

To: Honorable Minneapolis City Council Members  
CC: Mayor Betsy Hodges

August 31, 2016

MN350 and MPIRG offer the following facts about pipelines and the movement of oil. Our comments below will be restricted to Bakken Crude oil; shipping of Canadian tar sands crude has other issues.

Fundamentally, our region, country and society need to reject the idea that ever-expanding fossil fuel infrastructure is necessary. In fact, scientists have warned--and global leaders have officially agreed--that we need to very rapidly scale back from oil, gas, and coal production and move to a clean energy economy to have a chance of avoiding utterly catastrophic climate change.

1) Rail and Pipelines – The Dakota Access pipeline will NOT replace the rail cars that carry oil through Minnesota.

- The movement of oil by rail and pipeline is not interchangeable. Rail and pipelines play different roles in our energy-infrastructure networks. A given shipper's choice of transportation method depends on a number of geographic and economic variables. Shipment via pipeline is generally cheaper but very limiting because it moves a product only from A to B. Rail is significantly faster (several days to the Gulf Coast versus up to a month), and provides much greater flexibility through its more extensive and pervasive network. So shippers may choose rail at times in response to significant day-to-day changes in market conditions in order to compete. Shippers' only objective is to get product to market in whichever way maximizes profit.
- The railroad industry welcomed the additional revenue shipping crude oil by rail and will fight hard to keep the business. BNSF has announced \$130 million in capital investments in Minnesota in 2016, for example. This follows \$550 million of capital expenditures over the last three years.
- About half of North Dakota oil by rail shipments are headed for the West Coast, where there are no crude oil pipelines. Dakota Access will not service this market for crude oil.
- Pipelines do not service many East coast refineries; rail does.
- Rail does not require intermediate storage at pipeline hubs, where storage is scarce and costs money. Once loaded on a railcar, crude oil is set to go to the refinery. The US has an 80-year high glut of crude oil in storage because more is being extracted worldwide than is being used.
- Rail provides a premium product unsoiled by intermixing that occurs on pipelines. The exact oil that was shipped, is delivered. This is not true with pipelines that require oil to be moved in and out of storage tanks at hubs. Also, no volume shrinkage occurs with rail as opposed to pipelines.
- The State of Minnesota cannot control the movement of oil by rail; it is protected under the Interstate Commerce Act. We support the protection of our communities, and also recognize many hazardous products are regularly moved by rail through our cities, such as ethanol, propane, butane (all the light oil refined products) and nuclear waste.
- Both rail and pipelines use shipping contracts; it would be costly for a shipper to switch from one to the other until the contract is expired.
- In Minnesota, Enbridge lawyers testified many times before the Public Utilities Commission that the proposed Sandpiper pipeline would not displace rail shipments or significantly reduce oil-by-rail traffic in Minnesota, even though its proposed capacity

represents 40 percent of total Bakken production. Why would the Dakota Access be any different?

2) No one wants a Lac Megantic disaster. The best way to ensure this is to:

- reduce the volatility of the crude oil being transported from North Dakota before it is loaded onto any transport system.
- change Federal law to allow railroads to also restrict also restrict volatility.
- leave the oil in the ground.

Not only are pipelines not a replacement for oil trains, they are also not safer. It's like choosing between nuclear and biological warfare. Rail is more likely to spill, but pipeline spills are typically larger and more expensive to clean up. An International Energy Agency study of U.S. Pipeline and Hazardous Materials Safety Association data showed that from 2004 through 2012, the U.S. had twice as many rail spills versus pipeline spills, but the pipeline spills released three times as much oil. Rail is more likely to endanger population centers, and derailments are more likely to cause explosions and deaths. But emergency response is generally easier, and the amount released is finite. Pipeline spills often continue for many hours before being discovered, happen in remote areas and cause long-term damage to the ecological resources we depend on to survive. Even in environmental-justice terms, there is no clear answer. People of color are more likely to live near railways in urban areas and industrial suburbs, but pipelines often pass through tribal lands and other areas of rural poverty where people are more immediately dependent on a healthy ecosystem and more excluded from public services.

4) Despite the good work of the union pipeline contractors, recent pipelines that have been built do have problems.

- We understand union contractors do not choose the source or the quality of the pipes, the valves and other components used in construction.
- Enbridge's Flanagan South, just under two years of operation, has had a high number of integrity digs and corrosion problems. Why?
- Keystone 1, completed in 2010, has had 14 leaks.
- The Pipeline and Hazardous Materials Safety Administration and Canada's National Energy Board have identified two safety concerns for pipeline construction – the first dealing with welding issues on large diameter pipelines. Since the Dakota Access is a large diameter pipeline, we are understandably concerned. The second recent concern was the news of defective pipeline components, manufactured by Thailand based Canadoil, and used by TransCanada and Enbridge. Has Energy Partners, builder of the Dakota Access, purchased any of these parts?

5) Tensions and escalation issues-

- The camp has been peaceful, attended by many families.
- As the union contractors are asking for and deserving of respect, we ask you to respectfully consider the lack of respect shown the indigenous people of this country. A decision was made to build a major fossil fuel infrastructure immediately adjacent to their lands without tribal consultation. The river crossing was changed from the Bismarck area to an area just north of their reservation lands. Their treaty rights to be able to live off the land as a sovereign nation were essentially ignored. The US Army (of all agencies - the one that has grievously done great harm to the native people of this land) signed off on

this huge pipeline by segmenting it into thousands of individual projects and approving each one using Nationwide Permit 12, a process intended for small impact projects like water buoys and boat ramps. No environmental impact statement was prepared, and no public hearings were held. The tribes relate greatly to the pipefitters sense of a lack of respect.

#### 6) Timing of the Council discussing the Resolution-

Taking a moral stand is appropriate at any time. The city of St Paul has passed a similar resolution, as well as 87 other tribes (see full list here: <http://bit.ly/2coZED3>), the National Congress of American Indians (an association of tribal governments), and countless other communities and organizations. The purpose of local government is to respond directly to its constituents and the immediate realities on the ground, at times in order to influence governance and decision-making at larger scales, not to wait to follow decisions from above.

It is time to stand up for the rights of the original peoples of this continent, and to acknowledge they are naming and protecting the rights of the environment for all of us. It is also time to acknowledge the era of the fossil fuels is drawing to an end, in order to sustain life on this planet.

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