, and political dark money. And why not, to protect one of the most lucrative subsidies in human history? This, ladies and gentlemen, is why we can't have nice things like clean air, safe coral reefs, secure coastlines, and affordable clean energy.¹⁸

The petroleum industry is one of the most profitable on the planet, with many of its members consistently among the top performing companies in the world. Washington State's Class 1 facilities should be obligated to pay for all oil spill response and damage costs. The financial responsibility requirements should be based on the amount "necessary to compensate the state and affected federally recognized Indian tribes, counties, and cities for damages," at today's costs, not 1990's costs, and not "affordability" for the oil industry. Washington State's refineries, pipelines, and bulk oil handling facilities should be obligated to fully address the damages that result from their accidents and oil spills.

Mandate Financial Responsibility from the Oil Industry!

¹⁸ *Ibid.*

Proposed Financial Responsibility Requirements for Class 1 Facilities

Even using the outdated low estimate of \$12,500 per barrel as the basis for worst case spill costs, the \$300 million maximum financial responsibility requirement would cover only a small fraction of the total cost for a Class 1 facilities' worst case spill volume.

Note: "Worst case spill" is defined in [WAC 173-182-030 Definitions](#) (73).

Class 1 Facilities	Type	Location	Worst Case Spill Volume (in Barrels)	Worst Case Spill Cost at \$12,500/barrel	Cost exceeds \$300 Million by	\$300 Million as a % of total cost
BP Cherry Point	Refinery/Marine Terminal	Blaine	498,438	\$6,230,475,000	\$5,930,475,000	4.82%
Holly Frontier Sinclair	Refinery/Marine Terminal	Anacortes	301,316	\$3,766,450,000	\$3,466,450,000	7.97%
Marathon Anacortes	Refinery/Marine Terminal	Anacortes	600,000	\$7,500,000,000	\$7,200,000,000	4.00%
Phillips 66	Refinery/Marine Terminal	Ferndale	659,222	\$8,240,275,000	\$7,940,275,000	3.64%
US Oil	Refinery/Marine Terminal	Tacoma	274,655	\$3,433,187,500	\$3,133,187,500	8.74%
Trans Mountain	Pipeline	Canada to Northern Refineries	89,455	\$1,118,187,500	\$818,187,500	26.83%
BP NW Pipelines - Olympic	Pipeline	I-5 Corridor	110,000	\$1,375,000,000	\$1,075,000,000	21.82%
SeaPort Sound Terminal	Marine Terminal	Tacoma	78,336	\$979,200,000	\$679,200,000	30.64%
Alon Asphalt Company	Marine Terminal	Point Wells/ Richmond Beach	131,754	\$1,646,925,000	\$1,346,925,000	18.22%
Kinder Morgan	Marine Terminal	Seattle	82,400	\$1,030,000,000	\$730,000,000	29.13%
Tesoro	Marine Terminal	Port Angeles	80,000	\$1,000,000,000	\$700,000,000	30.00%
Andeavor Logistics	Pipeline	Salt Lake to Pasco to Spokane	4,669	\$58,362,500	NA	NA
REG Grays Harbor	Refinery/Marine Terminal	Hoquiam/ Grays Harbor	52,143	\$651,787,500	\$351,787,500	46.03%

Class 1 Facilities	Type	Location	Worst Case Spill Volume (in Barrels)	Worst Case Spill Cost at \$12,500/barrel	Cost exceeds \$300 Million by	\$300 Million as a % of total cost
Tesoro	Marine Terminal	Pasco	58,533	\$731,662,500	\$431,662,500	41.00%
Maxum	Marine Terminal	Seattle	604	\$7,550,000	NA	NA
Nustar Energy	Marine Terminal	Tacoma	78,830	\$985,375,000	\$685,375,000	30.45%
Nustar Energy	Marine Terminal	Vancouver	109,509	\$1,368,862,500	\$1,068,862,500	21.92%
Phillips 66	Spokane Terminal Tank	Spokane	80,000	\$1,000,000,000	\$700,000,000	30.00%
Phillips 66	Moses Lake Terminal Tank	Moses Lake	45,000	\$562,500,000	\$262,500,000	53.33%
Phillips 66	Renton Terminal Tank	Renton	54,510	\$681,375,000	\$381,375,000	44.03%
Phillips 66	Marine Terminal	Tacoma	43,000	\$537,500,000	\$237,500,000	55.81%
Phillips 66 Yellowstone	Pipeline	Spokane to Moses Lake	5,491	\$68,637,500	NA	NA
Shell Oil	Marine Terminal	Seattle	113,226	\$1,415,325,000	\$1,115,325,000	21.20%
Tidewater	Marine Terminal	Pasco	45,272	\$565,900,000	\$265,900,000	53.01%
Tidewater	Marine Terminal	Vancouver	65,558	\$819,475,000	\$519,475,000	36.61%
Tidewater	Pipeline	Pasco Terminal Tanks-Dock	45,272	\$565,900,000	\$265,900,000	53.01%
Sea Port Sound Terminal	Pipeline	Tacoma	3,652	\$45,650,000	NA	NA
TLP Management Services	Marine Terminal	Seattle	115,629	\$1,445,362,500	\$1,145,362,500	20.76%
Tesoro	Marine Terminal	Vancouver	92,538	\$1,156,725,000	\$856,725,000	25.94%
US Oil	Pipeline	Tacoma to McCord	1,985	\$24,812,500	NA	NA