

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of:

ARCO Western Gas Pipeline Company and
BP Pipe Lines, Inc.

For Authorization To Operate A Gas Facility
At A Maximum Allowable Operating Pressure
Greater Than 500 PSIG (WAC 480-93-020)

DOCKET NO. _____

**PETITION OF BP PIPE LINES
(NORTH AMERICA) INC.**

1. Pursuant to WAC 480-93-183, BP Pipe Lines (North America) Inc. ("BP"), as pipeline-operating successor to ARCO Western Gas Pipeline Company, hereby petitions the Washington Utilities and Transportation Commission ("WUTC") for waiver of WAC 480-93-020. BP's principal place of business at 4101 Winfield Road, Warrenville, Illinois 60555.
2. BP seeks authorization to operate the Ferndale Pipeline at a Maximum Operating Pressure ("MOP")¹ of 950 psig. The present MOP of 550 psig was authorized by WUTC waiver granted at the time the Ferndale Pipeline was commissioned in 1990. The requested MOP would still be less than the pipeline's Maximum Allowable Operating Pressure ("MAOP") of 1,015 psig (Class 3 location).
3. Petitioner requests that all correspondence, communications, pleadings and other documents related to this proceeding be addressed to the following individuals:

John A. Cameron
Davis Wright Tremaine
1300 S.W. Fifth Avenue, Suite 2300
Portland, Oregon 97201
Phone: (503) 778-5206
Fax: (503) 778-5299
Email: johncameron@dwt.com

Cynthia Weston, Senior Attorney
BP America Inc.
6 Centerpointe Drive
La Palma, California 90623
Phone: (714) 670-5068
Fax: (714) 228-6570
Email: cynthia.weston@bp.com

¹ Defined by WAC 480-93-005(14) as a pipeline operating pressure, selected by a gas company, less than or equal to MAOP, determined under 49 C.F.R. Part, 192.

BACKGROUND

4. BP is organized and exists under the laws of Delaware as a wholly owned subsidiary of BP p.l.c., a publicly traded company. In April of 2000, BP p.l.c. acquired Atlantic Richfield Company, which remains a subsidiary of BP p.l.c. BP is the successor to ARCO Western Gas Pipeline Company as operator of the Ferndale Pipeline. BP West Coast Products LLC is successor to Atlantic Richfield Company's ownership interests in the Cherry Point Refinery and the Ferndale Pipeline,
5. The 16-inch Ferndale Pipeline originates near Sumas at the Canadian border where it connects to the pipeline of Westcoast Energy, Inc. From Sumas, the pipeline extends 30.7 miles to Ferndale. A route map is attached as Exhibit "A."
6. Gas flows into Ferndale Pipeline at a U.S./Canadian border-crossing facility authorized under a presidential permit issued pursuant to Section 3 of the Natural Gas Act by the Federal Energy Regulatory Commission ("FERC"). Atlantic Richfield Co. and Intalco Aluminum Corp., 49 FERC ¶61,294, reh'g denied in part, 50 FERC ¶61,210 (1990).²
7. FERC has determined that Ferndale Pipeline is used in foreign commerce and not in interstate commerce. It is thus exempt from FERC certification jurisdiction under Section 7 of the Natural Gas Act. Atlantic Richfield Company, 49 FERC ¶61,294, at p. 62,109.
8. Ferndale Pipeline is a private pipeline. It is neither owned nor operated by a "public service company" as that term is defined under Washington law. Ferndale Pipeline is not dedicated or devoted to any public use. Instead, it is used exclusively to transport Canadian natural gas for consumption as fuel at BP's Cherry Point Refinery and at Intalco Aluminum Corporation's smelter where the pipeline terminates near Ferndale,

² FERC reissued the permit in 2003 after the change of ownership from ARCO to BP.

Washington. BP owns a 90% interest in the pipeline; Intalco owns 10%.³ The pipeline is operated for the owners by the petitioner.

9. Ferndale Pipeline safety is subject to regulation by the WUTC only under the pipeline-safety provisions of WAC Chapter 480-93. WAC 480-93-183, the provision pursuant to which this petition is made, applies to any “gas company,” defined broadly under WAC 480-93-002(1) to include a pipeline owner or operator that “does not deliver, sell, or furnish gas to any person or corporation within this state.” The WUTC’s safety regulation of Ferndale Pipeline is undertaken pursuant to authority delegated by the U.S. Department of Transportation in 18 C.F.R., Parts 191, 192, 193, and 199.
10. Ferndale Pipeline was designed and constructed to qualify for operation within a Class 4 location.⁴ At the time of construction, the Pipeline was hydrostatically tested to 1,828 psig for eight hours. Using the criteria of 49 C.F.R., Part 192, for pipelines in a Class 3 location, Ferndale Pipeline’s MAOP is 1,015 psig.

³ If Intalco does not participate in the capacity upgrade described in this petition, it would retain its contractual right to 10,000 MMBtu/day of firm pipeline capacity.

⁴ Class locations are defined as follows in 18 C.F.R. §192.5:

Class 1: (i) an offshore area; or (ii) Any class location unit that has 10 or fewer buildings intended for human occupancy.

Class 2: any class location unit that has more than 10 but fewer than 46 buildings intended for human occupancy.

Class 3: (i) any class location unit that has 46 or more buildings intended for human occupancy; or (ii) An area where the pipeline lies within 100 yards (91 meters) of either a building or a small, well-defined outside area (such as a playground, recreation area, outdoor theater, or other place of public assembly) that is occupied by 20 or more persons on at least 5 days a week for 10 weeks in any 12-month period.

Class 4: any class location unit where buildings with four or more stories above ground are prevalent.

11. From the time it was commissioned in 1990 extending to the present, the pipeline route has traversed an area that remains predominately farm land and wooded. An updated class-location study was completed in April 2001 in compliance with 49 C.F.R. Part 192, Subpart K. Survey results were previously made available to the WUTC Staff. According to U.S. DOT criteria, the pipeline route remains overwhelmingly rural, as shown on the following table:

Class Location ⁵	Linear Route Distance (feet)	Percent of Route
1	154,717	80.8
2	29,820	15.6
3	6,886	3.6
4	0	0

12. BP and TransCanada PipeLines Limited. (“TransCanada”), are presently developing a 720-MW cogeneration project at the Cherry Point Refinery. Siting proceedings are underway before the Washington Energy Facility Site Evaluation Council (“EFSEC”). The combined fuel needs of the project, the refinery and the smelter are expected to reach approximately 182 mmscf/d, which is beyond the present capacity of Ferndale Pipeline at its current MOP.

⁵ Class locations are defined as follows in 18 C.F.R. §192.5:

Class 1: (i) an offshore area; or (ii) Any class location unit that has 10 or fewer buildings intended for human occupancy.

Class 2: any class location unit that has more than 10 but fewer than 46 buildings intended for human occupancy.

Class 3: (i) any class location unit that has 46 or more buildings intended for human occupancy; or (ii) An area where the pipeline lies within 100 yards (91 meters) of either a building or a small, well-defined outside area (such as a playground, recreation area, outdoor theater, or other place of public assembly) that is occupied by 20 or more persons on at least 5 days a week for 10 weeks in any 12-month period.

Class 4: any class location unit where buildings with four or more stories above ground are prevalent.

13. Several options for increasing pipeline capacity have been evaluated, all of which would entail extensive reconstruction or the addition of new compression facilities to both the Ferndale and Cascade pipelines. Environmentally, operationally and economically, BP believes that the preferred option would be to add compression at Sumas and operate the existing pipeline at an MOP of 950 psig -- well within the design capabilities of Ferndale Pipeline.

PROPOSAL TO OPERATE FERNDALE PIPELINE AT A HIGHER MOP

14. As directed by the owners under their agreement, BP proposes to expand the capacity of Ferndale Pipeline by adding a compressor station at Sumas and increasing the line operating pressure from 550 psig to 950 psig. A four-stage increase conforms to 19 C.F.R. §192.551. Each staging increment is approximately 25% of the total operating pressure increase:

Stage 1	650 psig
Stage 2	750 psig
Stage 3	850 psig
Stage 4	950 psig

Between each stage, BP would act in a prudent and safe manner to monitor the pipeline and its components for possible leaks.

15. BP does not expect to have compression added to the pipeline system or take the other steps necessary to increase pipeline operating pressure until mid-2005, when the proposed cogeneration project is expected to be under construction. This petition is being filed well in advance of that time because the requested waiver is one of many milestones that must be achieved in order to bring the project to fruition.⁶ Other milestones include successful conclusion of the EFSEC process, transmission and interconnection requests,

water procurement and marketing of project power. Prudence dictates that these milestones be achieved before capital can be committed and project construction commenced. In particular, we need as much certainty as possible on the question of how natural gas will be made available to the project.

REGULATORY REQUIREMENTS

16. BP is subject to WUTC jurisdiction only as a “gas company” and not as a “public service company.” Ferndale Pipeline is subject to WUTC jurisdiction only regarding safety under WAC 480, Chapter 93.
17. WAC 480-93-183 provides that a “gas company” must petition the WUTC for any waiver necessary under WAC 480-93-020 before increasing a pipeline’s pressure above 500 psig. WAC 480-93-020 applies if a pipeline is operated within 500 feet of any building, residentially or commercially zoned area, place of public assembly, or public highway specified in WAC 480-93-020(1)-(4). Compliance with WAC 480-93-020 requires the submission of specified certifications. In addition, a petitioner must provide written plans and drawings that include review of the six items specified in WAC 480-93-155. The plan must conform to requirements of 49 C.F.R, Part 192.
18. Although the pipeline route is rural, it does come within 500 feet of several buildings and highways. Hence, the need to seek a waiver under WAC 480-93-020.

SATISFACTION OF REGULATORY REQUIREMENTS

19. Attached to this petition as Exhibits “B” and “C” are the certifications, plans and drawings required under WAC 480-93-020 and WAC 480-93-155. BP expresses its

⁶ A request will also be filed with FERC to amend the presidential permit as necessary to authorize additional imports of Canadian gas.

appreciation for the pre-filing assistance provided by WUTC Pipeline Safety Division in critically reviewing and commenting on our data and draft plans.

20. **Compliance With WAC 480-93-020:** A petitioner is required to certify that it is not practical to select an alternative route that will avoid any building, residentially or commercially zoned area, place of public assembly, or public highway specified in WAC 480-93-020(1)-(4). This requirement may have no necessary application to an existing pipeline already in operation. However, Exhibit "B" does include a brief description of alternatives investigated by BP, including exploratory talks regarding the now-moribund GSX pipeline development.
21. WAC 480-93-020 also requires that a petitioner certify "that management has given due consideration to the possibility of the future development of the area and has designed its facilities accordingly." As noted above, and detailed in Exhibit "B," Ferndale Pipeline was designed to permit operation in a Class 4 location.
22. **Compliance With WAC 480-93-155:** Exhibit "C" to this petition contains complete written plans and drawings regarding the proposed increase in operating pressure. The plan expressly addresses each of the six items specified in WAC 480-93-155.

REQUESTED WAIVER

23. Based on the information contained in this petition and the supporting exhibits, BP respectfully requests an order waiving the restriction of WAC 480-93-020, thereby authorizing and allowing BP to operate Ferndale Pipeline at a pressure of 950 psig.

DATED this 27th day of January, 2004.

Respectfully submitted,

DAVIS WRIGHT TREMAINE LLP



John A. Cameron

1300 SW Fifth Avenue, Suite 2300

Portland, OR 97201

Tel: (503) 241-2300

Fax: (503) 778-5299

Attorneys for BP