

Testimony of DCED, DEP, L&I and PEMA on Potential Closure of Sunoco and Conoco-Phillips Refineries in Southeastern Pennsylvania

Chairman Barrar, Chairman Sainato and members of the House Veteran Affairs and Emergency Preparedness Committee, the commonwealth submits the following testimony on behalf of DCED, DEP, L&I and PEMA with regards to the idling of the Sunoco and Conoco-Phillips refineries in Southeastern Pennsylvania.

In September 2011, the commonwealth was informed by Sunoco of its intention to idle its Marcus Hook and Philadelphia refineries by July 2012 and that market conditions could potentially result in an even earlier closure. The company also expressed its intention to hire outside consultants to begin the process of selling its refinery facilities.

Shortly after Sunoco's announcement, Conoco-Phillips informed the commonwealth that its operation in Trainer would be immediately idled and the company would also be pursuing a qualified buyer for its refinery facility.

While we recognize the tremendous economic impact that the idling and potential closing of these three refineries are having on Southeastern Pennsylvania, the commonwealth must remain respectful of the formal sales process that each company is following in its effort to pursue and identify qualified buyers. With this being said, it is of the utmost importance to position the commonwealth to act when qualified buyers are established to ensure that no impediments occur that could potentially jeopardize a sales transaction.

With this in mind, the Governor assembled a task force of senior officials and cabinet members to actively engage in discussions with Sunoco and Conoco-Phillips, local elected officials, and industry experts to gain a thorough understanding of the situation. The task force was also charged with creating a clearinghouse to serve as a single point of contact that will maintain cross-agency coordination and ensure that the commonwealth is proceeding with the most up-to-date information possible. The clearinghouse will also provide stakeholders with updates of the situation while abiding by the non-disclosure agreements the commonwealth has entered into. This team has met and will continue to meet on a regular basis.

Governor Corbett has also instructed the Governor's Action Team, the Department of Community and Economic Development and the Department of Environmental Protection to explore all options that are available to potential purchasers of the facilities. These state agencies have been instructed to ensure that the review of any state regulatory requirements move in an expedited manner as to not impede a potential sales transaction.

The Department of Environmental Protection (DEP) stands ready to work with the seller and buyer for a clean and efficient transfer of existing permits or any new permitting which could be associated with a new owners operation. DEP will work with the transferor and transferee to bring creative solutions to any issues which may arise.

The Governor also tasked the Pennsylvania Department of Labor and Industry (L&I) to identify internal and external options to support the current and future displaced workers. In an effort to obtain federal support, L&I has submitted a \$5 million National Emergency Grant Application to the US Department of Labor (USDOL). Additionally, L&I is currently coordinating efforts with local workforce investment boards to ensure all affected workers receive reemployment services. These additional funds will support Career Training programs, On-the-Job training programs with employers, and on-going career counseling and transition assistance, with some of these services taking place at an on-site transition center.

To date L&I has:

- Awarded \$200,000 in federal Rapid Response funds to the Delaware County Workforce Investment Board (WIB) to start services on-site at Conoco-Phillips including; career counseling, job search workshops, tuition for training programs and resume development.
- Implemented a rapid response program and customized a survey to help workers file for unemployment benefits and other transition services.
- Mobilized key staff from the local PA Careerlinks®, USDOL Employee Benefits Security Administration, United Way and the Unemployment Compensation division to host on-site information sessions for the impacted workers. These meetings are now scheduled throughout December and January for Conoco-Phillips and Sunoco.
- Started conversations with Philadelphia Building Trade Council and Steel Valley Strategic Early Warning Network to find best ways to serve and deliver services to contract workers affected in that area.

The National Emergency Grant will provide the commonwealth and local workforce investment boards funding to provide the impacted workers with critical services during this transition.

In addition to the commonwealth's efforts to support a potential sales transaction, the Governor is also aware of the emergency management aspects of the situation and has instructed The Pennsylvania Emergency Management Agency (PEMA) and the Office of the State Fire Commissioner (OSFC) to stand ready to provide coordination assistance if needed.

The Hazardous Material Emergency Planning and Response Act (Act 165), implements the planning and preparedness requirements of federal Superfund Amendments and Reauthorization Act (SARA Title III). A component of SARA Title III is to help increase the public's knowledge and access to information on chemicals at facilities, their uses, and potential releases into the environment.

In Pennsylvania, an offsite emergency response plan is required for each SARA Title III facility and the plan becomes a supplement to county emergency operations plan. PEMA's role is to review the plans and ensure that they adequately provide for the health and safety of the public. With the potential closings of the refineries, PEMA will work with the Local Emergency Planning Committee, the county emergency management agency, DEP and L&I to monitor the situation and coordinate any planning and preparedness changes that may be

necessary. Under Title 35 – the PA Emergency Management Agency Code – the local jurisdictions should have sufficient emergency plans and procedures already in place.

The county has been in contact with the respective parties (the refineries, DEP, L&I) and has requested emergency plans from the refineries to ensure there is appropriate safety measures in place during the transition. At this point, Delaware County has not identified any unmet needs or requested any specific assistance from PEMA; however, PEMA stands ready to provide coordination assistance should the need arise.

One issue that does need to be examined is that the refineries have their own trained personnel “on-site” who are the first to respond in the event of a fire or other emergency incident at the facility. PEMA and OSFC are unaware if these “on-site” responders will remain at the refineries until they are idled or preferably sold. Because the hazardous materials, chemicals and flammable liquids may remain at the refineries until they are potentially idled, there may be a fire or other emergency incident that could occur. If the “on-site” personnel are phased out prior to idling, it will require local fire companies to be the first responders for an incident. With many volunteer and career fire departments struggling with budget cuts and less staff, it will no doubt create an additional burden on the local first response community. PEMA and OSFC are currently reviewing this issue and will work to help coordinate first responder coverage to help mitigate the additional burden that will be placed on local emergency responders.

It continues to be the primary focus of Governor Corbett and the regional stakeholders to maintain these facilities as operational refineries and to adequately protect the health and safety of the public. The Administration will continue to be supportive of companies’ efforts to identify qualified buyers to maintain or resume operations at each of the three refineries and to assist in the coordination of the efforts among local, regional and federal officials to achieve our shared goal of preserving these jobs at the Marcus Hook, Philadelphia and Trainer locations.