

BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In The Matter of the Petition of  
OLYMPIC PIPE LINE COMPANY

NO. TO-011472

DECLARATION OF BOB BATCH

I, Bob Batch, hereby declare as follows:

1. I am the President of the Olympic Pipe Line Company. My business address is 2201 Lind Ave. S.W., Suite 270, Renton WA, 98055

2. I am concerned with Staff's proposed schedule. I do not believe Olympic has the ability to adequately respond to two parallel, overlapping rate proceedings, one before this Commission and one in Washington D.C. before the Federal Energy Regulatory Commission. As the Commission knows, Olympic's current hearing before this Commission is set to begin on June 17 and will likely last ten days. Olympic's FERC hearing is set to begin on July 9 and will last at least ten days. There are now overlapping schedules for depositions, briefs, prehearing conferences and rebuttal testimony. In addition, Olympic is currently a party in a civil trial set to last up to 12 weeks and to begin in Whatcom County Superior Court on April 22, 2002.

3. As Olympic's direct testimony filed on December 13, 2001 states, following the June 10, 1999 Whatcom Creek incident, Olympic performed pressure testing on a portion of its

16" pipeline. This required that the pipe be pressurized with water to at least 125% of the pipe's maximum operating pressure for at least 24 hours. In September of 1999, one of the pipes being tested ruptured due to a manufacturing defect in the pipe's longitudinal seam. Although the seam failure was not related to the cause of the Whatcom Creek incident, the Federal Office of Pipeline Safety responded to the failure by restricting Olympic's entire pipeline operations to 80% of maximum operating pressure starting on September 24, 1999. This system wide pressure reduction, along with the additional testing, maintenance and replacement work performed on the system has significantly reduced the amount of barrels of product transported. This caused a major loss of revenue. Olympic's fixed costs remained high, but without a rate increase on per barrel transportation, revenues were insufficient to cover Olympic's costs.

4. Olympic did not seek a rate increase in 1999 or 2000, as it focused on safety improvements necessary to get the pipeline restarted. Instead it met shortfalls in revenue by borrowing. Olympic also has not paid shareholder dividends since 1997. Olympic is struggling to return to normal following the restrictions on pressure, the decline in throughput and the need for additional capital.

5. At this time Olympic, with only 75 workers, faces an unprecedented demand on its resources and staff. With two rate case proceedings, and a wrongful death case trial, as well as day to day operations and construction projects, Olympic cannot meet all of the upcoming schedule demands set for the next three months. For example, our financial analyst, Cindy Hammer, has been unable to complete monthly financial statements for January or February because of the multiple demands from the WUTC and FERC cases from the combined Staff and Intervenors.

6. Compounding this is a two to three month wrongful death case trial starting on April 22 in Whatcom County Superior Court. Three of Olympic's witnesses in this proceeding, Bill Beaver, Bobby Talley and I must attend at least significant portions of that trial.

7. In summary, I have reviewed the proposed schedules going forward. Although Olympic needs immediate rate relief at a higher level, Olympic cannot present an adequate case to obtain that increase unless the hearing schedule is amended as requested in Olympic's motion. Olympic would be irreparably harmed.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct to the best of my knowledge.

EXECUTED this \_\_\_\_\_ day of March 2002 at \_\_\_\_\_.

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Bob Batch