



Billings Refinery

July 22, 2013

Dear Council Member:

The minutes from our June 11, 2013 CAC meeting are attached. The next meeting will be the ***Phillips 66 Meet in the Park*** event to be held on **THURSDAY, SEPTEMBER 12, 2013** at the Gazebo in South Park. The event will run from 5:00 to 7:00 p.m. All CAC members are asked to arrive at 4:00 p.m. to help with preparations.

Sincerely,

Ann L. Clancy, Ph.D.
Meeting Facilitator

Meeting Location: South Park Gazebo
CAC Members are requested to arrive 4:00 p.m. to help with preparations.

PHILLIPS 66 BILLINGS REFINERY
CITIZENS ADVISORY COUNCIL
June 11, 2013

MEETING MINUTES

Present: Council members: Ken Ard, Steve Arveschoug, Keith Beartusk, Ralph Hanser, Joshua Juarez, Paul Miller, Jim Ronquillo, Emily Schaffer, Andrew Sullivan, Dolores Terpstra, Michele Zahn, Stella Ziegler
Phillips 66 management: Julian Stoll, Colin Franks, Randall Richert, Mark Hilbert
Facilitator: Ann Clancy

Absent: Bob Carr, Paul Dextras, John Pulasky, Shirley McDermott, Mark Pagano

Guests: Jim Hughes, Montana Department of Environmental Quality

AGENDA

- Welcome/Introductions
- Update Energy Discussion Team
- Update Community Outreach Team
- Refinery Emissions and Environmental Foot Print
- Community Updates
- Transportation & Refinery Updates
- Next Meeting: Phillips 66 Meet in the Park on September 12

WELCOME/INTRODUCTIONS

Jim Hughes with Air Quality at Montana Department of Environmental Quality was introduced. Julian Stoll announced that the video interview featuring the refinery tour that Jay Kohn of KTVQ News participated in at the May meeting aired a week later on May 20. CAC members can access the link to that video clip below:

VIDEO: The Pipeline: Billings Phillips 66 Refinery 5-20-2013 Pipeline / Phillips Refinery 5-20-2013...

The video clip will be played at the October 8 CAC meeting.

UPDATE ON ENERGY DISCUSSION TEAM

Steve Arveschoug reported that the Energy Discussion team has met twice to prepare for the panel discussion to be held at the October 8 CAC meeting. The theme of the discussion will be: How Different Sectors of the Regional Energy Industry Impact Each Other. The focus will be on understanding the perspectives and interrelationship of the different energy sources in the region. Steve will be the moderator. Potential panel members have been approached to represent the different energy interests:

- Montana Wind Resources – Rhyno Stinchfield

- Status: Has agreed to be on the panel
 - Coal mining – Brad Hanson, Bull Mountain Coal Co.
 - Status: Has been invited and is interested
 - Railroad transportation – Bryan Reilly, BNSF Railway
 - Status: Interested
 - MDU natural gas – Doug Hansen, Area Mgr.
 - Status: Not yet responded
 - Building a refinery in the Dakotas
 - Montana Contractor’s Association (trucking) – Cary Hegreberg
 - Status: Not yet responded
 - This perspective would be on wide load transportation in the state
 - Keystone Pipeline: Steve Arveschoug
 - Status: Steve will provide update on this
 - Billings P 66 Refinery – Colin Franks
 - Status: Colin could give an update from the oil & gas perspective or ask someone like Dave Galt, MPI to update as well
- Potential back up representatives:
 - PPL about Corette Plant or Northwestern Energy
 - Cloud Peak Energy if Brad Hanson is not available

UPDATE ON COMMUNITY OUTREACH TEAM

Ann reported that the team met on June 13 to further plan for the Phillips 66 Meet in the Park event to be held September 12 at the Gazebo in South Park. The following preparations are being made:

- Selecting the caterer. Suggested menu: hamburgers, hot dogs, side dishes, ice cream, pop & water
- Developing questions for a verbal survey
- Updating the flyer and invitation letter
- Identifying booth participants including: City College, Phillips 66 Pipeline, Phillips 66 refinery, Contractor, Conservation District, RiverStone Health, South Side Friendship House, Garfield Community Center & YBGR, City of Billings Parks & Recreation, Fire Dept., Police Dept.
- Updating event speakers and raffles
- Updating mailing lists
- Developing a physical layout for the event at South Park and identifying logistics

The next team meeting will be on July 15. All CAC members are invited to the team meetings.

REFINERY EMISSIONS & ENVIRONMENTAL FOOTPRINT

Local Industry Emissions – 2012 Data

Jim Hughes, Director of Air Quality Control at the MT Department of Environmental Quality (DEQ), presented information that the Billings/Laurel area has made substantial progress in reducing SO₂ emissions over the last 30 years. He noted that while all air sheds have some pollutants, the Billings area in 1983 had over 30,000 tons per year of sulfur dioxide (SO₂) emissions from the 7 most significant sources of SO₂ in the Billings/Laurel area: Cenex, PPL

Montana Corette plant, Phillips 66, Montana Sulphur & Chemical Company, ExxonMobil, Yellowstone Energy Limited Partnership, and Western Sugar Company.

Jim reported that in 1993 the EPA called for a State Implementation Plan (SIP) to address emission violations. Extensive work between the state and the affected industries led to SIP submittals in 1996, 1998 and 2000. Phillips 66 had little it needed to do to reduce emissions whereas ExxonMobil and Cenex required major changes. EPA eventually approved the SIP. By 2012, the percentage of SO₂ emissions had been reduced to 6,200 tons, a significant drop from 1983. Phillips 66 declined from emitting 4,000 tons in 1983 to less than 300 tons in 2012 compared to ExxonMobil which emitted over 14,000 tons in 1983. As of 2012, all 3 refineries were close in their low amount of SO₂ emissions.

In June, 2010, the EPA issued new air quality ambient standards for SO₂, establishing a new 1-hour SO₂ standard at a level of 75 parts per billion (ppb) based on the 3-year average of the annual 99th percentile of 1-hour daily maximum concentrations. This in contrast to the 500 ppb allowed prior to this time. In May 2011, Montana submitted its initial designation request to the EPA stating that Yellowstone County should be designated as unclassifiable due to unrepresentative monitoring data and pending Federal programs that will reduce SO₂ in the air shed. In February 2013, EPA responded that they disagreed with Montana's initial designation and intend to designate all of Yellowstone County as Nonattainment for the 2010 1-hour SO₂ standard. EPA based its decision in part on monitoring results from the 2009-2011 period which included unusually high emissions in 2010 due to uncontrolled catalyst performance testing at ExxonMobil's refinery operating under an SO₂ additive testing schedule granted by EPA consent decree. The State maintains that the year 2010 does not represent future and ongoing emissions or ambient concentrations. The State believes that the Billings/Laurel area will achieve compliance with the new 1-hour SO₂ air quality ambient standards well before the 2018 deadline.

On April 3, Governor Steve Bullock sent a letter to the Acting Regional Administrator for the EPA in Region 8 presenting the State's position regarding the nonattainment status. The State is waiting for EPA's response. Jim acknowledged that each incremental change to tighten up emission controls becomes more and more expensive for industries and more challenging to justify such investments. He pointed to the opportunity in 1993 that the Corette plant had to invest in major changes to its operation to reduce emissions. The Corette plant did not make those investments and now those same changes would have to be undertaken at a significantly higher cost.

Update on Local Sustainable Development Scorecard

Randall Richert, CAC member and Air-Environmental with Phillips 66 Refinery, reviewed the Local Sustainable Development Scorecard and asked for CAC input on the charts and metrics. He provided 2012 data updates to most of the 8 metric sets.

- Recordable Injuries: the rate increased in 2012 but is down again for 2013
- Economic Growth – ConocoPhillips: this will alter as it is now a new company, Phillips 66
- Refinery Taxes: the refinery paid the 2010-2011 taxes under protest and settled with the Yellowstone County Tax Appeal Board; the refinery will appeal 2012 taxes in 2014
- Greenhouse Gas Intensity: no comment
- Contributions: more or less the same each year
- Upset Flaring Emissions: the turnaround in 2012 caused an increase in flaring emissions; a question to answer is whether to include Jupiter in this measurement
- Pounds of Refinery Emissions per Thousand Barrels of Crude Processed:

- Sulfur dioxide (SO₂) emissions include Jupiter as there is only 1 air permit for both Jupiter and Phillips 66 whereas ExxonMobil has two separate companies with two permits. Jupiter is considered to be “cream of the crop” having only 1 SO₂ exceedence in 2012.
- The nitrogen oxide (NOX) emissions show a drop for all 3 refineries
- Particulate matter emissions are the same for all 3 refineries
- Carbon monoxide dropped for all 3 refineries
- Hydrocarbons and volatile organic compounds (VOCs) are the highest in the Cenex refinery.

CAC Member Suggestions/Comments

- On the chart of refinery emissions, outline the negative effects associated with each pollutant (sulfur dioxide, nitrogen oxide, particulate matter, carbon monoxide, hydrocarbons)
- On refinery emissions profile, there are too many numbers and too much data. Why not combine data into the shape of a foot and compare “footprints” across years and refineries. Make it more of an idea for comparison.
- Suggestion to include annual payroll and multiplier effect of the overall economic impact of the refinery along with number of employees, etc. (linked with or replacing the charts on refinery hiring, economic growth and taxes)
- Provide more detail/information in presenting the philanthropic contribution metrics

Action

Update and rejuvenate the Scorecard for the Phillips 66 Meet in the Park event on September 12, 2013

COMMUNITY UPDATES

Jim Ronquillo announced an Appreciation Day at Garfield Community Center to begin at noon on Friday, June 14. Josh Juarez reported that the annual “Gardener’s Market” held in the parking lot of RiverStone Health from 4:30-7:00 p.m. will begin on Thursday, June 20.

Ken Ard reported on road construction on Newman Lane on the South Side, financed in part by the tax increment finance district including Cabela’s and other businesses in the area. Road construction is also in full swing on Rimrock Road and Bench Blvd. There will be some smaller road construction projects on Parkhill and Poly Drives. The state is currently in the bidding process for repaving Montana Ave., to begin in August. Ken noted that the outer belt loop was still being discussed as a construction project.

Josh Juarez reported three new hotels targeted to be built along King Ave. There is also a new FedEx building being constructed on the West End and new housing in Lockwood and on the West side.

TRANSPORTATION UPDATE

Safety: The company is doing well in terms of safety with only one minor recordable injury.

Operations: Projects have been completed to reroute pipelines near Lavina. There were 405 one-calls in May adding up to 1,387 for the year so far in Yellowstone County.

Environmental: One recordable event was sent to the State - a spill of 6 gallons of crude oil.

REFINERY UPDATE

Safety: To date this year is proving to be one of the best yet for safety. A change in workforce from last year may be contributing to fewer injuries.

Environmental: There have been no recordable events with the exception of one minor SO₂ release in early May.

Operations: Operations have been running reasonably well. After the refinery tour in May, the coker unit was down for about a week when a metal chute failed. The refinery is anticipating a strong run of product through the summer season. The refinery was visited by the VP of Refining in May and the CEO of Phillips 66 is expected in June.

Employees: The refinery is about 90% staffed back up and returning to normal.

NEXT MEETING: September 12, 2013

Phillips 66 Meet in the Park Event

Location: Gazebo in South Park

- Event from 5:00 to 7:00 p.m.
- Brief CAC Meeting 7:00 – 7:30 p.m.