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FROM THE OFFICE OF THE MAYOR

September 12, 2014

Benicia Planning Commissioners:

As the Mayor of Dixon, I am writing to express my support for Valero’s proposed Crude by Rail project. I have full faith in the abilities of local and regional first responders and recognize the extensive prevention, preparedness and response measures in place at the local, state and federal levels to keep our communities safe.

Transporting crude by rail is not a new phenomenon. In fact, this material has been traveling throughout our region by rail for years. The transportation of crude by rail has been advantageous to communities throughout California, both economically and environmentally. This project will result in a decrease in air emissions including greenhouse gases and significantly reduces the likelihood of crude release.

The competence and skill of safety regulators cannot be overstated. Comprehensive regulations are in place to protect our communities and the nation’s major railroads are constantly working to improve operations and infrastructure statewide. Refineries moving crude by rail operate under strict guidelines as well. Their commitment to safety and security has allowed us to move crude safely by train across the United States and supports the economy by creating new jobs, generating tax revenue and increasing access to domestic energy supplies.

As one of the newest and most advanced refineries in the nation, the Valero Benicia Refinery has demonstrated a commitment to safety that is instilled in everything that they do. They have a stellar safety record and have received every year since 2006 Cal/OSHA’s Voluntary Protection Program STAR Site designation for implementing safety programs that go above and beyond Cal/OSHA standards.

Transporting crude by rail is overseen by more than a dozen regulatory agencies. The US Department of Transportation, Environmental Protection Agency and Office of Spill Prevention and Response are just a few of the regulatory authorities that will oversee the operation of this project. Additionally, the refinery has an on-site Fire Department that regularly trains and runs drills with the Benicia Fire Department, and a mutual aid agreement in the region to ensure their capacity for response both on and off-site. Under federal regulations, the trains

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transporting this crude will operate at slower speeds, increased track inspections, improved tank cars, and better braking systems.

This project will have many positive impacts on Benicia and surrounding communities. It will create 20 full-time, well-paying, much-needed jobs and require approximately 120 skilled craftsman jobs during construction. It will also generate additional economic activity throughout the region, including in uprail communities. This project will ensure the region’s vital manufacturing sector remains competitive in a shifting marketplace. Keeping our industries competitive and continuing to innovate is the key to economic prosperity for all.

Thank you for your consideration of this important project.

Sincerely,

Jack Batchelor
Mayor
City of Dixon
September 10, 2014

Amy Million, Principal Planner
Community Development Department
250 East L Street
Benicia, CA 94510

Re: Valero Crude by Rail Project Draft Environmental Impact Report

Dear Ms. Million:

The City of Benicia worked with an environmental consultant, numerous outside experts and a CEQA attorney to develop the Draft Environmental Impact Report (DEIR) for Valero’s Crude by Rail Project. Their efforts generated a thorough, comprehensive analysis of the project and its potential impacts under CEQA.

The purpose of an Environmental Impact Report is to disclose to the public and decision-makers the impacts of a proposed project and what steps may be needed for mitigation. It is then up to City Leaders to review this expertise and determine if the project will be beneficial to the community.

Benicia’s Draft EIR did that and demonstrates that this project will provide significant benefits to the community, including fewer local air emissions and greenhouse gases, reduced likelihood of a spill of crude oil and reduced marine delivery of crude by as much as 25,550,000 barrels a year. In addition, this project will add a significant number of temporary and permanent local jobs and increase tax revenues for Benicia.

While the Draft EIR comprehensively addresses all issues under CEQA, it is important to recognize the jurisdictional limitations on the City of Benicia given federal preemption. Under federal law, issues regarding railroad operations and safety must be addressed at the national level to ensure cohesive transportation policies and community safety practices nationwide – ensuring the efficient movement of people and goods. Because of federal preemption, the City of Benicia and the Valero Benicia Refinery have no regulatory authority over Union Pacific’s operations, which is not the project applicant.
I commend the City of Benicia for this thorough Draft EIR and believe its findings affirm that this project will be good for the community. Furthermore, I support continued dialogue about railroad operations and safety at a national level and recognize the limitations set upon the City when reviewing the DEIR as it relates to these issues.

Thank you,

Brian Dahle
Assemblyman, 1st District
October 2, 2014

Via U.S. and Electronic Mail

Amy E. Million
Community Development Department
City of Benicia
250 East L Street
Benicia, CA  94510

RE:  Attorney General’s Comments on the Draft Environmental Impact Report for the
Valero Benicia Crude-By-Rail Project

Dear Ms. Million:

Attorney General Kamala D. Harris submits the following comments on the Draft
Environmental Impact Report (DEIR) for the Valero Benicia Crude-By-Rail Project (Project). The Project proposes improvements to Valero’s Benicia Refinery (Refinery) that, if approved, will allow Valero to receive and process up to 100 tank cars of crude oil by railway per day from North American sources.

With this and other projects like it, California is faced with a dramatic increase in the amount of highly-flammable crude oils proposed to be transported by rail throughout the State, the result of a recent oil boom from North American sources, including the Bakken shale in North Dakota and Canadian tar sands. According to the federal government, rail shipments of certain crude feedstocks, including Bakken shale, represent an “imminent hazard,” such that a “substantial likelihood that death, serious illness, severe personal injury, or a substantial endangerment to health, property, or the environment may occur.” Indeed, accidents involving these trains have already resulted in catastrophic consequences, including one recent calamity that killed 47 people, incinerated an entire downtown area, and is expected to require the

1 The Attorney General submits these comments pursuant to her independent power and duty to protect the environment and natural resources of the State. See Cal. Const., art. V, § 13; Gov. Code, §§ 12511, 12600-12612; D’Amico v. Bd. of Medical Examiners (1974) 11 Cal.3d 1, 1415. This letter is not intended, and should not be construed, as an exhaustive discussion of the DEIR’s compliance with the California Environmental Quality Act.
expenditure of $400 million in taxpayer funds to remediate its disastrous environmental impacts.3

In the face of this unprecedented risk, it is important that the infrastructure and facilities transporting and processing these feedstocks are specifically designed to present minimal risk to life, public and private property, and the environment. In particular, officials entrusted with protecting public health and safety must ensure that the hazards from these projects are fully and accurately assessed, and the identified risks are mitigated to the fullest extent possible by law.

Unfortunately, the DEIR for this Project fails to properly account for many of the Project's potentially significant impacts pursuant to the California Environmental Quality Act (CEQA). Specifically, the DEIR:

1. Underestimates the probability of an accidental release from the Project by considering only a fraction of the rail miles travelled when calculating the risk of derailment, by relying on a currently unenforceable assumption that newer, safer tank cars will be used, by failing to adequately describe the potential consequences of an accident resulting in a release of crude oil, and by improperly minimizing the risk to public safety from increased rail-use;

2. Improperly asserts that the proper baseline for the Project's impact on air emissions is determined by the Refinery's maximum permitted emissions;

3. Fails to analyze the impacts on air quality from the foreseeable change in the mix of crude oils processed at the Refinery;

4. Ignores reasonably foreseeable Project impacts by impermissibly limiting the scope of the affected environment analyzed to only the 69-mile stretch from Benicia to Roseville;

5. Fails to consider the cumulative impacts on public safety and the environment from the proliferation of crude-by-rail projects proposed in California; and

6. Employs an overly broad determination of trade secrets, which results in the nondisclosure of the types of crude oil to be shipped by rail and refined onsite. As a result, the DEIR fails to provide sufficient information for an adequate analysis of the safety risks from transportation or the air quality impacts from refining the new crude.

These issues must be addressed and corrected before the City Council of Benicia takes action pursuant to CEQA on the DEIR or the Project.

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Background

Crude-by-Rail in California

From 2012 to 2013, crude-by-rail in California increased from one million barrels imported to 6.3 million barrels imported, a rise of 506%. This surge in the amount of crude-by-rail imports is replacing crude oil previously transported by ship or pipeline. The trend shows no sign of abatement, and the California Energy Commission projects that by 2016, the State will import up to 150 million barrels of crude-by-rail.

Crude feedstocks from North American sources such as the Bakken shale in North Dakota and tar sands in Canada have only recently been introduced to refineries, made available by a combination of new extraction techniques and higher energy prices. Bakken crude is unlike other crude being produced or shipped in this country, and it presents an "imminent hazard" because it is more ignitable and flammable and thus more likely to cause large, potentially catastrophic impacts from a train crash or derailment. On the other end of the spectrum, crude oil extracted from Canadian tar sands is a low-grade, high sulfur feedstock that is not as volatile as light crudes like Bakken but contains chemical properties that make it particularly damaging to the environment when spilled and/or burned.

This dramatic increase in crude-by-rail represents a new potential hazard to public safety and the environment in part because the crude oil is regularly transported by "high hazard flammable trains" (HHFT), which are trains comprising 20 or more carloads of flammable liquids such as crude oil. The DOT has determined that derailments of HHFTs will continue to be more severe, "involv[ing] more cars than derailments of other types of trains" because HHFTs are uniquely heavier and longer and therefore harder to control and less stable than other rail traffic.

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5 Id.
8 DOT proposed regulations define a "high hazard flammable train" as a train comprised of 20 or more carloads of Class 3 flammable liquids such as crude oil. 79 Fed.Reg. 45017 (August 1, 2014).
This boom in crude oil being transported by rail has corresponded with a major increase in the number of accidents involving such trains. In 2013 alone, trains spilled 1.1 million gallons of crude oil, a 72% increase over the total amount of oil spilled by rail in the nearly four previous decades combined. Since the beginning of 2013, at least nine major accidents related to crude-by-rail have occurred. Among the most notorious include:

- **Lac Mégantic, Quebec**—On July 5, 2013, a train loaded with 72 tank cars of crude oil being transported from North Dakota to New Brunswick stopped on a track with a descending grade. The train later began rolling downhill toward the town of Lac-Mégantic, about 30 miles from the U.S. border. Near the center of town, 63 tank cars derailed, resulting in multiple explosions and subsequent fires. The accident killed 47 people and destroyed substantial sections of the town, causing the evacuation of 2,000 people. It was later determined that the crude oil released was more volatile than the transporter had originally reported to Canadian authorities.

- **Aliceville, Alabama**—On November 8, 2013, a train hauling 90 cars of crude oil from North Dakota to a refinery near Mobile derailed on a section of track through a wetland near Aliceville. Thirty tank cars derailed and a dozen of these burned. The derailment occurred on a shortline railroad’s track that had been inspected and cleared only a few days earlier. The train was travelling under the speed limit for this track.

- **Casselton, North Dakota**—On December 30, 2013, an eastbound BNSF Railway train hauling 106 tank cars of crude oil struck a westbound train carrying grain that shortly before had derailed onto the eastbound track. Some 34 cars from both trains derailed, including 20 cars carrying crude, which exploded and burned for over 24 hours. About 1,400 residents of Casselton were evacuated.

- **Lynchburg, Virginia**—On April 30, 2014, 15 cars in a crude oil train derailed in Lynchburg’s downtown area. Three cars caught fire, and some cars derailed into a river along the tracks. The immediate area surrounding the derailment was evacuated.

Crude-by-rail projects employing HHFTs continue to profligate in California, and economic factors suggest that this trend will continue for the foreseeable future. This Project in Benicia is but one of at least twelve other crude-by-rail related projects that are either already

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10 Tate, “More oil spilled from trains in 2013 than in previous 4 decades, federal data show,” McClatchyDC (January 20, 2014).
operational or being considered in California. In addition to Benicia, crude-by-rail projects exist in Richmond, Pittsburg, Martinez, Santa Maria, Stockton, Los Angeles, Bakersfield (two projects), Wilmington (two projects), and Sacramento (two projects). If approved, these projects would cumulatively result in billions of gallons of crude oil being transported by HHFTs annually throughout California.

The Valero Benicia Crude-by-Rail Project

Valero has applied to the City of Benicia for a Use Permit to construct improvements and install equipment that would allow the existing Refinery to begin receiving and refining crude feedstocks by rail, at a level of 100 tank cars daily. The crude-by-rail would be delivered in two, 50 car trains each day to the Refinery, totaling 70,000 barrels of North American crudes. The crude-by-rail deliveries would purportedly replace crude oil feedstocks currently arriving by ship. The significant components of the Project, as presented in the DEIR, include construction of offloading racks, rail spurs and new track, and additional supply piping from the rail spur to the Refinery. (DEIR 3-5).

Comments on the DEIR

The DEIR fails to adequately analyze the Project’s impacts to up-rail communities.

The DEIR employs improper standards of significance, unenforceable mitigation measures, and inadequate analyses to conclude that the Project will not have a significant impact on “up-rail” communities, including those communities located between Roseville and Benicia through which HHFTs will pass if the Project is approved. This analysis, broken up in the DEIR into five subsections, is defective in the following areas:

(1) The probability of an accidental release of crude oil from a train

The DEIR employs a flawed quantitative analysis to conclude that the probability of an accidental release of crude oil from a train is only one in 111 years. (DEIR App. F). First, because the DEIR limits its analysis to only the 69 mile rail stretch from the Union Pacific Railroad (“UPRR”) Roseville Terminal to Benicia, it severely underestimates the risk of an accident related to the Project. The tank cars containing crude oil do not originate in Roseville, they are delivered by rail from particular sources, including North Dakota and Canada. While the precise route from these sources throughout North America to the Refinery may be somewhat indeterminate, the potential rail routes from within the California borders to the Roseville terminal are limited to a handful of options, and an assessment of these foreseeable impacts using

reasonable assumptions of future crude oil sources should have been performed. This is particularly true given that, despite claiming that the routes are too speculative to analyze for purposes of public safety, the DEIR does, in fact, analyze these very routes in its discussion of both air quality impacts (DEIR 4.1-22) and greenhouse gas emissions (GHG) (DEIR 4.6-9).

Second, the DEIR’s risk analysis assumes that Valero will only transport crude oil in newer model “1232” tank cars, which reduces the estimate of public health risks to up-rail communities. These newer, presumptively safer tank cars, however, are not required by current federal regulations. The DEIR presents no evidence to support the assumption that only the newer tank cars will be used, because Valero only makes a voluntary commitment to upgrade its tank cars, a commitment that appears to be unenforceable as the Project is now proposed. Such an unenforceable mitigation measure and/or condition of Project approval is a violation of CEQA’s requirement that these commitments be “fully enforceable through permit conditions, agreements, or other legally binding instruments.” The City of Benicia itself asserts that it is preempted from enforcing Valero’s obligation to use the newer and safer rail cars and states that it “must rely on the federal authorities to ensure that any such risks are mitigated as appropriate.” (DEIR 4.7-20). But, since DOT regulations currently allow use of DOT-111

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14 49 C.F.R. 179. On August 1, 2014, the DOT published a Notice of Proposed Rulemaking seeking comments on new tank car standards for the transport of materials such as crude oil and ethanol. The proposed rules include a variety of options for phasing out the currently-used DOT-111 tank cars in favor of safer tank cars such as the 1232 tank car, or other improved designs. It is unclear when these new regulations might take effect, but the earliest proposal for the elimination of DOT-111 tank cars to transport crude oil is 2017, and oil corporations are advocating for additional delay due to the increased costs associated with upgraded tank cars and a shortage of supply of 1232 tank cars. See 79 Fed.Reg. 45016 (August 1, 2014).


16 We do not express an opinion regarding whether Benicia’s legal analysis is correct. The extent that federal law, including the Interstate Commerce Termination Act (ICCTA), preempts a state or local jurisdiction's ability to minimize impacts associated with rail transportation projects has not been definitely determined by the courts. “The circuits appear generally, for example, to find preemption of environmental regulations, or similar exercises of police powers relating to public health and safety, only when the state regulations are either discriminatory or unduly burdensome.” Fayus Enters. v. BNSF Ry. (D.C. Cir. 2010) 602 F.3d 444, 451. The Ninth Circuit has most recently determined that, "Generally speaking, ICCTA does not preempt state or local laws if they are laws of general applicability that do not unreasonably interfere with interstate commerce." Association of American Railroads v. South Coast Air Quality Management Dist. (9th Cir. 2010) 622 F.3d 1094, 1097-1098. Nonetheless, California law on rail preemption issues is currently in flux. See Town of Atherton, et al., v California High-Speed Rail Authority (2014) 228 Cal.App.4th 314 (request for depublication filed September 22, 2014); see also Friends of Eel River v. North Coast Railroad Railroad Authority, et al., (September 29, 2014) First Appellate District, Case No. CIV1103605. Factors relevant to Benicia’s ability to exercise its police powers to lessen the Project’s significant impacts would likely hinge upon, (continued...)
tank cars for these purposes, there is no reasonable expectation that DOT (or any entity other than Benicia) would enforce Valero's commitment to use the 1232 cars. Furthermore, the DEIR provides no evidence that Valero has enough stock of the upgraded 1232 tank cars (a scarce commodity) to completely avoid use of the older DOT-111 legacy cars.17

Finally, the analysis is flawed because it only considers crude oil releases of over 100 gallons as significant, despite the potential for significant impacts due to a crude oil spill of less than 100 gallons. (App. F-2). Given the volatility and flammability of the crude feedstocks to be imported, combined with the potential ignition sources during a derailment, the DEIR's decision to ignore the impacts associated with a release of less than 100 gallons is unsupportable.

(2) The consequences of a release

The DEIR's analysis recognizes that serious, even catastrophic, consequences may occur from a release (and conflagration) of crude oil during a train accident. Among the potential impacts, the DEIR acknowledges that: (1) a release in any area could require a significant hazardous materials cleanup; (2) a release in an urban area that were to ignite and/or explode could result in property damage and/or injury and/or loss of life; and (3) a release into the Suisun Marsh could result in significant damage to biological resources. The costs borne by the California taxpayer from such a calamity could be substantial, given the DOT's recent acknowledgment that the insurance policies currently carried by crude-by-rail transporters are typically insufficient to cover even a moderate crude-by-rail accident, much less a major disaster involving significant releases.18 Nevertheless, the DEIR declares these potential consequences to be insignificant under the flawed quantitative risk assessment discussed above.

Even if the risk analysis were supportable, the DEIR provides no explanation for why the potential for a major catastrophe involving crude-by-rail, even once every 111 years, is an insignificant impact. The DEIR, other than a brief mention, gives little consideration to the potentially serious, even catastrophic, impacts that a release of highly volatile and flammable crude oil would have on communities and the environment. The DEIR also gives no consideration to the public health and safety risks presented by the proximity of 27 schools located within ¼ mile of the UPRR rail line between Roseville and Benicia along which HHFTs

(...continued)
amongst other things: (1) whether any proposed condition unreasonably burdens rail transportation, (2) whether the condition is one of general applicability, and (3) whether the project proponent is a "rail carrier" subject to federal law.17 Despite Benicia's assertion that it is preempted from enforcing such a mitigation measure, nothing precludes Benicia and Valero from executing an agreement to convert Valero's voluntary commitment to one that is enforceable under CEQA. Should Benicia and Valero come to such an agreement, the assumption of use of exclusively 1232 tank cars could become supportable.

will travel. (DEIR 4.7-23-24). The federal government has declared that the shipment of Bakken crude represents an “imminent hazard” because it is unlike other materials being shipped by rail. These particular high-risk characteristics must be considered to adequately support a determination of no significant impact.

(3) The reduction in the risk of accidental releases from a marine vessel, based on the reduction in marine trips that would be caused by the Project

The risks associated with a release of crude oil in the ocean are fundamentally different than the risks associated with crude-by-rail travelling long distances through urban communities and environmentally sensitive lands. Nevertheless, the DEIR gives qualitative “credit” from the decrease in ship miles travelled and uses that “credit” to lower the Project’s overall risk. Any benefit to up-rail communities from a reduction in ship use 50 to 100 miles away is tenuous at best and can not reasonably be factored into the risk equation for the Project.

(4) The recent history of accidents involving DOT-111 tank cars carrying crude oil

The DEIR implies that since the majority of previous major accidents involving crude-by-rail involved DOT-111 tank cars, those accidents are comparatively of little significance because Valero has committed to using only the newer, safer 1232 tank cars. (DEIR 4.7-19). Setting aside the issue of the enforceability of this “commitment,” the DEIR provides no evidence to support a determination that these HHFT accidents would have been of a substantially smaller scope had 1232 tank cars been used. In fact, as the DEIR recognizes, just a few months ago, a 1232 tank car ruptured and released crude oil during an HHFT derailment at low speeds in Lynchburg, Virginia. (DEIR 4.7-19). The safety benefit of using 1232 tank cars for HHFTs is currently the subject of significant scientific and regulatory debate and should not be given substantial consideration in a qualitative risk analysis.

(5) The regulatory requirements designed to prevent releases and/or mitigate the consequences in the event of a release from trains

The DEIR unreasonably relies on both recently promulgated regulations as well as speculative future regulatory changes as a significant factor for determining that the Project will cause no significant impact. The efficacy of new DOT regulations is yet to be determined, and crude-by-rail accidents continue to occur. Furthermore, the DEIR’s determination of no significance relies in part on future DOT HHFT tank car regulations possibly being “more stringent” than even the 1232 tank car standards, an uncertain result given that the regulatory changes are not final.19 (DEIR 4.7-19). In short, future changes made by DOT to regulations for

19 The DOT regulatory proposals are the subject of extensive industry group interest. See Vantuono, William C., “DOT crude oil NPRM: Will cooler heads prevail?” Railway Age (August 7, 2014) [During a recent crude-by-rail forum, one industry insider declared that he believed, “the final draft of the [Notice of Proposed Rulemaking on High-Hazard Flammable (continued...)
crude-by-rail are speculative, and their potential effectiveness is currently the subject of considerable disagreement amongst various stakeholders.

**By employing an incorrect baseline, the DEIR minimizes potential impacts to air quality.**

Under CEQA, the project baseline against which project emissions are measured is “normally” defined as the physical conditions of the environment as it exists at the time of publication of the Notice of Preparation (“NOP”) of the project EIR or at the time the environmental analysis commenced. Courts have held that an agency has discretion to select an alternative baseline, but only if its choice is supported by substantial evidence, such as when existing conditions are not representative of “generally existing” or “historic” conditions. Thus, except in limited circumstances, CEQA does not allow an existing facility to define the project baseline by what it could emit, only what it actually does emit. As the Supreme Court found in *Communities for a Better Environment (CBE) v. South Coast Air Quality Management District* (2010) 48 Cal.4th 310, 322, “[a]n approach using hypothetical allowable conditions as the baseline results in ‘illusory’ comparisons that ‘can only mislead the public as to the reality of the impacts and subvert full consideration of the actual environmental impacts,’ a result at direct odds with CEQA’s intent.”

Here, the DEIR concludes that the project will have no significant impact on air quality because, even if Refinery emissions were to increase under the Project, those increased emissions would not exceed the maximum emissions allowed under existing permit limits (or “maximum permitted emissions”). Rather than using a baseline describing “existing conditions,” Benicia incorrectly uses the maximum permitted emissions as the baseline, asserting that this is proper because Valero holds permits for the Refinery’s process equipment issued pursuant to a 2003 EIR for the Valero Improvement Project (VIP). (DEIR C.1-3).

(...continued)

Trains and DOT 111 tank cars] could be more friendly to shippers than the first proposal.” Railway Age’s Editor-in-Chief stated that this assertion, “helped affirm our view that the final version of the DOT’s safety rules may include some changes to the ones proposed on July 23.”


21 For example, in *Fairview Neighbors v. County of Ventura* (1999) 70 Cal.App.4th 238, the court approved a baseline that reflected maximum permitted use (“daily truck trips”), because there was record of actual daily truck trips meeting and even exceeding what was allowed under the current permit. The court reasoned that use of actual traffic counts would be “misleading and illusory.” *Fairview Neighbors, supra*, at p. 243.


23 The baseline actually used in the DEIR is unclear, since the DEIR alternatively claims that the baseline is both maximum permitted operations and annual average emissions, depending on the section. (DEIR 4.1-10-11). This comment addresses the DEIR’s assertion, made repeatedly on (continued...)
There is no evidence, however, that the Refinery has ever operated at maximum permitted emissions levels since the VIP was completed, and Benicia does not attempt to justify that the permitted capacity reflects existing physical conditions. Under well-established CEQA case law, this approach to baseline emissions is improper.

Further, the DEIR’s discussion of the CBE decision mischaracterizes and misinterprets the California Supreme Court’s holding. (DEIR C.1-2). The section to which Benicia cites merely allows a projected maximum baseline for projects that were exempt from CEQA review entirely either (1) as a modification of a previously analyzed project, or (2) as the continued operation of an existing facility without significant expansion of use.

Benicia has not, nor can it, claim that either of these two exemptions to CEQA apply here. To the contrary, the Project gives Valero the ability to process a crude feedstock with chemical properties never contemplated during previous project review that the Refinery, as currently constructed, cannot readily access. (DEIR 1-1). As in CBE, this qualifies as a new project subject to CEQA review for the first time. Similarly, Benicia cannot claim that the Project constitutes the continued operation of an existing facility without significant expansion.

The 2003 VIP DEIR specifically excluded expansion of the refinery to use crude oil feedstocks delivered by rail from the impact analysis of the project. Therefore, pursuant to the CBE holding, without any substantial evidence to support use of a baseline constituting maximum permitted emissions, the proper baseline from which to compare air quality emissions is the Refinery’s existing conditions.

The DEIR fails to adequately analyze the potential air quality impacts from new crude feedstocks.

The DEIR fails to include supportable analysis that Refinery emissions will not increase upon Project completion. Although acknowledging that the North American crude feedstocks that could be delivered upon Project completion may be of higher gravity and sulfur content than the crudes currently processed, the DEIR nevertheless asserts that the Project will not result in air quality impacts, based on the assumption that - through blending - the average API gravity and sulfur levels of the crude slate that would be processed upon Project completion would remain within the same range as the crude slate previously processed at the Refinery. (DEIR 3-24, 4.1-

(...continued)

DEIR 4.1-11 and in Attachments C.1 and C.2, that the proper baseline is maximum permitted operations and not existing conditions.

26 See VIP DEIR 3-52 and 4.8-14. (“Transportation accidents related to railcar shipments of volatile hydrocarbon liquids can result in fires or explosions. However, the VIP will not increase the rail shipment of these materials.”)
This conclusory assertion is not supported by substantial evidence or any analysis. Even if the crude-by-rail processed by the Refinery is blended to the existing range of gravity and sulfur content, studies show that certain North American crudes often contain higher levels of other pollution-causing chemicals that would persist at higher levels despite blending to meet existing gravity and sulfur limits. The DEIR does not assess this possibility and its effects, nor does it disclose the composition of the expected crude slate to allow proper public scrutiny. (DEIR 3-14).

The Project as defined in the DEIR impermissibly limits the geographic scope and ignores foreseeable, significant impacts that will occur beyond the Project’s arbitrary boundaries.

By limiting the analysis to only the 69-mile rail section from the UPRR Roseville Terminal to Benicia and excluding the thousand-plus mile rail trip from the crude source to Roseville, the DEIR violates CEQA by not analyzing the Project’s foreseeable impacts, including impacts along hundreds of miles of track within California. In evaluating the significance of a Project’s environmental effects, the lead agency must consider not only direct physical changes, but also reasonably foreseeable indirect physical changes to the environment. CEQA further defines “environment” as “the physical conditions that exist within the area that will be affected by the proposed Project.”

The DEIR largely ignores the Project’s impacts up-rail from Roseville, claiming that analyzing the potential impacts along these routes would be “speculative,” because future crude oil feedstocks could originate from multiple North American sources. (DEIR 4.7-1). However, it is a certainty, not speculation, that the Project will result in HHFTs traveling long distances with the potential to create significant environmental impacts before reaching the Roseville Terminal, and, pursuant to CEQA, an analysis of these potential impacts is necessary. While the particular routes may not yet be determined, there are a limited number of potential paths for trains to travel by rail to the Refinery, and the DEIR elsewhere makes similar projections for the purposes of studying air quality and GHG impacts, approximating that HHFTs will travel 195 miles from the California border to the Refinery. (DEIR 4.6-9). Instead of limiting the analysis of impacts along these routes to only air quality impacts, the DEIR should have used comparable estimates to analyze all of the Project’s potential impacts. By arbitrarily setting the Project boundary at the UPRR Roseville Terminal, the DEIR fails to analyze reasonably

foreseeable impacts related to the transport of crude oil by HHFTs over those significant distances.

The DEIR fails to consider foreseeable cumulative impacts and risks

The DEIR impermissibly narrows the scope of potential cumulative impacts analyzed. Under CEQA, a DEIR first considers whether the combined effects from both the proposed project and other projects would be cumulatively significant. If the answer is affirmative, the DEIR must consider whether the proposed project's incremental effects are cumulative considerable.Absent this analysis, piecemeal approval of multiple projects with related impacts could lead to severe environmental harm.

Despite the "imminent hazard" that the transport of certain crudes present and the substantial proliferation of crude-by-rail projects throughout California, the DEIR relies on its flawed analysis, discussed above, to determine that no significant cumulative impacts exist to up-rail communities from an increased risk of crude-by-rail accidents. The DEIR further declares that:

[F]or the Project to make a cumulatively considerable contribution to the impact of hazards, two or more events (from the Project and another cumulative project) would have to occur at the same time and affect the same places. The likelihood of such a cumulative accident event would be even smaller than the estimated low probability of a Project-related accident and spill." (DEIR 5-17).

This limited analysis of only a so-called "cumulative impact event" involving the Project and "another cumulative project" ignores the entirety of the cumulative impacts caused by a large rise in the number of HHFTs traveling through both highly populated and environmentally sensitive areas and the corresponding increase in the risk of an accident. As the DEIR's own analysis demonstrates, the risk of a derailment and accident involving HHFTs escalates with a corresponding increase in the number of miles travelled and the number of train cars on the tracks. (DEIR App. F-3). Despite the substantial increase in both of these metrics, the DEIR dismisses any cumulative impact as irrelevant unless it also directly involves a derailment from one of the listed projects. But the potential cumulative impacts go far beyond these "cumulative impact events," to the combined higher safety risks from increases in other train cars (carrying crude oil or not) and increases in truck crossings. For example, the 2013 crude-by-rail derailment and fire in Casselton, ND, was caused when a train transporting grain derailed onto a second track into the path of an HHFT, which had too little time to stop before crashing into the grain train. The possible impact of a similar accident is completely ignored in the DEIR's cumulative impacts analysis. Only by focusing exclusively on these "cumulative impact events"

and not the larger cumulative increased risks to up-rail communities from a dramatic upsurge in HHFTs and other train traffic does the DEIR determine that the Project will have no significant cumulative impacts.

The cumulative impacts analysis is also deficient because it fails to consider the severity of the cumulative impacts, a necessary component of CEQA analysis. Here, the extraordinary flammability and volatility of the crude oil feedstocks merits discussion given the serious, potentially catastrophic, impacts related to an HHFT accident. As a result, there is no basis for the DEIR’s conclusion that the project will not cause any significant cumulative impacts.

An overly broad grant of trade secret protection prevents adequate public review of potential significant impacts.

The DEIR frustrates the purpose of CEQA by not disclosing information regarding the particular crude oil feedstocks expected to be delivered upon Project completion. Instead, the DEIR classifies all information regarding the characteristics of past, present, and future crude oil refined onsite as a “trade secret” exempt from disclosure under CEQA. This missing information includes the weight, sulfur content, vapor pressure, and acidity of these crude oil feedstocks, information critical for an adequate analysis of the Project’s impacts, particularly with regard to public safety and air quality.

This broad grant of trade secret protection directly conflicts with recent 2014 decisions by both the DOT and the California Governor’s Office of Emergency Services (OES) that information about the specific characteristics of crude oil currently traveling by rail are not protected trade secrets and should be publicly released. Indeed, OES has published disclosures of crude-by-rail shipments of Bakken crude oil by Burlington Northern Santa Fe Railroad (BNSF) associated with a different project. This failure of transparency in the DEIR is particularly improper given that, under the same DOT Emergency Order that compelled BNSF’s disclosure, Valero must submit to OES the withheld information regarding the properties of crude feedstocks imported by rail, and OES will then release it to the public. Benicia’s

34 See DEIR 1-5 and Appendix D: Discussion of Confidential Business Information. Trade secrets are exempt from disclosure pursuant to CEQA. (Pub. Resources Code, § 21160). California law defines a “trade secret” in the Government Code. (See Gov’t Code, § 6254.7, subd. (d).)
35 See OES website, “Public Records: Bakken Shipment Notices & Correspondence” (available at: www.caloes.ca.gov/HazardousMaterials/Pages/Oil-By-Rail.aspx); see also Tate, “Norfolk Southern sues to block disclosure of crude oil shipments,” Miami Herald (July 27, 2014).
36 Id.
nondisclosure of this information deprives both the public and Benicia officials of the informed decision making process that is the “heart” of CEQA.\textsuperscript{37}

The DEIR’s public disclosure of the crude oil as simply “Alaskan North Slope (ANS) look-alikes or sweeter” does not allow for an accurate public review of Benicia’s analysis regarding the significance of the Project’s impacts. (DEIR 3-24). The undisclosed properties of the Refinery’s projected crude feedstocks are necessary to assess the volatility and flammability of the particular types of crude-by-rail, crucial factors in any determination that no significant impact exists. As the DEIR itself explicitly recognizes, “the consequences of a release of crude oil for a rail tank car depend on the properties of the crude oil…” (DEIR 4.7-13). In other words, potential releases associated with transporting and storing crude will vary based on the crude’s chemical composition, including the contaminants it contains, its sulfur content, and whether it is blended with other chemicals. Nonetheless, and despite this acknowledgment, the DEIR includes no information regarding the characteristics of the crude oil that could be transported by rail upon Project approval, undermining CEQA’s purpose by precluding any ability by the public or government officials to assess the true nature of the Project’s risks and impacts.

Furthermore, the failure to disclose the characteristics of the crude oil to be processed at the Refinery infects the air quality analysis and subsequent determination that the crude-by-rail will cause no significant impacts to Refinery emissions. As only one example, the determination that any difference in crude feedstocks created by the Project will not cause a significant impact is based in part on a comparison of API gravity and sulfur content of “various specific crudes that Valero has purchased in the past three years.” (DEIR Figure 3-8, 3-13). The DEIR discloses no information regarding the frequency that these “various” crudes were processed at the Refinery or how and why these particular crudes were chosen as representative of Refinery emissions. Without explanation that these particular crude feedstocks are an appropriate proxy for the crude oil to be processed after Project completion, the determination of no significant impact is not supported by substantial evidence.

Conclusion

We urge the City of Benicia to revise the Project's DEIR to address the deficiencies explained in this letter so that the City Council and general public are provided a full and accurate accounting of the Project's environmental impacts.

We appreciate your consideration of these comments.

Sincerely,

SCOTT J. LICHTIG
Deputy Attorney General

For KAMALA D. HARRIS
Attorney General

cc:  Paul King, California Public Utilities Commission
     Alice Reynolds, California Environmental Protection Agency
     Thomas Campbell, Governor's Office of Emergency Services
Amy Million - Crude by Rail Proposal

From: Janette Wolf <janette.wolf@sbcglobal.net>
To: "amillion@ci.benicia.ca.us" <amillion@ci.benicia.ca.us>
Date: 9/15/2014 9:19 PM
Subject: Crude by Rail Proposal
CC: Birte Beuck <bbeuck@sbcglobal.net>

Dear Ms. Million,

We have been following the conversations for and against Valero's Crude-by-Rail proposal. We don't normally get involved in political matters but feel so strongly about this proposal that we need to speak up.

While we have no doubt that Valero has done wonderful things for our community over the years, we are in strong opposition to this proposal. Following are some of our reasons:

- The federal government has given companies four years to phase-in the new, safer rail cars for carrying volatile oils. We're skeptical that Valero, whose primary goal is to make money, would voluntarily exceed federal standards by using the reinforced 1232 tanker cars, which are certainly more costly. We don't trust their reassurance that they will buy or lease the 1232 cars.

- Benicia is not the only community impacted by this decision. The trains will have to travel through highly populated and forested areas. The potential hazard to people and wildlife, in our opinion, far outweighs any benefit our community would gain from Valero's proposed project.

- We're also concerned about the fact that Valero has stated they are limited to process no more than 165,000 barrels a day. They are currently refining 75,000 barrels a day, and have said that will not increase with this plan; but if this plan is approved, they could potentially push through many more trains so they can process up to their capability. If they increased their capability through improvements to their system, they could potentially process even more.

We are opposed for many other reasons as well, all of which have been previously articulated by others in opposition, and would be happy to talk with you if you'd like more information from us. Please feel free to call us at 707.742.4254.

Sincerely,

Janette Wolf and Birte Beuck
510 Grant Court, Benicia 94510

file:///C:/Users/million/AppData/Local/Temp/Xgrpwise/541757D5BENICIA-GWBENIC... 9/16/2014
I have several comments on the Valero Benicia oil train project. Please add these comments to the public legal record on Valero’s Crude By Rail Project and incorporate them as part of the review of its DEIR.

1. Impact 4.6-1 regarding direct and indirect GHG emissions does not consider the potential indirect effects of increasing fossil fuel production. It is well known that increasing fuel supply helps to reduce fuel prices, thereby encouraging people to burn more fuel.

2. Impact 4.7-2 regarding hazards associated with train accidents considers an almost 1% risk of accident to be acceptable. My comments on this are:
   a. This risk should not be compared to the risk of traffic accidents. If driving were studied in an EIR, it would definitely have all sorts of significant impacts including risk of death. If you want to compare the 1% figure to something, why don’t you compare it to the threshold used in impact 4.7-1, which considers a cancer risk of 10/1,000,000 to be significant.
   b. The 1% risk is only for trains going from Roseville to Benicia. The oil would not be coming out of the ground in Roseville. The risk assessment should consider the full risk from the point of origin to the destination.

3. There does not seem to be any consideration of the effect of the project on rail traffic. I have heard news stories about farmers being unable to ship their crops because the rail lines are clogged with fossil fuel trains. This type of problem will be further exacerbated by the Valero Project. Furthermore, passenger trains use the same rail lines that would be used by the oil trains. Passenger trains are already greatly affected by train traffic and this would become worse.

As mitigation for increasing the availability of fossil fuels and impacting train traffic, Valero should contribute a portion of their profits to projects to develop separate rail lines for passenger train service.

Anne Huber
3322 Biscayne Bay Place
Davis, CA 95616
Dear Ms. Million,

Please add my name to the Public Legal Record for Valero's Crude-By-Rail Project and incorporate them as part of the review of its DEIR.

As a long-time resident of Sacramento, a mother and a grandmother, I live uphill from the proposed project. The two 50-car trains of volatile, toxic crude oil will pass near my home, nearby schools, businesses and homes of my neighbors, as well as downtown Sacramento.

What is Valero's responsibility and liability be if there is a spill or accident on these oil trains from point of origin into Benicia? How the rate
Such incidents have been few in the past, but daily Value trains ('as a man I understand') will impact this region and potential for spills & toxic emissions will of course increase.

Thank you —

Linda Hanson
2025 Ernest Way
Sacramento 95825
Dear Ms. Million,

Please add my comments to the public legal record on Valero’s Crude-By-Rail Project and incorporate them as part of the review of its DEIR.

As a resident of Sacramento, I live uprail from the proposed Project. The two 50-car trains of volatile, toxic crude oil will come right through our downtown, passing close to schools, residences, and businesses. Here are my main concerns:

1. How will Valero guarantee that tank cars meet the DOT standards currently under review immediately (not phased in over years), plus implement the previously mandated Positive Train Control technology, so uprail communities are protected?
2. What are the daily and cumulative impacts and risks of transporting two extreme crude oils, tar sands and Bakken crude, through our cities, through our sensitive habitats, and over our water supplies?
3. What are the cumulative impacts of the Valero daily trains in the context of the additional 3 daily oil trains being approved currently in Bakersfield and the one daily train to San Luis Obispo, all possibly traveling through Sacramento? Include the increased potential for spills, accidents, greenhouse gas emissions, conflicts of interest on the rails, etc.
4. What is Valero’s liability should there be a spill or accident on the oil trains en route to Benicia? Who carries enough coverage for a catastrophic incident? Will the taxpayers ultimately be responsible?
5. Why are the boundaries of the DEIR limited only to travel from Roseville to Benicia and not extended at least to the borders of CA if not all the way to the extraction sites? The impact and risk analysis area should be considerably extended.

Thank you,

Name: Tom Monteith
Address: 5821 Broadway City Sacramento Zip 95820
Email: tommonteith@gmail.com
Dear Mr. Kilger and Ms. Million,

Re: Public comment on Valero’s Crude By Rail Project

As a resident of Sacramento, I live up-rail from the proposed Valero rail project, and the two 50-car trains will come right through our downtown, passing close to schools, residences, and businesses. I am very concerned about the impact of a crude oil trains rumbling and screeching through my community every day.

The California Environmental Quality Act (CEQA) and the CEQA Guidelines require that the environmental analysis for an Environmental Impact Report (EIR) must evaluate impacts associated with a project and identify mitigation measures for any potentially significant impacts. This includes regional plans such as, applicable air quality attainment or maintenance plan or State Implementation Plan, area-wide waste treatment and water quality control plans, regional transportation plans, regional housing allocation plans, regional blueprint plans, plans for the reduction of greenhouse gas emissions, habitat conservation plans, natural community conservation plans and regional land use plans for the protection of the Coastal Zone, Lake Tahoe Basin, San Francisco Bay, and Santa Monica Mountains (CEQA Guidelines Section 15125[d]).

According to the California Energy Commission, we can expect CA to import as much as 25% of its crude oil by rail within the next few years, translating into five or six trains per day passing through my community. Bakersfield and Kern County have recently approved, or are considering the approval, of similar projects. This may mean dozens of trains moving oil through Sacramento in the near future. Given the cumulative impact of such increased crude-by-rail traffic, up-rail communities have much at risk and deserve a voice in the process.
Here are my concerns.

THE EIR FAILS TO DISCUSS, MUCH LESS MITIGATE, THE FOLLOWING:

1) Potential regional impacts on public safety, noise, air quality, energy conservation, transportation and safety and greenhouse gas emissions, to name a few.

2) There are no Federal Safety Regulations governing Benicia's crude by-rail scheme.

3) Tar sands will be more energy intensive to refine and, moreover, cannot reach Benicia by marine tanker. Due to the chemicals added to get the tar sands to flow into a rail car, the thick bitumen has a high sulfur content and will be more dangerous to workers and threatening to the air.

4) The impact on climate change. Benicia has avoided discussing the ultimate danger caused by extracting crude from the ground and, with the assistance of chemicals, transporting it through communities and sensitive habitats all across the country.

Please forward my comments to the Planning Commissioners and incorporate them as part of review of its DEIR.

Thank you,

Nancy Kitz