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May 2, 2002

VIA FACSIMILE, ELECTRONIC MAIL AND U.S. MAIL

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, Washington 98504
Attn: The Honorable Robert Wallis
Administrative Law Judge

Re: WUTC v. Olympic Pipe Line Company, Docket No. TO-011472

Dear Judge Wallis:

On April 30, 2002, Olympic Pipe Line Company submitted its Answer to Tesoro's Motion for Sanctions in the above-referenced docket. Olympic received the transcripts of the deposition testimony of Bobby Talley too late to include in Olympic's Answer. However, Mr. Talley's deposition testimony directly addresses throughput issues raised by Tesoro's Motion and discussed in Olympic's Answer at pp. 12-13. Specifically, Mr. Talley testified in his deposition that Olympic now has actual throughput data for the nine months from July 2001 to March 2002. Talley Deposition at 196-97, attached to this letter as Attachment A. Mr. Talley was available for questions on the nine months of actuals and the average throughput for this time period, but Tesoro did not ask questions on these points during his deposition.

Ms. Cindy Hammer also testified in her deposition, taken after Mr. Talley's, that Olympic now has nine months of throughput actuals and that she would change her direct testimony to reflect this information. Hammer Deposition at pp. 6-8 and 29-30, attached to this letter as Attachment B. This is consistent with Olympic's March 22, 2002, response to Tesoro's Data Request No. 133, where Olympic stated:

[BA021210077.DOC]

May 2, 2002

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It should be noted that Olympic's direct testimony is based on a level of throughput that has proven to be higher than levels experienced. Olympic will perform additional calculations, based on actual levels that will be more representative of product movement for rate setting purposes.

Tesoro thus had full and fair notice that Olympic intended to use actual throughput data before Tesoro filed its Motion for Sanctions on April 25, 2002, but did not ask Ms. Hammer or Mr. Talley questions on such actual throughput amounts during their respective depositions.

Olympic hereby provides the Commission with the excerpts of Mr. Talley's and Ms. Hammer's depositions so that the Commission may have complete and accurate references to the testimony relied upon by Olympic in its Answer.

In addition, after it filed its Answer, Olympic discovered that a reference to its supplemental data response No. 102 of April 12, 2002, and a corresponding attachment, were inadvertently omitted from Olympic's Answer. Olympic hereby submits corrected pages 10 and 10a to its Answer and respectfully requests that the Commission substitute these pages for the current page 10 of the Answer. Substitute pages 10 and 10a, and the attachment referenced therein, are attached to this letter as Attachment C.

Please feel free to contact us with any questions regarding this letter

Sincerely,


William R. Maurey

WRM:wrm

cc: Service List

ATTACHMENT A

Bobby J. Talley Vol. II 4/23/02

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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4	WASHINGTON UTILITIES AND)	Docket No. TO-011472
5	TRANSPORTATION COMMISSION,)	
6	Complainant,)	
7	v)	
8	OLYMPIC PIPE LINE COMPANY,)	
9	INC.,)	
10	Respondent.)	
11	<hr/>		

DEPOSITION UPON ORAL EXAMINATION
OF
BOBBY J. TALLEY
(VOLUME TWO)

9:11 a.m.
April 23, 2002
411 108th Avenue, N.E., Suite 1800
Bellevue, Washington

Barbara L. Nelson, CCR
Court Reporter

A P P E A R A N C E S

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FOR THE WUTC:

DONALD T. TROTTER

LISA WATSON

Assistant Attorneys General

1400 Evergreen Park Dr., S.W.

P.O. Box 40128

Olympia, Washington 98504-0128

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FOR TESORO REFINING & ROBIN BRENA

MARKETING COMPANY:

Attorney at Law

310 K Street, Suite 601

Anchorage, Alaska 99501

1 FOR TOSCO CORP.: EDWARD A. FINKLEA
2 Attorney at Law
3 526 N.W. 18th Avenue
4 Portland, Oregon 97209

5
6 ALSO PRESENT: MAURICE TWITCHELL
7 BOB BATCH
8 CINDY HAMMER
9 BOB COLBO

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I N D E X

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7	BY MR. TROTTER:	204
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11		DESCRIPTION:	PAGE:
12	EXHIBIT		
13	(No Exhibits Were Marked)		

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1 to Allen and Allen to Renton at a hundred percent,
2 those two lines deliver only to Seattle and Sea-Tac,
3 so if those were at 80 percent, you could not operate
4 the other ones at a higher pressure.

5 And the one thing, since they feed
6 different segments, for example, Ferndale to Allen
7 and Anacortes to Allen both go to the 20-inch and the
8 16-inch, so you'd have to have a setting that would
9 be adjusted to both of those segments that they would
10 have to switch to. The one thing you don't want is
11 someone having to manually put in the pressure
12 restrictions every time you change a cycle or switch
13 the operation. That would just be an opportunity for
14 human error and then you would have an exceedence in
15 the allowable pressure that you're allowed to operate
16 in.

17 Q. Questions were asked of you on making
18 adjustments to the July 2001 throughput numbers. Do
19 you now have throughput data for the nine months from
20 July 2001 through March 2002?

21 A. Yes, the average throughput that we had for
22 the nine months was 282.

23 Q. 282?

24 A. 282,000 barrels per day for nine months of
25 operation since July 1st.

1 Q. In your view, does that provide the best
2 analysis of what you can expect going forward at
3 80-percent pressure with all the different variables
4 that you've mentioned in your cross-examination?

5 MR. BRENA: Objection, no basis for
6 foundation.

7 THE WITNESS: The problem with 80 percent
8 is we didn't have a lot of historical data. There's
9 historical data for a hundred percent. So you have
10 to look at -- not at your best month, but your
11 average over a period of time to see what you
12 normally do based on the current way the system's
13 being operated.

14 Q. Well, if you had to give your best estimate
15 of what the throughput is going to be going forward
16 at 80 percent, would you take the average from the
17 last nine months, rather than a single month?

18 A. As long as I was still doing projects, yes.

19 Q. Now, you were asked some questions about
20 T&D agreements and whether T&D agreements supported
21 any other loans or projects. Do you remember that
22 series of questions yesterday?

23 A. Yes.

24 Q. Do you know if there are T&D agreements
25 related to any of the other loans that Olympic has

ATTACHMENT B

Cynthia A. Hammer 4/23/02

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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND) Docket No. TO-011472
TRANSPORTATION COMMISSION,)
Complainant,)
v)
OLYMPIC PIPE LINE COMPANY,)
INC.,)
Respondent.)

DEPOSITION UPON ORAL EXAMINATION
OF
CYNTHIA A. HAMMER

12:37 p.m.
April 23, 2002
411 108th Avenue, N.E., Suite 1800
Bellevue, Washington

Barbara L. Nelson, CCR
Court Reporter

Cynthia A. Hammer 4/23/02

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FOR THE WUTC:

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Cynthia A. Hammer 4/23/02

Page 3

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6 ALSO PRESENT: MAURICE TWITCHELL
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Cynthia A. Hammer 4/23/02

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I N D E X

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2	EXAMINATION:		PAGE:
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E X H I B I T S

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10	EXHIBIT	DESCRIPTION:	PAGE:
11	Number 1	Exhibit CAH-2, General Rate Case	6
12	Number 2	Exhibit CAH-4, General Rate Case	6
13	Number C-3	Olympic's Responses to DRs 303	30
14	Number C-4	Schedule 303.2 - Houston	38
15		(Withdrawn page 45)	
16	Number 5	2/22/02 Letter to Danny Kermod	46
17	Number C-6	Schedule 306.1	53
18	Number C-7	To December 13, 2000 Board Minutes	61
19	Number C-8	Staff DR 360 and Supp. Response	65
20	Number C-9	Staff DR 307	69
21	Number C-10	Staff DR 311 - Oil Losses Calc.	84
22	Number C-11	Schedule 315	97
23	Number C-12	Staff DR 29	112

24

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1 A. Yes, I am.

2 Q. Are Exhibits CAH-1T and CAH-2 your direct
3 testimony?

4 A. I believe so.

5 Q. Are Exhibits CAH-3 and CAH-4 your exhibits?

6 A. I believe so.

7 Q. Do you have copies of those with you today?

8 A. I don't.

9 MS. WATSON: Okay. I'll need to have this
10 one marked as Exhibit 1, and Exhibit 2.

11 (Marked Deposition Exhibit Numbers 1 and
12 2.)

13 Q. Do you have any changes to make to your
14 testimony or exhibits at this time?

15 A. There are some adjustments to the original
16 testimony that need to be made. I haven't gone
17 through all of them. Some of them would be the
18 volume information that's indicated in the testimony.
19 I would probably update to use the current nine-month
20 actual information. The power costs, as well, would
21 be updated for current information and the sale of
22 the Sea-Tac terminal, the information in the original
23 testimony would need to be updated for the current
24 information.

25 Q. And when do you -- do you have an idea of

Cynthia A. Hammer 4/23/02

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1 when you will update them?

2 A. These would be updated prior to the
3 hearing.

4 Q. Okay. So for purposes of this deposition,
5 are we working off of the exhibits as they currently
6 stand?

7 A. I believe so.

8 Q. When will we be presented with those
9 changes?

10 A. The Sea-Tac information has been provided
11 in the data requests. The volume and the power
12 calculations have not been -- have not been done.

13 Q. Do you have an estimate of when they will
14 be?

15 A. I don't at this time. I know that we have
16 intended to redo those calculations prior to the
17 hearing, but I haven't sat down to do it yet.

18 Q. Do you have an idea of what type of changes
19 they'll be?

20 A. The volume information would be based on
21 the past nine-month actuals, which, as Bobby Talley
22 has stated, is based on the 282,000 barrels per day,
23 and the power calculations would be updated for
24 current actuals, which would include the increases
25 provided by Puget Sound Energy.

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1 Q. Ms. Hammer, do you plan on replacing
2 Schedule 22 that appears in CAH-4?

3 A. Yes, that would be replaced.

4 Q. And do you have any other changes that
5 you'll be making, other than the ones that you've
6 listed?

7 A. I haven't finished going through all of the
8 testimony, but those are the ones I'm aware of at
9 this time.

10 Q. Okay. Going back to Exhibit CAH-3 and
11 CAH-4, are you the witness who will stand
12 cross-examination concerning those exhibits?

13 A. Partially. I believe Brett Collins would
14 also be involved with the testimony on these
15 exhibits.

16 Q. And did you prepare those exhibits?

17 A. Actually, Brett Collins prepared them.

18 Q. Okay. As the controller of Olympic Pipe
19 Line, did you provide Mr. Collins with the
20 information he needed to make the adjustments to the
21 test period shown in those exhibits?

22 A. I believe so, yes.

23 Q. Did you provide all the information?

24 A. I believe I provided most of the
25 information.

Cynthia A. Hammer 4/23/02

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1 Q. And Schedule 22, line 33, shows the average
2 barrels per day of throughput for July 2001 was
3 324,265 barrels; correct?

4 A. That's correct. Yeah. Okay, go ahead.

5 Q. I'm sorry, go ahead. Didn't mean to cut
6 you off there.

7 A. That was based on a seasonal pattern for
8 July, for a historical seasonal pattern for July.

9 Q. Does that mean that it wasn't based on the
10 actual throughput for that particular month?

11 A. It was -- it was -- no. These numbers were
12 basically -- the 315,000 barrels per day was based on
13 actuals. The remaining spreadsheet, the upper
14 portion, lines one through 30 were basically applying
15 seasonal patterns from 1998 to the -- it would have
16 been line 39 of the schedule, which is the 290,000
17 barrels per day.

18 Q. You started saying 1998 through --

19 A. 1998 seasonal pattern.

20 Q. So it's the seasonal patterns for the year
21 of 1998?

22 A. Right.

23 Q. Okay.

24 A. That were used. It wasn't -- it wasn't
25 based on the actual throughput in 1998. But at the

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1 time this schedule was put together, that was the
2 best information that we had to assume volumes for
3 80-percent pressure. Currently, we have nine months
4 worth of actual volumes, which, as Bobby Talley had
5 mentioned, average 282,000 barrels per day, which is
6 probably -- which is a more accurate number than the
7 290,000 barrels a day that was estimated.

8 Q. Line 34 of Schedule 22 is entitled Monthly
9 Seasonality Factor; correct?

10 A. That's correct.

11 MS. WATSON: I'd like to have this marked
12 as Exhibit 3.

13 (Marked Deposition Exhibit Number C-3.)

14 Q. I've handed you Schedules 303.1 through
15 303.3, which shows the results of operations for the
16 12 months ending December 31st, 2001. Do you
17 recognize this as the company's response to DR 303?

18 A. Yes.

19 Q. Okay. Please turn to Schedule 303.1. Is
20 that schedule the income statement Olympic provided
21 in response to DR 303?

22 A. It appears to be, yes.

23 Q. And at the bottom of Schedule 303.1, do you
24 see the throughput barrels transported for each
25 month?

ATTACHMENT C

documents, referred to as 'green sheets,' from which such data may be compiled by Tesoro. Please give me a call regarding their copying." A copy of Ms. Marcil's April 8, 2002, letter is attached to this Answer as Attachment F.

20. On April 12, 2002, Olympic supplemented its response to 102(c), referencing Mr. Brena's email of March 27, 2002. For each "list" requested, Olympic responded "We understand that counsel for Tesoro will contact Bill Beaver of Karr Tuttle Campbell to make arrangements to review the materials at the offices of Karr Tuttle Campbell in Seattle." A copy of Olympic's data response sheets (without attachments) is attached to this Answer as Attachment J. On April 15 and 16, 2002, Mr. Wensel reviewed the green sheets at the law offices of Karr Tuttle Campbell in Seattle. Olympic has also arranged for the green sheets to be copied and sent to Tesoro in response to Tesoro's request.

21. On April 16, 2002, four days after discovery responses were due to Tesoro, Steve Marshall and William Maurer of Perkins Coie LLP called Robin Brena, counsel for Tesoro, to see if there were any issues with discovery that Olympic could address prior to the prehearing conference on discovery set to be held on April 18, 2002. Mr. Brena indicated that he did not have any but that he was not finished reviewing the green sheets. Mr. Brena asked for an additional week to analyze the data, a proposal to which Mr. Marshall and Mr. Maurer agreed. See Marshall Declaration; Maurer Declaration, attached to this Answer as Attachment G.

22. On April 17, 2002, Tesoro filed its motion to postpone the conference scheduled for April 18, 2002. Tesoro's motion indicated that Tesoro needed the extra week to complete review of the materials submitted by Olympic, "*discuss any inadequacies in the discovery with counsel for Olympic, and prepare a motion for sanctions, if necessary.*"

Tesoro Motion dated April 16, 2002 (emphasis added). No mention was made of summary lists.

23. Tesoro's counsel did not discuss, and still has not discussed, any inadequacies in such discovery with Olympic's counsel, with the exception of stating that Tesoro intended to file a motion for sanctions. This does not constitute the "discussion" contemplated by Tesoro's motion.

ATTACHMENT J
to Olympic's April 30, 2002,
Answer

COPY**Before the Washington Utilities and Transportation Commission****Docket No. TO-011472****Olympic's Supplemental Responses to Tesoro's Data Requests****TESORO DATA REQUEST NO. 102****Request:**

Regarding (BCB-8), Page 3, lines 10-13, please;

- (a) List by segment the current "pipeline capacity" of Olympic's pipeline system and list by shipper the current demand for capacity on Olympic's pipeline system.
- (b) Explain whether the "insufficient capacity" mentioned by Mr. Batch is insufficient systemwide or whether such capacity is limited to isolated segments of Olympic's system.
- (c) Produce all engineering studies and documents that discuss the design capacity of the pipeline system.

Response:

See exhibit "B1" for current operational capacity figures. See also responses to Staff and Tosco data requests regarding capacity and proration issues.

Olympic scheduling and accounting systems do not represent overall capacity utilization percentages of the pipeline. We therefore cannot provide this specific information in the form requested.

The insufficiency is a system insufficiency which creates a need for proration.

With regard to pipeline capacity by segment, the overall pipeline system is limited by constrained capacity regardless of whether segments that connect to constrained segments are unconstrained.

The engineering drawings, specifications and design information on capacity for Olympic's 400 mile system are so voluminous, bulky and expensive to reproduce that Olympic will make them available at its offices in Renton.

*Confidential Per Protective Order
in WUTC Docket No. TO-011472*

Supplemental Response on March 1, 2002:

See Olympic's Response No. 102 to Tesoro's First Set of Discovery Requests in Docket No. IS01-441-000.

Supplemental Response on March 22, 2002:

As agreed, Olympic provided Mr. Bobby Talley of Olympic for two technical conference calls to discuss with Tesoro the various types of records on throughput and capacity. See Transcript pp. 1633-1678. Tesoro was to evaluate the results of the technical conference and identify those materials, which with minimum additional burden, would suffice.

It should be noted that in the interim case and in the direct case testimony Olympic has provided a significant amount of throughput data by month, by destination, by intervenor shippers, etc. At this date, Olympic has not received further specification of additional documents from Tesoro following the Bobby Talley technical conference.

Supplemental Response on April 12, 2002:

On March 27, 2002, Tesoro requested further information regarding Tesoro Data Request No. 102(c). In an email from Mr. Brena to Mr. Marshall, Tesoro sought information on the following:

1. The manuals and manufacturer's information addressing the features and advantages of the PASS and batch scheduling software programs.

Please see Attachment A.

2. The manual and manufacturer's information address the features and advantages of the SCDA archival software program.

Please see Attachment B.

3. The Controller Run Sheets (Green Cards) for 1998 and July 1, 2001 to date.

We understand that counsel for Tesoro will contact Bill Beaver of Karr Tuttle Campbell to make arrangements to review the materials at the offices of Karr Tuttle Campbell in Seattle.

4. The pumping orders for 1998 and July 1, 2001 to date.

*Confidential Per Protective Order
in WUTC Docket No. TO-011472*

The pumping orders for 1998 and July 1, 2001 to date have already been provided by Olympic in response to Tesoro Data Request No 102(c) in the FERC proceeding, FERC Docket No. IS01-441-000. Tesoro and Tosco have received a copy of these materials from Olympic's Washington, D.C. counsel (Sidley Austin Brown & Wood) in the FERC proceeding. Tesoro, Tosco and WUTC Staff have agreed to this procedure.

5. A list of the average down time by month for 1998 and July 1, 2001 to date.

We understand that counsel for Tesoro will contact Bill Beaver of Karr Tuttle Campbell to make arrangements to review the materials at the offices of Karr Tuttle Campbell in Seattle.

6. A list of the average DRA purchased and returned by month for 1998 and July 1, 2001 to date.

Please see Attachment C.

7. A list of the strips run by month for 1998 and July 1, 2001 to date.

We understand that counsel for Tesoro will contact Bill Beaver of Karr Tuttle Campbell to make arrangements to review the materials at the offices of Karr Tuttle Campbell in Seattle.

8. A list of the average throughput by product by month for 1998 and July 1, 2001 to date.

We understand that counsel for Tesoro will contact Bill Beaver of Karr Tuttle Campbell to make arrangements to review the materials at the offices of Karr Tuttle Campbell in Seattle.

9. A list of the average batch size by product by month for 1998 and July 1, 2001 to date.

We understand that counsel for Tesoro will contact Bill Beaver of Karr Tuttle Campbell to make arrangements to review the materials at the offices of Karr Tuttle Campbell in Seattle.

10. Worksheets, documentary support, engineering reports, and other documents or information which supports Olympic's claim in its filings before the WUTC that Bayview would increase throughput by 35,000 to 40,000 BPD.

*Confidential Per Protective Order
in WUTC Docket No. TO-011472*

Current management is unable to find documents or work papers/calculations performed by the prior operator to determine the effects of Bayview on the system.

11. **Any engineering report or calculation which shows the likely impact to throughput from lifting the pressure restriction.**

Please see Attachment D.

*Confidential Per Protective Order
in WUTC Docket No. TO-011472*

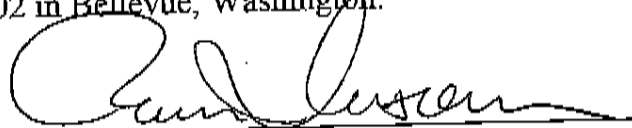
CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this date I caused to be served copies of the foregoing document and this Certificate of Service via email, facsimile and U.S. Mail, to the following:

Mr. Donald T. Trotter/Lisa Watson Washington Utilities and Transportation Commission 1400 S. Evergreen Park Drive S.W. P. O. Box 40128 Olympia, WA 98504-0128 360-586-5522 (Fax) dtrotter@wutc.wa.gov	Mr. Edward A. Finklea/Chad Stokes Energy Advocates LLP 526 N.W. 18th Avenue Portland, OR 97209-2220 503-721-9121 (Fax) efinklea@energyadvocates.com
Robin O. Brena, Esq. Brena Bell & Clarkson, P.C. 310 K Street, Suite 601 Anchorage, AK 99501 907-258-2001 (Fax) rbrena@brenalaw.com	C. Robert Wallis Administrative Law Judge 1300 S. Evergreen Park Drive S.W. Olympia, WA 98504-7250 bwallis@wutc.wa.gov

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

Dated this 2nd day of May, 2002 in Bellevue, Washington.



Pam Iverson