



Department of Energy

Washington, DC 20585

November 10, 2009

Honorable Donald L. Carcieri
Office of the Governor
State House, Room 115
Providence, RI 02903

Dear Governor Carcieri:

I am writing to express the Department of Energy's (DOE) concern in regard to the proposed rezoning of areas along the waterfront in Providence that could negatively affect the commercial operations of the fuel terminals located there.

While we recognize and respect the further economic development of Providence, we would also hope that the city would take into account the importance of these terminals in supplying petroleum products to Rhode Island and the neighboring states. Providence serves as an important gateway for the import of petroleum products into the state and the region. Statistics from DOE's Energy Information Administration indicate that almost all of the transportation and heating fuel products consumed in Rhode Island, eastern Connecticut, and parts of Massachusetts are supplied via marine shipments through Providence. For example, in 2008, over 35 percent of petroleum distillates sold in Rhode Island entered the state through the Port of Providence. Even more significantly, over one and one-half times the amount of all of the gasoline sold in Rhode Island was received through the Port for distribution within the state and the neighboring states. For this reason, the Sprague Energy and Motiva terminals in the Allens Avenue Industrial Corridor are essential not only to Rhode Island, but also to the Northeast.

Accordingly, we are greatly concerned about the future of these Allens Avenue terminals should the Providence City Council recommend zoning changes that would designate areas in the corridor currently zoned as "Industrial" to "Mixed Use." A mixed use commercial district would allow the building of hotels, marinas, and condominiums immediately adjacent to the existing oil terminals. This could have a negative impact on the commercial operations of those fuel terminals. Rezoning may result in future restrictions on terminal operations to accommodate residential preferences that could endanger the economic viability of the terminals given the differing nature of the established and proposed uses of the areas in question. This could eventually result in the loss of petroleum storage capacity for the region.



The Department of Energy (DOE) is very conscious of the continued loss of commercial storage for all petroleum products throughout the Northeast. In fact, the loss of petroleum storage in key markets, such as Providence, was instrumental in the Department's decision in 2007 to transfer a portion of the Northeast Home Heating Oil Reserve from Providence to Groton, CT. DOE would view any additional loss of petroleum storage as a serious blow to the energy supply needs of New England as a whole.

Representatives from DOE attended the Providence Waterfront Charrette in June 2008 and recently met with representatives from the Providence Working Waterfront Alliance for updated information on the potential zoning change. I encourage you to consider the importance of the continued operation of these essential fuel terminals to Rhode Island and the potential negative impact on the state and the Northeast should the City of Providence approve rezoning for the Allens Avenue Corridor.

The Department of Energy will continue to monitor the rezoning proposal and would welcome dialogue with your staff and Mayor Cicilline during this process. You may contact Mr. David F. Johnson, Deputy Assistant Secretary for Petroleum Reserves at 202-586-4733, if you have any questions or would like to discuss the matter further.

Sincerely,

A handwritten signature in black ink, appearing to read 'James J. Markowsky', written over a horizontal line.

James J. Markowsky
Assistant Secretary
Office of Fossil Energy

cc: Honorable David N. Cicilline
Mayor of Providence
Providence City Hall
25 Dorrance Street
Providence, RI 02903