

Site Evaluation Committee Statement

May 7, 2015

Hon Richard DiPentima

Thank you for allowing me to speak before you today regarding the request by Sea-3 for an exemption to providing a full application and review for their proposed expansion. We are opposed to this exemption on the basis of 1. Safety and, 2. Economics.

Safety: Sea-3 proposes to increase their number of rail terminals from 3 to 8, a 166% increase. This will allow them to off load 16 rail tank cars each carrying 33,000 gallons of unodorized LPG, six days per week, 52 weeks per year, or 4,992 tank cars per year. For the most recent years for which data are available, Sea-3 unloaded, 42 rail cars in 2013, 0 in 2012, 20 in 2011, 0 in 2010, and 25 in 2009. Never in the history of Sea-3 have they managed the unloading of this many rail tank cars of unodorized LPG. Obviously, the expansion proposed by Sea-3 would present a dramatic increase in the number of rail tank cars unloaded each year, with the potential for a significant accident increasing proportionally. In the event of a significant incident involving a fire of a rail car carrying LPG the possibility of a catastrophic boiling liquid expansion vapor explosion (BLEVE) must be considered and planned for. The USDOT 2012 Emergency Response Guidebook Guide 115 for LPG states, "If a tank, rail car, or tank truck is involved in a fire isolate for 1 mile in all directions. Also consider initial evacuation for one mile in all directions. If there is a large spill evacuate downwind for at least ½ mile." I have given you a map showing a 1 mile circle from the Sea-3 site, this area includes a number of businesses, including major petroleum storage facilities, two energy production plants, homes, large shopping malls, restaurants, a number of small and medium sized businesses, a portion of Pease Trade Port, and large retail establishments. A number of these facilities contain large amounts of Hazardous materials that could be impacted by a significant accident involving Sea-3. None of the safety studies completed for the 1996 expansion of the Sea- facility discussed evacuation plans covering the potentially impacted area, which also extends into the State of Maine across the Pisquata River from the Sea-3 site. Such an event is not simply hypothetical. A fire involving a propane rail tank car at a propane facility like Sea-3 occurred in Lincoln, CA in August 2011. The fire caused the evacuation of 4,800 homes and businesses in a 1 mile radius. The Fire Chief stated, "Our fear is that not only does that rail car explode, but so do the tanks around it and with it ½ million gallons of propane in that field. He went on to describe the possible explosion as being "like a low level thermo nuclear bomb." During the recent Newington Planning Board hearings, safety/security and environmental impact studies were requested by abutters, including the City of Portsmouth. The Planning Board refused to conduct such studies. Considering that the proposed Sea-3 expansion is more significant than the previous expansion, the need for updated and expanded studies, to assure the safety of the

public and the environment is appropriate, prudent and reasonable. In the absence of such independent objective studies, there will be serious unanswered questions regarding the capacity of the local and regional emergency response services to properly and effectively manage a catastrophic event. Such studies would assess the regions emergency response plans, including evacuation plans, and the available equipment, personnel, and infrastructure capabilities and limitations. Such studies should be conducted prior to a final approval of the Sea-3 proposal to allow for public input and review.

Economics

The Sea-3 expansion proposal was presented to the Newington Planning Board as a project where LPG would be received via rail tank cars for export via ocean going ships. Only late in the proceedings did Sea-3 change their stated plans from primarily exporting their product to primarily servicing the New England region and only exporting a small amount of their LPG overseas. This sudden major change in Sea-3 business plan would give reason to question their true intentions. In fact, Mr. Bogan, VP Operations of Sea-3 recently stated that propane prices were "at a historically low price." This low price is due to the greatly increased supply of propane due to the new advances in hydraulic fracking. Even through this very cold winter, propane supplies remained high and the price, at historically low prices. As such, the economic incentive for making the best return on their investment, would be for Sea-3 to export their propane to Europe, as they originally proposed to do, and receive a much higher price for their product. Unfortunately, this would have a serious negative economic impact on the supply and cost of propane in New Hampshire and the region. Shipping excess supplies of propane overseas would reduce the amount available in New Hampshire, while demand would remain steady or increase, causing the price of propane to increase locally. By creating an artificially lower supply of propane locally, due to exporting the product overseas, New Hampshire residents and businesses would be paying inflated prices. Of course, Sea-3 will state that they have every intention of primarily supplying to New England region, but unless there are some administrative stipulations placed on any approvals, there would be no consequences to Sea-3 if they once again changed their business plan to export the majority of their product overseas, leaving NH to absorb all the associated risks while receiving few of the stated benefits. I encourage the SEC to fully consider the economic impacts of this proposal, and review the detailed economic analysis from Kim Tucker, Esq that we provided as an attachment to our letter to you.

For these reasons, we feel that it is imperative that Sea- provide the SEC with a full proposal for their expansion and undergo a full safety/security, environmental and economic review of their proposal. Their request for a waiver should be denied.