

August 27, 2002

The Honorable Norman Y. Mineta
Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590-0001

Dear Secretary Mineta:

This letter is in reference to the Longhorn Partners Pipeline, which runs in close proximity to residences and schools and over drinking water supplies in our Central Texas legislative districts. Longhorn Partners Pipeline is scheduled to soon start pumping 72,000 barrels of highly volatile gasoline and jet fuel per day through a 50-year-old pipeline. Although significant local citizen and political opposition to this pipeline exists, and despite a federal judge's publicly stated reservations about the project, the only regulatory impediment left before the pipeline is activated is your agency's approval of Longhorn's spill response plan. For the reasons stated below, we urge you to not approve Longhorn Partners Pipeline's spill response plan until certain questions can be answered after additional public input is taken.

Our concerns about Longhorn's ability to protect people and the environment from hazards associated with the pipeline arise from the following interrelated factors:

- **The unsound financial base of Longhorn Pipeline.** Recently, we have all become aware of the serious financial instability of the major partners in the company. Even after short-term cash infusions, Williams Companies, the largest partnership share in Longhorn and the operator of the pipeline, is at imminent risk of falling into bankruptcy. The second major partner, Beacon Group Energy Investment Fund, is a subsidiary of JP Morgan Chase Partners, which recently had its long-term rating downgraded from "stable" to "negative". Williams and Beacon Group Energy Investment Fund together own 63 percent of Longhorn Partners Pipeline.
- **Insufficient insurance coverage to handle emergency situations.** Longhorn's insurance coverage is so low that United States District Judge Sam Sparks wrote that he is "extremely concerned Longhorn will begin pushing high-grade gasoline through the pipeline in less than a month" and that he "finds no consolation whatsoever" in Longhorn's \$15 million of liability insurance. With both major partners financially unstable and liability insurance of only \$15 million, there is concern about Longhorn's ability to cover costs after an accident. This concern is exacerbated by Longhorn's failure to disclose either the actual terms of its insurance policy or its partnership agreement's financial arrangements.

· **Longhorn cannot comply with the Oil Pollution Act of 1990.** Longhorn may not transport oil products until the Department of Transportation has reviewed and approved the spill response plan. Department of Transportation rules require sufficient personnel and equipment to handle a “worst case” spill, fire or explosion. This regulation cannot be met without financial assurance that a spill response plan can be implemented. The present finances of the Longhorn Pipeline suggest that the financial assurance that federal regulations require cannot be provided by Longhorn.

We are concerned that the Longhorn’s financial difficulties might cause them to compromise safety measures to save money, or that Longhorn will simply go out of business and leave any clean up to the state and federal government, and ultimately taxpayers. For the aforementioned reasons, we request that you do not approve Longhorn’s spill response plan, and prevent them from initiating pumping operations until questions about their finances can be satisfactorily answered after additional public input.

Sincerely,

Gonzalo Barrientos
State Senator, District 14

Ann Kitchen
State Representative, District 48

Robert “Robby” Cook
State Representative, District 28

Glen Maxey
State Representative, District 51

Dawna Dukes
State Representative, District 46

Elliott Naishtat
State Representative, District 49