

December 14, 2004

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 Evergreen Park Drive SW
Olympia, WA 98504-7250

Reference: Comments to Docket No. P-041344

Dear Secretary Washburn:

BP, as the operator of the Olympic Pipe Line system, supports the Washington Utilities and Transportation Commission (WUTC) in its role as a participant in the oversight of the pipelines industry. We support WUTC's intent to provide assurances to the public of its ability to understand, influence, and assess the safety and environmental performance of pipeline operators. We are committed to continually improving our performance and to aid others in the industry to improve the safety and environmental performance of their pipeline operations.

Fees should be predictable. The program should, to the greatest extent possible, match charges to actual service rendered. BP suggests that all recurring types of inspections required by OPS should be a calculated price that takes into account the time and resources required for that inspection. For charges that are unassignable, line miles are the fairest way of allocating costs.

The fee methodology should reward good performance. Since the statute explicitly forbids a reward system from shifting costs between companies or reducing the overall program funding. BP suggests that the only thing remaining is to structure the OPS inspection schedule with good performance as a factor. For example, if we're normally inspected every 3 years, then a perfect safety record should justify a 5 year interval instead.

Finally, the formula should be easy for staff to calculate and apply. Some of the options presented by the consultant required extremely complex calculations. Not only would that increase the staff burden, but it would

make it impossible for pipeline operators to reconcile, plan and budget against.

BP recommends keeping the current methodology with the following changes:

- Grants received from OPS should be applied directly to the industry group for whom they're intended, rather than blanketed over the entire program.
- Line item charges (incident responses) should also apply to one of the two pools, rather than the program as a whole.
- Invoices need to be itemized, showing the components of any methodology so that it is understandable to the company receiving the invoice.
- A full discussion of what constitutes an assignable vs. unassignable (or variable vs. fixed) cost should take place.

If you have any questions pertaining to this matter, please contact me at (630) 836-3492.

Sincerely,

David G. Knoelke
BP Pipelines Regulatory Compliance Coordinator