pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

February 27, 2018

Peter J. Gvazdauskas
Chief Financial Officer and Treasurer
Sunoco Logistics Partners L.P.
3807 West Chester Pike
Newtown Square, PA 19073

Re: Review of Sunoco Logistics Partners L.P. Financial Test/Corporate Guarantee to Provide Hazardous Waste Facility Financial Assurance for Sunoco, Inc. (Permit No. PAD980550594)

Dear Mr. Gvazdauskas:

Sunoco, Inc. (R&M) (Permit No. PAD980550594) is required to provide financial assurance for hazardous waste facility closure and post-closure in accordance with its permit, the Pennsylvania Solid Waste Management Act, Act of July 7, 1980, P.L. 380, No. 97, as amended, 35 P.S. §§ 6018.101-6018.1003, and the rules and regulations promulgated thereunder, including but not limited to 40 C.F.R. Parts 264 Subpart H, which is incorporated by reference at 25 Pa. Code § 264a.1 and modified at 25 PA. Code Chapter 264a, Subchapter H.

The Department has reviewed the March 30, 2017, financial assurance (FA) filing of a Corporate Guarantee and found it insufficient for the following reasons:

1. The Corporate Guarantee lists Sunoco Partners Marketing & Terminals L.P. (PAD980550594) as the permittee, but the current permitee is Sunoco Inc. (R&M). A corporate guarantee/financial test cannot be approved for a prospective owner, but instead should be written in the name of the present owner/operator of the facility.

2. We understand that a permit modification has been requested to transfer the permit from Sunoco Inc. (R&M) to Sunoco Partners Marketing & Terminals L.P. If approved, the proposed permit modification will split the facility into two separate units and different facility EPA ID numbers will be issued. The Corporate Guarantee does not list these two different facilities under different EPA identification numbers.

3. The current ownership and the party responsible for the closure/post-closure maintenance and monitoring of the Marcus Hook Industrial Complex Middle Creek Conveyance System (PAD980550594) is unclear. Therefore, the corporate parent cannot be confirmed at this point.

4. The Middle Creek Conveyance System is not listed in the Sunoco Inc. (R&M) permit. In our September 26, 2016 meeting with Sunoco in the South East Regional Office, it was discussed that a closure plan exists for this area, but there is no enforceable document for post-closure care as per 40 CFR Part 270.1 (c) (7) incorporated by reference at 25 Pa.

Code §270 (a). The Department will not release the surety bond for this unit until an enforceable document is in place.

The Department currently holds two Surety Bonds for the Sunoco, Inc. (R&M) Marcus Hook Refinery; one for the Solid Waste Facility (#017025578) in the amount of $394,000.00, and one for the Middle Creek Conveyance System (#017025568) in the amount of $12,227,719.00. These bonds have not been updated since 2012. They should be updated and maintained as the mechanism for financial assurance.

Sunoco should also ensure that it maintains appropriate liability coverage for this facility, and provide proof of that coverage to the Department.

As noted above, the Department has determined that the March 30, 2017 does not conform to the financial assurance requirements of 40 C.F.R. §§ 264.143(f)(7) and 264.145(f)(7) (which are respectively incorporated by reference at 25 Pa. Code §§ 264a.143, 264a.145 and 264a.156. Accordingly, the Department is hereby notifying Sunoco Inc. (R&M) and Sunoco Partners Marketing and Terminals L.P., that each facility must secure alternate financial assurance mechanisms within 30 days of receipt of this letter, or Sunoco Logistics Partners L.P. must secure an alternate financial assurance mechanism on their behalf. For each facility not conforming to this corporate guarantee/financial test, please submit to this office one (or a combination) of the following mechanisms: surety bond and/or collateral bond as provided for in 25 Pa. Code § 264a.154.

Please provide a copy of the alternate mechanisms to this address:

PA Department of Environmental Protection
Southeast Regional Office
Attn: Mohamad Mazid, Ph.D., P.E.
2 East Main Street
Norristown, PA 19401

If you have any questions, please contact me at glmitzel@pa.gov, or by phone at 717.783.9448.

Sincerely,

Glenn Mitzel, Chief
Permitting and Technical Support
Division of Hazardous Waste

cc: Teresa V. Land – Senior Paralegal, Sunoco, Inc.
Mohamad Mazid – Waste Management Program, DEP SERO

bcc: Thomas Mellott – DEP Division of Hazardous Waste Management
Bill Cumings – DEP Office of Chief Counsel
Frank Macciocca – DEP Office of Chief Counsel
Tammy Jefferson – DEP Contracts, Procurement and Bonding
Sara Kinslow – USEPA Region 3
Catherine McGoldrick – USEPA Region 3 File