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Position Paper on Providence Working Waterfront Development Plan

In the early 1980's, storage capacity in Rhode Island was 350 million gallons. During the 80's and right into the late '90s, tank yard after tank yard was closed and dismantled—the most recent of these were the Citgo terminal and the Northeast Petroleum terminal. Prior to the dismantling of these two tank yards, we had about 125 million gallons of storage. Once these yards were closed, the storage capacity went down to 110 million gallons, where it is today. These storage tanks hold heating oil, diesel, jet fuel, gasoline, kerosene, liquid asphalt, and other chemicals.

Several companies expressed interest in re-opening the latter two terminals, but the residual specter of Buddy Cianci's "Three Cities Plan" deterred those companies from making a substantial investment with an uncertain future. We needed those terminals.

Many homeowners and businesses who had additional secondary storage in large tanks on their properties removed them and replaced them with smaller storage tanks.

The Oil Heat Institute, Inc. of Rhode Island is alarmed by the fact that our storage capacity is now less than one-third, down almost 69%, of what it was just twenty years' ago while the state population has increased by more than 10% during that same time period. The State of Rhode Island is now in a situation where an unexpected weather or other event could cause a disruption of the supply for any of the above-mentioned products that are so necessary to the health and safety of its citizens and the economic well-being of our state.

Every tank yard that has been dismantled here has never been replaced. The State of Rhode Island and nearby states cannot afford to lose even one more terminal. We have already lost too many. When demand is high, heating oil and tanker trucks must wait in long lines at the few remaining terminals to fill their trucks, sometimes up to two hours. The daily truck expense is a constant, and the price to the consumer is directly related to the number of deliveries made by that truck in any given day. The fewer the deliveries made, the higher the cost of the product to the consumer. Closing another terminal will make the lines and the wait even longer than it is now.

If Rhode Island does lose more storage, tanker trucks would have to transport product over the road. Not only would that greatly increase road traffic on already congested freeways, but it would also increase the number of traffic accidents—with potentially fatal results, especially with gasoline and jet fuel. The cost to purchase product would be dramatically increased for everyone because of the increased transportation costs. The U. S. Department of Transportation limits the hours that truck drivers can work in a given day, which is another transportation issue.

A critical point is that it would be a serious mistake to assume that ports in Massachusetts and Connecticut could supply us with any product at all, especially in adverse weather conditions. Both Massachusetts and Connecticut have also experienced a dismantling of storage facilities. They most likely do not have enough storage capacity to be able to supply Rhode Island with product. In addition, the economic loss of revenue and jobs would hurt the Rhode Island economy.

The City of Providence might argue that they don't want to close the Sprague terminal and that they do not intend to close any other terminals, but the plans for the Providence waterfront development tell another story.

In 2006, 327 million gallons of #2 heating oil came into Rhode Island. Approximately one-half of that, 163,500,000 million gallons, was used here, with the rest going to nearby Massachusetts and Connecticut. Annual sales of #2 heating oil in Rhode Island are about \$441,450,000, with an estimated payroll of \$38 million. This revenue figure does not include any other fuels.

If any more terminals are closed, and the state finds itself in a crisis because of it, this is not a problem that can be easily fixed. Many mistakes can be quickly remedied. Closing more terminals will be a costly mistake that would take many years to fix. It will be too late. The damage will have been done; and, in fact, has already been done. The people of the State of Rhode Island, nearby Massachusetts and Connecticut, and, yes, the citizens of the City of Providence, will suffer for it.

Sprague Energy, the storage facility that stands to lose in the immediate future if the Providence working waterfront is changed, is the only terminal in the state that sells heavy oil. The electric power plants, hospitals, institutions, colleges, and large industrial businesses need heavy oil to operate; these are called interruptibles. Most of the heavy oil users actually use natural gas as their main source for heat, but when supply is tight, the gas company turns them off, and they need to switch to their backup heating source—heating oil. Without Sprague Energy, these places would have nowhere to turn for their supply. Do we shut down Hasbro Childrens' Hospital, other hospitals? Do we shut down URI, other colleges? Do we shut down the power plants that supply our electricity?

The Port of Providence is not just valuable waterfront property, nor is it just an economic engine. The Port of Providence is the lifeblood of the entire state, inclusive of the City of Providence and its citizens. If you destroy the Providence Working Waterfront, you will send the entire state into a deadly spiral, severely damaging its economy and far more importantly, the health and safety of its citizens. Are you willing to take that risk?

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