



Community Advisory Panel

MONDAY, JUNE 18, 2007

MINUTES

The Dow Community Advisory Panel met on Monday, June 18, 2007 at 6:00 p.m. at the Dow Conference Center. The following persons attended the meeting:

CAP Members

Ms. Emma Davis
Ms. Shelley Delapasse
Mr. Earnest Grant
Mr. Huey Gray
Ms. Juanita Hill
Mr. Mickey Rivet
Mr. Raymond Smith, Jr.
Mr. Daniel Stoute
Mr. Gerald Trent
Mr. Jeff Wille

Dow Personnel

Mr. Lee Trusty
Mr. Dennis Davis
Ms. Donna Carville
Ms. Stacey Chiasson
Ms. Kristen Watkins
Ms. Fran Comeaux

Facilitation Team

Tim Johnson, Facilitator
Nancy Campanella, Recorder

Also attending were Mr. Larry Locicero, INEOS; Mr. Scott Presley, Pipeline Technology; Mr. Dan Borne', Louisiana Chemical Association; and Mr. Brad Zimmermann. Panel members, Ms. Carolyn Brown, Ms. Scarlet Callicoatte, Mr. Bill Cooper, and Mr. Gerald Wilson, were unable to attend the meeting. After the facilitator welcomed everyone, the panel approved the May 21, 2007 CAP meeting minutes, with one correction noted.

Legislative Updates

Mr. Dan Borne', President, Louisiana Chemical Association, provided legislative updates to the panel as follows:

1. **Chlorine manufacturing.** There is a move in Washington, D.C. to outlaw the importation of asbestos into the U.S. Asbestos in a dry form is dangerous. However, asbestos in its wet form is safe. It is used in the production of chlorine. If this form of asbestos is outlawed, it will cost billions to replace current technology used in the production of chlorine. The LCA is working with Senator David Vitter to amend the legislation to exempt the asbestos used in the chlorine process from the bill. The LCA is providing information to the Louisiana delegation explaining how chlorine is produced and how it is regulated by government agencies.
2. **Energy conservation.** There is a move in Congress to provide for products to be created only with renewable products. The LCA is providing to the Louisiana Congressional delegation explanations of the bill's problems, and solutions for amending it so that it will have no adverse effect on industry.
3. **Energy.** There is a move towards fuel economy and mandating electric companies to renew through hydropower. More areas of the Gulf and Atlantic are being opened up to offshore drilling because of the critical need for natural gas at a more reasonable

price. California and Florida have both killed legislation allowing additional offshore drilling for natural gas off their coasts. This means that Cuban companies will drill closer to Florida than American companies will be allowed to.

The LCA is a trade association of 65 chemical manufacturing companies with 100 locations in Louisiana. It includes the following organizations:

1. **Louisiana Chemical and Industrial Alliance (LCIA)** -- a trade organization of those same manufacturers plus 500-600 suppliers and vendors used by the chemical manufacturing industry.
2. **LAFESTE Foundation** – Provides grants to train students in the Ptech field and other industry-related areas.
3. **LCA Political Action Committee (PAC)** -- rewards those elected officials who help the industry through campaign contributions, and punishes those who want to hurt the industry. Member companies and suppliers who are interested in keeping industry active in the state contribute to the PAC.

Mr. Borne then provided panel members with a copy of the LCA 8-Point Plan designed in response to member companies' requests. The plan deals with health, safety, security, and environmental issues that are critical to industry operations. One of the components of the plan is energy – which is important to all businesses in Louisiana. Current law provides for a 3.3% tax on electricity and a 3.3% tax on natural gas. The LCA is supporting the repeal of these taxes, and expects a significant reduction in the tax this year with the hope of repealing the remainder of the tax next year. This is a key legislative priority. There are many legitimate needs in the state. Many one-time expenses can be taken care of with the additional revenue the state has collected because of the recovery process and businesses. The people are fearful that the spending platform will be so high that cuts and/or taxes will be necessary for recurring expenses in future years.

Answers to Questions Included the Following:

1. Information is provided to the Congressional staffers who work most closely on specific issues in Congress. LCA establishes a phone relationship with those persons and then follows up with them on the issues.
2. Governor Blanco and approximately ½ of the Legislature are lame ducks.
3. Although natural gas prices are a problem for the paper and pulp industry, the incentive to retain the business should be for all industry.
4. One of the main reasons that the Germany steel mill did not select Louisiana for the location of its new U.S. plant is because of the high cost of energy here caused by Louisiana's natural gas and electricity taxes -- \$5 million a month higher than Alabama.
5. Mr. Trusty explained that the U.S. can't compete with the Middle East because natural gas is \$1 there compared to \$7 in the U.S. That 80% lower cost won't be made up. Therefore, some of the U.S. capacity will have to be rationalized. Repeal of the energy tax is a huge factor.

Ms. Carville then provided additional legislative updates as follows:

1. HB 357; SB 331 – would reduce state sales tax on all business utilities by ¾% on July 1, 2007, and repeal the remainder of the tax by July 1, 2008. SB 331 would

- repeal the tax entirely for the paper and pulp industry only. The LCA is opposed to each industry taking its own course.
2. HB 417 – corrects the tax at the rack bill to exclude gasoline blendstocks. Although the Department of Revenue provided a letter explaining the law’s intent, the law must be changed by the Legislature.
 3. SB 251 – provides a 6.5% credit against state sales tax for construction, modernization, and/or expansion investments exceeding \$5 million in a calendar year.
 4. HB 832 – reauthorizes the incumbent worker training program that provides training funds by grant award.
 5. SB 337 – provides funding for infrastructure to sustain the LCTCS system.
 6. HB 722 – moves truck registration fees and vehicle sales tax into the Transportation Trust Fund for dedication to highway maintenance.
 7. SB 240/HB 743 – SB 240 supports energy efficient provisions and not product deselection; HB 743 updates energy efficient codes for public buildings. This bill prohibits a disadvantage to products made in Louisiana.
 8. HB 442/HB 733/HB 493/HB532/SB 247/HB 730/HB 340/SB 71 – deal with ethics reform and are backed by over 39 organizations under LAEthics 1 to improve Louisiana’s image reputation.
 9. SB 68 – allows 75% credit up to \$100,000 for personal donations to higher education institutions in Louisiana.

Update on Benzene Pipeline

Mr. Scott Presley stated that Pipeline Technology makes long-term investments for long-term return. With the creation of a nitric acid pipeline 11 years ago, 150,000 tons of nitric acid was pumped through it during the first year, and 600,000 tons was piped through it in 2006. This nitric acid pipeline serves 3 plants. Pipelines are part of the infrastructure system. Pipelines are the safest mode of transportation. It is the only form of transportation that stays in place while the product moves. Pipelines are buried between 3-4 below ground. Pipeline Technology builds, owns and maintains plant pipelines between plants and consumers.

The Louisiana Aromatic Pipeline, a pipeline that will transport benzene (which Dow produces) to TOTAL (which consumes benzene) is not yet under construction. The construction of the pipeline will allow for the removal of 130-150 barges from river traffic. The pipeline, which is not handled directly by people, is monitored 24/7. The proposed pipeline will run 22 miles and 90% of the route will follow existing pipe. It will take 6 months to construct the pipeline after permitting and rights-of-way are completed. The low pressure (250 pounds) pipeline will be constructed of 8-inch epoxy-coated carbon steel and will be tested to 2,350 psis for a 24-hour period using water. The pipeline, with a 7,000 barrel capacity, is subject to hazardous liquid pipeline regulations. Construction is set to begin in mid-'07.

Pipeline Technology X-rays 100% of the welds on the pipe (including those that will run 40 feet below the lowest depth of the river). 6,000 feet of pipe will be placed on 1 side of the river, X-rayed, and pulled back under the river. The right-of-way will be patrolled every 2 weeks to check for very small leaks. The most common leak is caused by backhoes hitting pipelines.

To date, contracts have been awarded, the route is complete, 80% of the rights-of-way have been acquired, permits have been filed, and construction is set to begin when the rights-of-way issues

are settled. Judge DuPont ruled that the pipeline is not a common carrier (i.e., the transporter is the owner of the goods). That decision is currently being appealed.

Benzene is used in the production of ibuprofen, styrene, paints, solvents, etc. In-line inspections are done with a smart pig to measure cracks, rust, and dents every 5 years. Some pipelines have been in operation in the U.S.

Answers to Questions Included the Following:

1. The concern about safety in the neighborhoods has been resolved after Pipeline Technology met with community members.
2. If a problem on the pipeline is suspected, it can be inspected to determine if there is in fact a problem.
3. Pipelines are constructed of steel that is flexible, but doesn't easily break.
4. Deaths due to pipelines are usually from pressure or explosions. Death statistics are available at www.dot.us.gov
5. Reducing the use of barges to transport benzene will eliminate risks on both ends, costs, and time-consuming barge use. The pipeline will also reduce the need to maintain a large benzene inventory on site.

Comments Regarding the Community Perspective About the Pipeline Included the Following:

1. The pipeline is safer for the community, but it reduces the number of jobs. Mr. Trusty explained that it is unlikely that the pipeline will cause a reduction in the number of jobs.
2. The average citizen is unaware of pipeline contents, and assumes that they are safe.

Responsible Care Performance Measurements (May 22-June 18, 2007)

Mr. Davis presented Responsible Care Performance Measurements stating that there have been 5 OSHA injuries in 2007. A Dow employee required 3 stitches when he was cut by an insulation retaining band on some piping adjacent to a nozzle. A contractor broke a toe when a piece of equipment fell on his foot. A more serious injury was prevented because he was wearing steel toe shoes. There were no outside complaints, spills affecting the community, agency audits, public notices, or serious transportation incidents during the reporting period. Year-to-date, there have been 4 agency reportables at LAO. There was a 22-pound release of vinyl chloride (1 pound is the agency limit) from a leak in a pipeline rack caused by corrosion. There was no offsite impact due to the release.

Dow in the News (May 22-June 18, 2007)/Upcoming Events and Activities

Ms. Chiasson provided Dow in the News information as follows:

1. June 13 – Larry Lafitte recognized, and a donation made to Louisiana Tech
2. June 14 - Articles in the *Post/South* and *Advocate* regarding the Dow/MCA Food Drive held in May. Approximately 2,000 pounds of food and \$3,800 were collected for use by 7 area food banks. Summer is the most difficult time for food banks.
3. June 18 – Dow interviewed by WJBO regarding community outreach and Kid's Fest. VIP tickets are available for CAP members for Kid's Fest on June 23rd between 8:00-9:00 a.m. The program will be open to the general public between 9:00 a.m.-2:00 p.m.
4. July 4 - Dow will participate in the Iberville 200th Birthday at Plaquemine's 4th of July Celebration.

5. July 9 - Community grants will be awarded.
6. July 5 - Congressman Bobby Jindal will visit the site. CAP members will receive invitations by the end of the week.
7. September 22 - Construction of 2 Habitat for Humanities Builds in Plaquemine will be held.
8. Ongoing - Science is pHun demonstrations are ongoing.

Did you know...

That Dow lends support to Habitat in many ways, including funding, donations of STYROFOAM* extruded polystyrene insulation, and employee volunteer work crews at builds around the world.

Next Meeting

The next Dow CAP meeting will be held on Monday, August 20,2007 at the Dow Conference Center. The agenda will be announced prior to the meeting.