

Exhibit 7

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OFFICE OF THE
UTILITY AND TRANSPORTATION
COMMISSION

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

OLYMPIC PIPE LINE COMPANY, TESORO
REFINING AND MARKETING COMPANY
AND CONOCOPHILLIPS COMPANY

For an Order Approving Terms of a Settlement
Agreement Between Olympic, Tesoro and
ConocoPhillips and Approving Rates Set Pursuant
to Said Agreement.

Docket No. TO-031973

JOINT PETITION OF
PETITIONERS OLYMPIC PIPE
LINE COMPANY, TESORO
REFINING AND MARKETING
COMPANY, AND
CONOCOPHILLIPS COMPANY

IDENTITY OF PETITIONERS

1. The Petitioners are Olympic Pipe Line Company ("Olympic"), Tesoro Refining and Marketing Company ("Tesoro") and ConocoPhillips Company ("CP"). Olympic is engaged in the business of transporting petroleum products within and beyond the State of Washington as a common carrier. Tesoro and CP ship products on Olympic's pipeline and are two of Olympic's largest unaffiliated shippers. In accordance with WAC 480-09-420(3), Petitioners' names and addresses are shown below. Please direct all correspondence related to this Petition as follows:

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RELEVANT STATUTES AND REGULATIONS

2. This Petition is based upon, or may bring into issue, the following statutes and rules: RCW 81.04.130, RCW 81.04.250, RCW 81.28.010, RCW 81.28.050, WAC 480-09-200, WAC 480-09-230, WAC 480-09-330, WAC 480-09-420, WAC 480-09-460, and WAC 480-09-466.

RELIEF REQUESTED

3. The Petitioners respectfully petition the Washington Utilities and Transportation Commission (the "Commission") for an order (a) approving the Settlement Agreement ("Agreement") recently entered into between Olympic, Tesoro, and CP, (b) allowing the initial rate filing under the terms of the Agreement to go into effect by operation of law without suspension on January 1, 2004, and (c) granting other relief as requested below.

4. The Agreement is the result of extensive negotiations intended to resolve the unique challenges presented by Olympic's present circumstances. The Agreement is in the public interest and should be approved by this Commission. A copy of the Agreement is attached to this Petition. The United States Bankruptcy Court, Western District of Washington, approved the Agreement on November 26, 2003, in the proceeding of Olympic Pipe Line Company, No. 03-14059 (Ch. 11).

5. Subject to approval by the Commission (as well as the Federal Energy Regulatory Commission ("FERC")), the Agreement includes new rates for Olympic's intrastate services as well as a methodology for the determination of future intrastate rates during the term of the Agreement.

6. The Agreement, including the initial rates and the rate-setting methodology set forth in the Agreement, has been extensively negotiated between Olympic and its major unaffiliated shippers and is in the public interest. The future tariffs that will be filed pursuant to the Agreement will be the product of applying the methodology set forth in the Agreement, which has been agreed to among the parties. The methodology will result in

future rates during the term of the Agreement that will vary based upon Olympic's actual costs and throughput. The Agreement also provides for a mechanism for resolution of disputes among the parties through negotiation and arbitration. Nothing in the Agreement is intended to supplant or affect the authority of the Commission to review and approve or disapprove such rates.

7. The Agreement resolves all disputes among the parties relating to the initial rates to be set effective January 1, 2004, the methodology to be applied in setting future rates during the term of the Agreement, and all disputes related to intrastate refunds ordered by the Commission in its Twentieth Supplemental Order dated September 27, 2002 ("Final Order") in Docket No. TO-011472.

8. The Agreement is the product of extensive discussions, negotiations, and drafting sessions among Olympic and the two major shippers who join in this Petition. The parties agree that the Agreement is in the public interest for several reasons. It will resolve contentious present and future litigation before multiple forums. It should result in greater rate stability for Olympic and its shippers. The Agreement is a critical element of the reorganization plan that is designed to allow Olympic to remain in business and to return to normal operations. If the Agreement does not receive the necessary approvals or cannot be implemented in a timely manner, Olympic's ability to attract financing and emerge from bankruptcy will be severely hampered.

STATEMENT OF FACTS

9. Olympic is a Delaware corporation that owns and operates a common carrier pipeline transporting petroleum products both within and outside the State of

Washington. Olympic is a stock company owned by ARCO Midcon LLC, a subsidiary of BP Pipelines (North America) Inc. ("ARCO Midcon"), and Shell Pipeline Company LP ("Shell"), formerly Equilon Pipeline Company LLC.

10. Tesoro Refining and Marketing Company ("Tesoro") is a wholly-owned subsidiary of Tesoro Petroleum Corporation. Tesoro owns and operates a refinery in Anacortes, Washington, and ships petroleum products over Olympic's pipeline system.

11. ConocoPhillips Company ("CP") is successor by merger to Tosco Corporation ("Tosco"). CP owns and operates a refinery in Ferndale, Washington, and ships petroleum products over Olympic's pipeline system.

12. The rates charged by Olympic for intrastate transportation of petroleum products are subject to regulation by the Commission under Title 81 of the Revised Code of Washington and the associated state regulations.

13. On October 31, 2001, Olympic filed a tariff with the Commission seeking increases in Olympic's intrastate rates. Tesoro and Tosco were permitted to intervene and filed objections to the petition. On January 31, 2002, the Commission granted an interim increase of a lower amount than Olympic had requested, subject to an investigation and potential refunds to shippers. Following hearings, on September 27, 2002 the Commission issued its Final Order lowering Olympic's proposed intrastate rate increase and required Olympic to file tariff revisions that would return to shippers over a two-year period the difference between the revenues collected under the interim increase and the rate increase authorized by the Commission ("Refunds").

14. On March 27, 2003, Olympic filed for reorganization under Chapter 11 of the United States Bankruptcy Code and ceased making Refund payments to Tesoro, CP, and other shippers.

15. Olympic has entered into the Agreement dated November 7, 2003 with Tesoro and CP, who, along with affiliates of Olympic's owners (the owners are ARCO Midcon and Shell), are major shippers of petroleum products over Olympic's pipeline system. The Agreement provides that it will not become effective unless and until it is approved by the Commission. If that approval is given, the Agreement generally may be briefly summarized as follows (see Agreement for precise language which controls in the event of any inconsistency with the summary set forth in this Petition):

- Olympic's initial intrastate tariff rates under the methodology set forth in the Agreement will increase by approximately 35% effective January 1, 2004.
- On a quarterly basis, Olympic rates shall be adjusted if the average throughput for the previous 12 months increased by 2 percent or greater.
- On an annual basis, Olympic shall file updated tariffs based upon the methodology set forth in the Agreement that takes into account Olympic's current unrecovered capital investment, operating expenses, and throughput as well as other factors spelled out in the Agreement.
- The methodology set forth in the Agreement also provides for an annual "true-up" in the following year for over or under collections of the revenue requirement permitted under the methodology for the previous year.
- Olympic shall give Tesoro and CP access to information to permit them to verify the data used in any rate filing in advance of the rate filing to give all the parties an opportunity to discuss and resolve any issues or concerns that they may have prior to the rate filing.
- Olympic will use its best efforts to secure regulatory approval to operate its pipeline system at the maximum allowable operating pressure ("MAOP"), which will require an investment in excavation, inspections, and repairs.

- Olympic will place its Bayview facility into service by September 30, 2004 or will remove it from rate base.
- If disputes arise under the Agreement, Olympic, Tesoro, and CP have agreed to negotiate in good faith and then to seek prompt resolution through binding arbitration. While the parties have agreed to be bound, as amongst themselves, by the outcome of such arbitration, their agreement does not affect the authority of the Commission to review any resulting tariff filing.
- The Agreement and the Commission's approval of the Agreement shall have no precedential value or effect beyond the term of the Agreement.

ARGUMENTS IN FAVOR OF RELIEF

16. The Agreement is clearly fair, reasonable, and in the public interest. Olympic is the most important products pipeline within the State of Washington. The four refineries within the State rely heavily upon Olympic's pipeline system to deliver petroleum products to the major markets within the State.

17. The Agreement will end years of contentious litigation among the parties in multiple forums, including before this Commission.

18. The Agreement will provide a framework for stable and consistent rate regulation of Olympic by allowing Olympic's rates to be readily adjusted as Olympic's throughput increases, as Olympic's investment increases, or as Olympic's project and operating costs vary.

19. The Agreement provides a rational methodology for the continued economic regulation of Olympic based upon agreed criteria that will allow Olympic's shippers to better understand and predict the transportation costs associated with transporting their refined products to the marketplace. In this regard, the general rate

methodology set forth in the Agreement is the depreciated original cost methodology previously approved by the Commission in the Final Order and does not include any trended original costs or "deferred return" element. The initial rates defined by the Agreement are set forth in the proposed tariffs attached to the Agreement and filed herewith. The intrastate and interstate tariffs are consistent.

20. The mechanism for determining the rates that will be filed pursuant to the Agreement requires a calculation (or "true up"), by May 30 of each year (after 2003), of Olympic's Total Revenue Requirement as defined in section 3.2. Included in the Total Revenue Requirement is Net Carryover, as defined in section 3.12. The Net Carryover is based on the difference between the Tariff Revenue as reported in USoA Account 600, (except sub account 250) minus the Total Revenue Requirement for the period that the prior tariff(s) have been in effect. Approval of the Agreement will constitute approval of this mechanism. Accordingly, Petitioners request that the Commission approve the Total Revenue Requirement elements as defined in Sections 3.3 through 3.12.

21. The Agreement makes it more certain that the shippers will recover the Refunds previously ordered by this Commission.

22. The Agreement makes it more likely that Olympic will (1) realize the revenue necessary to reorganize its business debts arising from its unfortunate and unique financial circumstances, (2) emerge from bankruptcy, (3) return to normal operating throughput levels, (4) return the Bayview facilities to service, and (4) complete the projects necessary to ensure the continued safe and environmentally sound operation of the pipeline.

23. The public interest will be served by Olympic's returning to normal operations under the terms of the Agreement.

24. The Final Order required (in paragraphs 256-258) that Olympic complete a new rate filing between July 1 and October 1, 2004. Petitioners request confirmation that this Petition for approval of the Agreement and of the rates filed and to be filed pursuant to it, and for entry of a Commission Order to that effect, constitute compliance with the new rate filing requirement of the Final Order.

25. The Agreement has been worked out with the input and agreement of Olympic, Tesoro and CP. Following approximately four months of negotiation, a non-binding agreement in principle was reached in July of 2003. Since that time, representatives of Olympic, Tesoro, and CP worked to conclude a comprehensive Agreement. The agreement was mailed to all shippers on November 3, 2003 as part of the Bankruptcy Court approval process. Further, an overview of the terms of the Agreement was presented at a meeting on November 12, 2003 to which all of Olympic's current shippers were invited. Olympic has not received any objections to the Agreement. The Agreement was submitted to the FERC on November 26, 2003. As a product of extensive discussions, negotiations, and drafting sessions among Olympic, Tesoro and CP, the Agreement represents a compromise among all of the parties. The product of this compromise, which includes the rate-setting methodology provided for in the Agreement, is not intended to have precedential effect in future proceedings relating to establishing or approving rates outside the operation of the Agreement.

26. The Agreement is a key element of Olympic's plan to reorganize itself in bankruptcy. Without this agreement, Olympic's future ability to attract financing and emerge from bankruptcy is greatly hampered. For that reason, Petitioners request that the Commission review and approve this Petition promptly, or give notice as soon as possible if it requires additional information for its review.

PRAYER FOR RELIEF

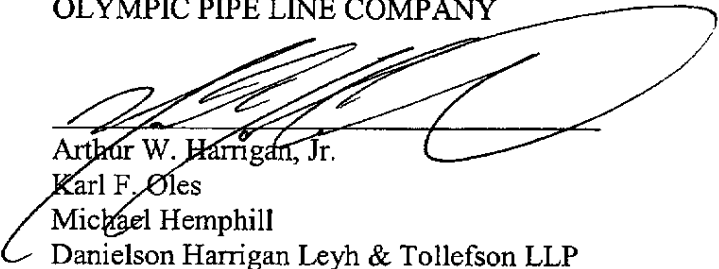
27. Petitioners respectfully request that the Commission issue an order (a) approving the Agreement as being in the public interest, (b) allowing the Initial Tariff Rates for intrastate shipments as defined in the Agreement to go into effect on January 1, 2004, without suspension and by operation of law, (c) approving the methodology for preparing future rate filings under the Agreement, (d) approving the Total Revenue Requirement "true-up" elements as defined in Sections 3.3 through 3.12 of the Agreement, (e) approving the refund schedule in the Agreement as satisfying the requirement in paragraph 349 of the Final Order, (f) approving this Petition and the associated rate filing as satisfying the requirement in paragraphs 256-258 of the Final Order (requiring Olympic to make a new rate filing between July 1 and October 1, 2004), and (g) stating that the Agreement and the Commission's approval of the Agreement and any subsequent rate

filings made pursuant to the Agreement shall have no precedential effect in any future rate proceeding regarding rates in effect beyond the term of the Agreement.

DATED this 2nd day of December, 2003.

Respectfully submitted,

OLYMPIC PIPE LINE COMPANY



Arthur W. Harrigan, Jr.

Karl F. Oles

Michael Hemphill

Danielson Harrigan Leyh & Tollefson LLP

TESORO REFINING AND MARKETING COMPANY

CONOCOPHILLIPS COMPANY

INDEX TO ATTACHMENTS

1. Settlement Agreement dated November 7, 2003, with all attached Exhibits.
2. Local Tariff.

ATTACHMENT

1

SETTLEMENT AGREEMENT

Among the Parties:

Olympic Pipe Line Company

Tesoro Refining and Marketing Company

Conoco Phillips Company

Dated November 7, 2003

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Exhibit 1.2 Initial Tariff Rates (FERC and WUTC)..... Attached

Exhibit 1.4(a) OSM Model (Excel)..... Attached

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SETTLEMENT AGREEMENT
Olympic Pipeline Company

This Settlement Agreement ("Agreement") is executed as of this 28th day of October 2003, among Olympic Pipe Line Company ("Olympic"), Tesoro Refining and Marketing Company ("Tesoro"), and ConocoPhillips Company ("CP") (hereinafter sometimes referred to collectively as the "Parties," or individually a "Party"), to be effective as of the latest date on which each of the Federal Energy Regulatory Commission (the "FERC"), the Washington Utilities and Transportation Commission (the "WUTC"), and the bankruptcy court having jurisdiction over Olympic's bankruptcy case (described below) (the "Bankruptcy Court") have issued a final order approving this Agreement (the "Effective Date") from which no timely appeal has been filed.

INTRODUCTION

The Parties

Olympic is a Delaware corporation with offices at 2201 Lind Avenue S.W., Suite 270, Renton, WA 98057-1800. Olympic owns and operates a common carrier pipeline that transports petroleum products from points in the State of Washington to points within the State of Oregon and to points within the State of Washington. Olympic is a stock company owned by ARCO Midcon LLC, a business unit of BP Pipelines (North America) Inc., and Shell Pipeline Company, LLC, formerly Equilon Pipeline Company LLC.

Tesoro is a wholly owned subsidiary of Tesoro Petroleum Corporation. Tesoro is a Delaware corporation with offices at 3450 South 344th Way, Suite 100, Auburn, WA 98001. Tesoro owns and operates a refinery in Anacortes, Washington, and ships petroleum products there refined on Olympic's pipeline system.

CP, successor by merger to Tosco Corporation ("Tosco"), is a Delaware corporation with offices at 600 N. Dairy Ashford, Houston, TX 77079. CP owns and operates a refinery in Ferndale, Washington, and ships petroleum products there refined on Olympic's pipeline system, as did Tosco prior to its merger into CP.

Interstate and Intrastate Rate Regulation

The rates charged by Olympic for the interstate transportation of petroleum products are subject to regulation by the FERC under the Interstate Commerce Act, 49 U.S.C. (App.) §§ 1, et seq., and regulations promulgated by the FERC thereunder. The rates charged by Olympic for the intrastate transportation of petroleum products are subject to regulation by the WUTC under Titles 80 and 81 of the Revised Code of Washington and regulations promulgated by the WUTC thereunder.

Proceedings before the FERC and United States Court of Appeals

On May 30, 2001, Olympic filed a tariff with the FERC seeking increases in Olympic's interstate rates. Those increases were protested by Tesoro and Tosco. Those increases were accepted for filing by the FERC in Docket No. IS01-441-000 and became effective on July 1, 2001, subject to an investigation and refunds to shippers. By order issued on November 26, 2002, Olympic's tariff filing was summarily rejected, and Olympic was ordered to pay refunds to shippers of all revenues collected under the rate increases. On December 20, 2002, Olympic filed a petition for review of the FERC's decision in the United States Court of Appeals for the District of Columbia Circuit ("Court of Appeals"). That petition is currently pending in Case No. 02-1383.

On March 31, 2003, Olympic filed a tariff with the FERC seeking increases in Olympic's interstate rates. Such increases were protested by Tesoro and CP (which had, by then, merged with Tosco), and were accepted for filing in Docket No. IS03-218-000 subject to an investigation and refunds to shippers. Olympic filed its prepared direct testimony on July 11, 2003.

Proceedings before WUTC

On October 31, 2001, Olympic filed a tariff with the WUTC seeking increases in Olympic's intrastate rates. Those increases were protested by Tesoro and Tosco. The WUTC suspended the increases on November 16, 2001, in Docket No. TO-011472. On January 31, 2002, the WUTC granted an interim increase of a lower amount than that requested by Olympic, subject to an investigation and refunds to shippers. Following hearings, by order served September 27, 2002, the WUTC rejected Olympic's proposed intrastate rate increases, enjoined Olympic from continuing to collect the interim increases authorized by the WUTC, and required Olympic to file tariff revisions that would return to shippers over a two-year period the difference between the revenues collected under the interim increase and the rate increase authorized by the WUTC – an increase of 2.52 percent. Judicial review of the WUTC's order was sought by Olympic but has since been dismissed with prejudice.

Bankruptcy

On March 27, 2003, Olympic filed for reorganization under Chapter 11 of the United States Bankruptcy Code in the Western District of Washington in Docket No. 03-14059. Subsequent to such filing, Olympic ceased making refund payments to Tesoro, CP and other shippers, notwithstanding the orders of the FERC and WUTC ordering such refunds. CP has filed an adversary proceeding, Docket No. A03-01229 (the "Adversary Proceeding"), in

Olympic's case in the Bankruptcy Court with respect to Olympic's cessation of refund payments and CP's claimed right to offset or recoup such refunds from transportation charges due to Olympic.

Settlement

The Parties have agreed to resolve their differences with regard to matters pertaining to interstate rate refunds in Docket No. IS01-441-000, currently pending before the Court of Appeals in Case No. 02-1383, and intrastate refunds ordered by the WUTC in Docket No. TO-011472; this resolution will also resolve the issues presented in the Adversary Proceeding. The Parties have also agreed to resolve their differences with regard to the matters pertaining to interstate rates during the term of this Agreement and refunds currently pending before the FERC in Docket No. IS03-218-000. The Parties wish to terminate any and all litigation regarding such rates, and to avoid controversies during the term of this Agreement regarding such rates according to the terms set forth in this Agreement. In addition, the Parties wish to avoid controversies during the term of this Agreement regarding Olympic's intrastate rates, and have agreed to new intrastate rates as well as a methodology for the determination of intrastate rates during the term of this Agreement according to the terms set forth in this Agreement. This Agreement does not resolve matters not specifically referenced in this Agreement, and CP specifically reserves, (a) CP's business interruption action pending in the United States District Court for the District of Washington under the name *Tosco Corp. v. Olympic Pipe Line Co., et al.* (Case No. C02-0495 consolidated with Case No. C01-1310), (b) CP's claims asserted in such action, or (c) the related motion for relief from the stay pending in Olympic's case in the Bankruptcy Court or treatment of such claims under a plan of reorganization; and, Olympic

specifically reserves its defenses to such action, claims, related motion for relief from the stay, or proposed treatment of such claims under a plan of reorganization.

Accordingly, in consideration of the mutual promises set forth in this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged with the intent of being legally bound, the Parties hereby agree as follows:¹

¹ All capitalized terms that appear in this Agreement are either proper names or are defined in the text of this Agreement. An index of these terms is attached as Exhibit A.

**ARTICLE I
SETTLEMENT RATES**

Section 1.1. Settlement

If approved by the FERC, the WUTC, and the Bankruptcy Court, as provided herein, this Agreement shall settle with prejudice (a) the interstate tariff rate disputes that are currently pending before: (i) the Court of Appeals arising out of FERC Docket No. IS01-441-000 and (ii) the FERC in Docket No. IS03-218-000, and (b) the Adversary Proceeding. Within 20 days after the Effective Date, but after the filing by Olympic required in Section 1.2, below, the Parties shall file all necessary pleadings to cause Olympic's petition in the Court of Appeals with respect to FERC Docket No. IS01-441-000, Tesoro's and CP's protests in FERC Docket No. IS03-218-000, and CP's claims asserted in the Adversary Proceeding to be dismissed with prejudice.

Section 1.2. Initial Tariff Rates

(a) Within 10 days after the Effective Date, Olympic shall file the Initial Tariff Rates for the FERC and WUTC tariffs in form and substance of Exhibits 1.2 (FERC) and 1.2 (WUTC), respectively. Olympic shall file such Initial Tariff Rates to become effective on the earliest date that will permit the FERC and WUTC tariffs to become effective simultaneously, and that will coincide with the beginning of Olympic's next monthly billing cycle. ("Tariff Effective Date").

(b) Total Revenue Requirement for the purpose of determining Initial Tariff Rates is stipulated to be \$51 million.

(c) The Tariff Revenues prior to the setting of the Initial Tariff Rates is stipulated to be \$37,689,864.

(d) Total deliveries for the purpose of determining Initial Tariff Rates are stipulated to be 105,560,957 barrels.

(e) The rate increase for the Initial Tariff Rates is stipulated to be 35.3149%.

(f) Initial Tariff Rates set under this Agreement for interstate and intrastate movements will remain in effect until June 30, 2004, or the effective date of any Interim Tariff Filing whichever is earlier.

Section 1.3. Interim Tariff Filings

(a) At the end of each calendar quarter beginning with the first calendar quarter following the Effective Date of this Agreement, Olympic shall calculate current throughput as provided in this Section. "Current Throughput" will be the total deliveries for the prior 12 calendar months ending with the calendar quarter for which the calculation of Current Throughput is made. The determination of Current Throughput will be completed and the results provided to Tesoro and CP within 45 days following the end of each calendar quarter. "Base" Throughput shall be the total deliveries for the 12-month period used for the calculation of the Tariff rates then on file. The Current Throughput and Base Throughput upon which the Initial Tariff Rates are based shall be deemed to be 105,560,957 barrels. In the event that the Current Throughput determined according to this Section exceeds the Base Throughput by at least two percent, Olympic shall make an Interim Tariff Filing calculated as provided in subsection (c) of this Section revising the then-current interstate and intrastate tariff rates based upon the increased throughput.

(b) In the event that, in any calendar quarter, current throughput decreases by greater than 15 percent as the result of failures, outages, fires, strikes, embargoes, explosions, earthquakes, terrorism, floods, wars, the elements, labor disputes, government requirements, de-rating, civil or military authorities, acts of God, a public enemy, or other similar causes beyond Olympic's reasonable control, then upon request by any Party, the Parties must meet within 20 days to consider the rate impact of such events. If the Parties do not reach a satisfactory resolution of the rate impact of such events, then any Party has the right to seek relief through the Dispute Resolution process in Section 4.5.

(c) Manner of Calculating Interim Tariff Rates. Interim interstate rates and interim intrastate rates shall be determined by proportional adjustment of each of the tariff rates then on file. Each tariff rate shall be adjusted by the ratio of the Base Throughput to the Current Throughput if the Current Throughput exceeds the Base Throughput by at least two percent. These Interim Tariff Rates shall be filed no later than 60 days following the end of the quarter in which the Current Throughput exceeds the Base Throughput by at least two percent, to be effective no later than 90 days following the end of the quarter.

Section 1.4. Annual Tariff Filings

(a) While this Agreement is in effect, in addition to Interim Tariff Rates required to be filed pursuant to Section 1.3 of this Agreement, by May 30 of each year (after 2003) Olympic shall file its interstate and intrastate rates for the period beginning on the immediately following July 1 and ending on June 30 of the following year or on the date on which this Agreement expires or is terminated as provided below. Such interstate and intrastate rates shall be calculated using the Olympic Settlement Methodology ("OSM") set forth in Section 3 of this Agreement and the cost of service model in Exhibit 1.4(a). Nothing in this Agreement, however,

prohibits Olympic from filing an interstate or intrastate rate that is less than the maximum rate calculated in accordance with the OSM.

(b) During the term of this Agreement and unless as otherwise agreed among all Parties, Olympic shall not make any filing with the FERC or the WUTC except that Olympic is expressly permitted to make (i) filings set forth in Sections 1.1, 1.2, 1.3, 1.4, and 2.2 of this Agreement; (ii) filings for a new tariff for any product movement for which a tariff is not already in place; and (iii) filings to change its rules and regulations, other than material changes to the current nomination process. The phrase "material changes" in Section 1.4(b)(iii) of this Agreement shall include any change of allocated capacity from a historical usage basis to another basis, except that a performance based incentive/penalty plan that adjusts allocated capacity among shippers based on the ratio of actual shipments to nominated shipments shall not be considered a material change. Disputes concerning the rate filings set forth in Section 1.2, 1.3, 1.4, and 2.2 of this Agreement are subject to the dispute resolution provisions set forth in Section 4.5(b) and (c) of this Agreement. All other disputes are subject to the dispute resolution provisions set forth in Section 4.5(a) of this Agreement and, if not resolved under those provisions, subject to the normal regulatory or judicial process.

(c) During the term of this Agreement, neither CP nor Tesoro will file with the FERC, the WUTC, the successor of either, or any other agency or court, any protest, petition or complaint, or seek to have suspended or otherwise contest the effectiveness of any rate filings set forth in Sections 1.2, 1.3, 1.4, and 2.2 of this Agreement and further agree to address disputes relating to such rate filings in accordance with the dispute resolution provisions set forth in Section 4.5(b) and (c) of this Agreement. CP and Tesoro expressly reserve the right to file with the FERC, the WUTC, the successor of either, or any other agency or court, any protest, petition,

enforcement action, or complaint in response to any filing other than those set forth in Sections 1.2, 1.3, 1.4, and 2.2 of this Agreement.

(d) The Parties intend that the rate filings set forth in Sections 1.2, 1.3, 1.4, and 2.2 of this Agreement will be the only rate filings made by Olympic, and that FERC's approval of this Settlement shall include its waiver of its regulations regarding indexed rate filings during the term of this Agreement.

(e) The Parties acknowledge that any filings with the FERC or the WUTC are subject to their normal regulatory authority and that no provision of this Agreement supersedes or restricts their authority in any regard.

Section 1.5. Provision of Information

(a) Olympic will provide Tesoro and CP with all supporting data necessary to calculate the maximum rate no less than 60 days prior to Olympic's filing of new interstate or intrastate rates while this Agreement is in effect. Tesoro or CP, upon written request to Olympic, shall be permitted to verify the data used in calculating the new maximum rate by a procedure agreed upon by the Parties, which shall include, if requested, an audit consisting of direct examination of original source data identified by Olympic as being all of the data relied upon in calculating the maximum rate. CP and/or Tesoro shall communicate to Olympic any question about, or disagreement with, the data used by Olympic or the manner in which such data was used to calculate the maximum rate. CP and/or Tesoro and Olympic shall seek in good faith to resolve the questions or disagreements raised by Tesoro and CP prior to the rate filing.

(b) Insofar as any of these data would fall within the prohibition against disclosure set forth in Section 15(13) of the Interstate Commerce Act, such data shall be disclosed only to

reviewing representatives as defined in the protective order issued in FERC Docket Nos. IS01-441-000 and IS03-218-000 and WUTC Docket No. T0-011472.

(c) The agreement by CP and Tesoro to refrain from protest, complaint, or seeking suspension of rates filed in conformity with the procedures provided for in this Agreement shall be without prejudice to the rights of CP and/or Tesoro to: (1) conduct independent audits of the company source data relied on by Olympic for the Annual Tariff Adjustment, and (2) initiate a Dispute Resolution process based on the results of any such audit for the purpose of compelling Olympic to revise its tariff as determined by the outcome of such Dispute Resolution process, including providing refunds as determined to be appropriate based on the results of any such Dispute Resolution proceeding. During the pendency of any such Dispute Resolution proceeding, the tariff arising from any current rate filing by Olympic made in conformity with the procedures called for under this Agreement shall remain in effect.

**ARTICLE II
OPERATIONAL UNDERTAKINGS BY OLYMPIC**

Section 2.1. Best Efforts to Achieve 100 Percent MAOP Operation

(a) Olympic's pipeline is currently operating subject to a limitation of 80 percent of Maximum Allowable Operating Pressure ("MAOP") pending completion of certain internal line inspections and related excavation, examination and repair work by Olympic.

(b) Olympic will use its best efforts to accomplish the prerequisites for and secure regulatory approval of 100 percent MAOP operation, and to return to such operation (subject to normal safety factors, all applicable rules and restrictive orders pertaining to pipeline safety and periodic pressure reductions incident to normal 100 percent MAOP operation) by three years from the Effective Date (the "100 percent Operation Date"). Olympic shall provide an annual progress report to all current shippers detailing its efforts to return to normal 100-percent MAOP operation.

(c) If Olympic has not returned to 100 percent MAOP operation by the 100 percent Operation Date, Tesoro and/or CP may initiate the Dispute Resolution procedures set forth in Section 4.5 of this Agreement, to resolve any question whether Olympic has met its best efforts obligation set forth in Section 2.1(b). Olympic shall have the burden of proof that it has undertaken its best efforts to return to 100 percent MAOP operation by the 100 percent Operation Date. If, but only if, the arbitration results in a decision that Olympic has not met its best efforts obligation, then Tesoro and/or CP shall have the right within 30 days of the issuance of the arbitration award to terminate this Agreement upon no less than 90 days' written notice to Olympic of the intent to terminate. Such termination, when effective, shall be binding on all

Parties; provided however, if Olympic returns to 100% MAOP operation prior to the 100% Operation date, the right to terminate shall no longer be effective.

(d) Such termination shall be the sole remedy under this Agreement available to Tesoro and/or CP for any failure by Olympic to use its best efforts to accomplish the purposes described in Section 2.1(b).

Section 2.2. Bayview to Be Placed in Intended Service

Bayview shall remain in Olympic's Rate Base unless Bayview has not been placed into intended service on or before September 30, 2004. If Bayview is not in intended service by September 30, 2004, then upon written request of any Party, Olympic shall remove Bayview from the Rate Base, in the amount specified in Section 3.8(c) of this Agreement, and the maximum rate shall be recalculated and new interstate and intrastate rates reflecting only the reduced rate base shall be filed to be effective October 31, 2004, unless and until Bayview is placed into its intended service. Placing Bayview in intended service shall consist of placing Bayview into service for its intended purposes as a facility available for use for batching operations, flow rate maintenance, improved flexibility and efficiency in pipeline operations, and storage and other functions incident to these functions. Satisfaction of the intended service requirement shall not require achieving any defined throughput metric. In attempting to render Bayview operational for such purposes, Olympic shall use its best efforts to encourage the cooperation of its shippers in providing throughput.

**ARTICLE III
REFUNDS AND TARIFF RATE METHODOLOGY**

Section 3.1. Refunds

(a) **FERC Tariff Rates Effective May 1, 2003 (Docket No. IS03-218-000).** Refunds for the FERC tariff rates in effect since May 1, 2003, shall be determined based on the difference between the FERC Initial Tariff Rate as defined in Section 1.2 and the FERC tariff rates effective May 1, 2003. For petroleum products delivered after April 30, 2003, Olympic shall compute the refunds it owes each Shipper through the date on which the FERC Initial Tariff Rates become effective. The refund owed to each shipper shall equal the product of the tariff per barrel paid for each delivery minus the FERC Initial Tariff Rate for each delivery multiplied by the corresponding number of barrels for each delivery. Interest shall be calculated on all refunds owed for the period May 1, 2003, until the date of payment. The refunds and interest shall be paid ratably to all shippers on a non-discriminatory basis commencing on the first day of the calendar month immediately following the Tariff Effective Date such that 100 percent of the refund obligation plus interest shall be paid on or before May 1, 2006.

(b) **FERC and WUTC Refund Balances**

The FERC and WUTC Refund Balances for shipments prior to May 1, 2003 shall be paid in equal monthly installments commencing on the first day of the calendar month immediately following the Tariff Effective Date, and completed no later than October 1, 2006. To the degree any shipper has previously withheld payments of its tariff rates to offset Olympic's cessation of previously ordered refunds, such withheld payments shall be considered the payment of refunds

until the withheld payments are recaptured by Olympic in full, at which point, equal monthly installments of the remaining refunds will commence to be paid by Olympic.

(c) Interest on Refunds

Interest shall be calculated on all such refunds until the date of payment. Interest shall be computed as follows:

(i) Interest on FERC Refund Balances shall be calculated in accordance with the FERC's order establishing the refund obligation and its regulations except the time limits for repayment are as established in Sections 3.1 (a) and (b), and

(ii) Interest on WUTC Refund Balances shall be calculated in accordance with the WUTC's Order establishing the refund obligation and its regulations, except the time limits for repayment are as established in Section 3.1 (b).

Section 3.2. Total Revenue Requirement

The tariff revenues that Olympic is entitled to for a 12-month period is the sum of: Operating Expense; Depreciation Expense; Amortization of AFUDC; Return on Rate Base; Income Tax Allowance; and Net Carryover. These elements of Total Revenue Requirement are defined below.

Section 3.3. Operating Expense

Operating Expense shall mean only those normally recoverable, reasonable, non-Whatcom Creek expenses related to providing regulated service that would properly be included in Account 610 under the Uniform System of Accounts ("USOA") prescribed for oil pipeline companies subject to the provisions of the Interstate Commerce Act, 18 C.F.R. pt. 352 (2003), and the actual expenditures accrued in prior periods in accordance with generally accepted accounting

principles and the USOA, but excluding any provision for the depreciation or amortization of a capitalized cost and accruals anticipated in future periods. Determination of Operating Expense included in the Total Revenue Requirement requires placing amounts recorded in Account 610 into four categories:

(a) **Pass-Through Operating Expenses-** The Parties agree that, for the purposes of this Agreement only, operating expenses relating to fuel and power, Drag Reduction Agent and amounts in Project Expense shall be fully recoverable in the year incurred.

(b) **Transition Costs** – The Parties agree that, for the purposes of this Agreement only, the costs incurred for the purposes of: (i) resolving 2003 rate matters before the FERC and WUTC, including the costs of obtaining approval of this Agreement (“Transition Costs-Rate Litigation”); and (ii) complying with the requirements of Chapter 11 for costs incurred during the current Chapter 11 filing (“Transition Costs-Bankruptcy”) shall be recoverable in rates. The total amounts recovered annually in rates from both the Transition Costs-Rate Litigation and the Transition Costs-Bankruptcy shall be limited to the lesser of the Annual Maximum Amortization of Transition Costs or the Other Operating Expenses Deficit Amount.

The Annual Maximum Amortization of Transition Costs shall be the sum of the Annual Maximum Amortization of Transition Costs-Bankruptcy and Annual Maximum Amortization of Transition Costs-Rate Litigation as defined below.

(i) Annual Maximum Amortization of Transition Costs-Bankruptcy shall be Transition Costs- Bankruptcy divided by 24, but not to exceed the actual amount incurred. Transition Costs-Bankruptcy shall be the costs relating to the Olympic bankruptcy proceeding recorded in FERC Account 610.520.

(ii) **Annual Maximum Amortization of Transition Costs - Rate Litigation** shall be Transition Costs-Rate Litigation divided by 3, but not to exceed the actual amount incurred. Transition Costs-Rate Litigation shall be the costs relating to Olympic rate matters recorded in FERC Account 610.520.

(c) **Excluded Costs** – The Parties agree that, for the purposes of this Agreement only, direct costs attributable to the Whatcom Creek accident and its aftermath (“Whatcom Creek Costs”) have been and shall be in the future excluded from the Cost of Service as defined below. To minimize potential disagreement regarding the classification of specific costs, the Parties agree that, for the purposes of this Agreement only, Whatcom Creek Costs include the following specific costs: Environmental remediation and restoration costs related to the accident; payment of claims arising from the accident, including personal injury, wrongful death, property damage and business interruption claims; regulatory and criminal fines or penalties imposed as a result of the accident or of conduct allegedly precipitating the accident; litigation costs incurred in defending claims and criminal prosecution.

(d) **Included Costs** – The Parties agree that, for the purposes of this Agreement only, the following post-2002 costs may be included within the COS: Costs of complying with the Corrective Action Order (“CAO”) of June 18, 1999, and subsequent amendments of the CAO or related regulatory requirements; costs of complying with the plea agreement (i.e., the consent decree and injunctive relief) Olympic has entered into with the Department of Justice and/or of complying with related agreements with any municipal, state, and/or federal agencies and/or regulatory authorities; increased insurance expense; costs associated with returning the pipeline to 100 percent MAOP operation; costs of inspection, testing, repair or replacement of the pipeline or of systems associated with pipeline operations; costs of regulatory requirements for

continued operation brought by reason of the accident or by reason of conduct allegedly precipitating the accident; other costs incurred to enable the pipeline to continue in operation or otherwise required by regulatory authorities.

(e) **Other Operating Expense** – The Parties agree that, for the purposes of this Agreement only, amounts recorded in Account 610 shall be classified as “Other Operating Expense” excluding, however, the amounts referenced in subsection (a) (“Pass-Through Operating Expense”), subsection (b) (“Transition Costs”), subsection (c) (“Excluded Costs”), and amounts recorded in Account 610.540 (“Depreciation and Amortization”). Other Operating Expense shall be includable in the cost of service subject to limitation of Maximum Allowable Other Operating Expense.

(i) **Maximum Allowable Other Operating Expense** – The maximum Other Operating Expense for the 12-month period that may be included in the Total Revenue Requirement. The calculation of the Maximum Allowable Other Operating Expense shall be determined by the following equation:

2003 tariff filing = \$19.5 million

2004 tariff filing = [(\$19.5 million * [(1 + CPI-U²⁰⁰³)]

2005 tariff filing = [(\$19.5 million * [(1 + CPI-U²⁰⁰³) * (1 + CPI-U²⁰⁰⁴)

200N tariff filing = [(\$19.5 million * [(1 + CPI-U²⁰⁰³) * (1 + CPI-U²⁰⁰⁴)... * (1 + CPI-U^N)

(ii) **Other Operating Expense Excess** - In the event that Olympic's Other Operating Expenses exceed the amount determined by the Maximum Allowable Other Operating Expense by more than \$750 thousand, this excess amount shall be defined as the Other Operating Expenses Excess. Olympic may request that the other Parties allow

inclusion of all or a portion of the Other Operating Expenses Excess in the Total Revenue Requirement. If Olympic does not receive the requested relief, it has the right to provide a Notice of Termination to the other Parties. If no satisfactory resolution related to the Other Operating Expenses Excess is reached within 90 days of the Notice of Termination, Olympic may terminate this Agreement.

(iii) Other Operating Expenses Deficit – In the event that Olympic’s Other Operating Expenses are less than the Maximum Allowable Other Operating Expense, Olympic may amortize any remaining balance of Transition Costs and add to Other Operating Expense an amount for Amortization of Transition Costs. The amounts to be added for Amortization of Transition Costs shall be the lesser of Annual Maximum Amortization of Transition Costs or the Other Operating Expenses Deficit.

(1) Other Operating Expenses Deficit shall be the amount by which the Maximum Allowable Other Operating Expense exceeds Other Operating Expenses.

(2) Amortization of Transition Costs

(a) Amortization of Transition Costs – Bankruptcy: If the Other Operating Expenses Deficit is greater than or equal to the Annual Maximum Amortization-Bankruptcy, then the Amortization of Transition Costs-Bankruptcy shall be the lesser of the Annual Maximum Amortization of Transition Costs-Bankruptcy or the Unamortized Balance Rate-Bankruptcy. Otherwise, the Amortization of

Transition Costs-Bankruptcy shall be the Other Operating Expenses Deficit.

- (b) Amortization of Transition Costs – Rate Litigation: If the Amortization of Transition Costs-Bankruptcy is greater than or equal to the Other Operating Expenses Deficit, then the Amortization of Transition Costs-Rate Litigation is \$0. Otherwise, the Amortization of Transition Costs-Rate Litigation shall be the lesser of Annual Maximum Amortization of Transition Costs-Rate Litigation; Other Operating Expenses Deficit, minus Amortization of Transition Cost-Bankruptcy; or Unamortized Balance Transition Cost-Rate Litigation.
- (3) Unamortized Transition Costs: For any 12-month period, the Unamortized Transition Costs shall be the sum of the Unamortized Balance of Transition Costs-Rate Litigation and Unamortized Balance of Transition Costs-Bankruptcy at the end of the prior period.
 - (a) Unamortized Balance Transition Costs-Bankruptcy at the end of a period shall be the Unamortized Balance Transition Costs-Bankruptcy at the beginning of the period, minus Amortization of Transition Costs – Bankruptcy for the period.

- (b) Unamortized Balance Transition Costs-Rate Litigation at the end of a period shall be the Unamortized Balance Transition Costs-Rate Litigation at the beginning of the period, minus Amortization of Transition Costs – Rate Litigation for the period.

Section 3.4. Depreciation Expense

(a) The Depreciation Expense equals the annual amount reported in the “Grand Total for Debits” to Account No. 610.540 of the USOA as described in 18 C.F.R. § 352.4.

(b) Accumulated Depreciation at the beginning of a year equals Accumulated Depreciation at the beginning of the previous year, plus Depreciation Expense for the previous year, net of Depreciation retirements and other adjustments recorded in Account No. 31 of the USOA as described in 18 C.F.R. § 352.4. The balance of Accumulated Depreciation at the beginning of 2003 is stipulated to be \$50,350,905.

(c) The Accumulated Depreciation for Bayview Terminal as of beginning of the year 2003 is \$2,362,036. Annual Depreciation Expense shall be determined by multiplying that Carrier Property in Service for Bayview by the Amortization Rate. In the event that Bayview is transferred to Non-Carrier Property in accordance with the terms and conditions in Section 2.2, Accumulated Depreciation Balance as of the transfer date will be transferred to Non-Carrier Property. See Exhibit 3.4 (c).

(d) Amortization Rate is the Depreciation Expense divided by the arithmetical averages of Carrier Property excluding land for the beginning of the year and the end of the year.

Section 3.5. Amortization of AFUDC

Amortization of AFUDC shall be equal to the sum of the annual Equity AFUDC Amortization, plus the annual Debt AFUDC Amortization.

(a) The Annual Equity AFUDC Amortization for a year shall equal the Accumulated Equity AFUDC at the beginning of that year, plus one half of the Additions to Equity AFUDC for that year, multiplied by the Amortization Rate for that year.

(b) Accumulated Equity AFUDC at the beginning of a year shall equal the Equity AFUDC Amortization Base at the beginning of the previous year, plus Additions to Equity AFUDC for the previous year.

The Accumulated Equity AFUDC at the beginning of 2003 is stipulated to be \$3,936,145

(c) Additions to Equity AFUDC for a year shall equal the Equity AFUDC Base for that year, multiplied by the Return on Equity.

(d) The Equity AFUDC Base for a year shall equal the average CWIP balance for that year, multiplied by the Equity Ratio.

(e) Accumulated Amortization of Equity AFUDC for a year shall equal the Accumulated Amortization of Equity AFUDC from the prior year, plus Amortization of Equity AFUDC for the current year.

The balance of Accumulated Amortization of Equity AFUDC at the beginning of 2003 is stipulated to be \$438,343.

(f) Annual Debt AFUDC Amortization for a year shall equal the Accumulated Debt AFUDC at the beginning of that year, plus one half of the Additions to Debt AFUDC for that year, multiplied by the Amortization Rate for that year.

(g) Accumulated Debt AFUDC at the beginning of a year shall equal the Debt AFUDC Amortization Base at the beginning of the previous year, plus Additions to Debt AFUDC for the previous year.

The Accumulated Debt AFUDC at the beginning of 2003 is stipulated to be \$2,431,828.

(h) Additions to Debt AFUDC for a year shall equal the Debt AFUDC Base for that year, multiplied by the Return on Debt.

(i) The Debt AFUDC Base for a year shall equal the average CWIP balance for that year, multiplied by the Debt Ratio.

(j) Accumulated Amortization of Debt AFUDC for a year shall equal the Accumulated Amortization of Debt AFUDC from the prior year, plus Amortization of Debt AFUDC for the current year.

The balance of Accumulated Amortization of Debt AFUDC at the beginning of 2003 is stipulated to be \$259,181.

Section 3.6. Return on Rate Base

(a) Return on Rate Base shall be equal to the product of the Average Rate Base, multiplied by the Weighted Cost of Capital.

(b) Weighted Cost of Capital shall be defined by the following three parameters stipulated to by the parties while this Agreement is in effect:

(i) Capital Structure shall consist of 50 percent equity (Equity Ratio) and 50 percent debt (Debt Ratio).

(ii) Cost of Debt shall be 7.80 percent.

(iii) Nominal Rate of Return on Equity shall be 12.38 percent in the Initial Period.

Return on Equity shall be 10.00 percent real. The nominal rate of return to be applied to Rate Base is the sum of 10.00 percent plus, for each subsequent period, the change in the CPI-U annual rate of inflation for the prior year as measured December to December without seasonal adjustment as published by the Bureau of Labor Statistics, U.S. Department of Labor for the preceding calendar year calculated for each subsequent period on a non-cumulative basis.

The Weighted Cost of Capital (at a 50% Capital Structure) shall be the average of the Cost of Debt and the Nominal Rate of Return on Equity.

Section 3.7. Rate Base

(a) Rate Base for a year shall be determined as of the end of that year and shall equal the Carrier Property at the end of that year, minus the Accumulated Depreciation at the end of that year, plus Accumulated AFUDC, minus Accumulated Amortization of AFUDC, plus the Working Capital balance, minus the ADIT Balance at the end of that year.

(b) The Average Rate Base is the arithmetic average for Rate Base at the end of the preceding calendar year and the Rate Base at the end of the current calendar year.

Section 3.8. Carrier Property

(a) The balance of Carrier Property at the beginning of a year equals Carrier Property at the beginning of the previous year, plus Additions to Carrier Property for the previous year. Carrier Property at the beginning of 2003 is stipulated to be \$138,272,430.

(b) Additions to Carrier Property for a year equals the amount by which additions during that year to USOA carrier property accounts 101 through 186 exceed net proceeds from retirements of property and other adjustments or transfers during that year from USOA carrier property accounts 101 through 186. Additions to Carrier Property shall be only those normally recoverable, reasonable capital expenses related to providing the regulated service that would properly be Additions to Carrier Property under the USOA.

(c) The Carrier Property Balance for Bayview as of beginning of the year 2003 is stipulated to be \$24,036,869 as shown in Exhibit 3.4(c).

Section 3.9. Accumulated Deferred Income Taxes

(a) The Federal ADIT Balance at the beginning of a year equals the Federal ADIT Balance at the beginning of the previous year, plus the Tax Effect of Federal Timing Difference for the previous year.

(b) The Tax Effect of Federal Timing Difference for a year shall equal the Federal Income Tax Rate for that year, multiplied by the Federal Tax Timing Difference for that year.

(c) The Federal Tax Timing Difference for a year shall equal the Federal Tax Depreciation for that year, minus Depreciation Expense for that year, minus IDC Amortization for that year, plus TEFRA Adjustment Amortization for that year.

(d) Federal Tax Depreciation for a year shall equal the sum of Federal Tax Depreciation for Additions to Carrier Property for the current and all previous years. Federal Tax Depreciation for Additions to Carrier Property for the current or a previous year shall equal the appropriate Federal Tax Depreciation Factor, multiplied by the sum of Additions to Carrier Property, plus Additions to Debt AFUDC for that current or previous year. The appropriate

Federal Tax Depreciation Factor, which varies with the time elapsed between the year of the Additions to Carrier Property and the year for which Federal Tax Depreciation is being calculated, shall be the 15-year schedule using the half-year convention according to the IRS Modified Accelerated Cost Recovery System ("MACRS") as shown in Exhibit 3.9(d). If Federal income tax laws are amended after the date of this Agreement, the Federal Tax Depreciation Factor Schedule in Exhibit 3.9(d) may be renegotiated pursuant to Section 3.13. The ADIT Balance at the beginning of 2003 is stipulated to be \$11,901,259.

Section 3.10. Working Capital Balance

The Working Capital Balance shall be based on the average balances in USOA accounts 16, 17 and 18. The Working Capital Balance at the beginning of 2003 is stipulated to be \$2,030,244.

Section 3.11. Income Tax Allowance

(a) The Income Tax Allowance equals the product of the Federal Income Tax Factor, multiplied by the Federal Income Tax Base for that year.

(b) The Federal Income Tax Factor shall equal the ratio of the Federal Income Tax Rate to the difference of one, minus the Federal Income Tax Rate.

(c) The Federal Income Tax Rate shall equal the maximum rate of tax applied by the United States Government to net income derived by a corporation from the operation of a common carrier petroleum pipeline within the United States.

(d) The Federal Income Tax Base for a year shall equal the Equity Portion of Return on Rate Base for that year, plus the Equity AFUDC Amortization for that year.

Section 3.12. Net Carryover

(a) The Net Carryover is equal to the sum of the Revenue Excess (Deficit), plus the Interest on Revenue Excess (Deficit).

(b) The Revenue Excess (Deficit) is based on the difference between the Tariff Revenue as reported in USOA Account 600, Sub accounts 200-260, (except Sub account 250) minus the Total Revenue Requirement for the period that the prior tariff(s) have been in effect. If Tariff Revenue exceeds the Total Revenue Requirement for the period, there is a Revenue Excess. If Tariff Revenue is less than the Total Revenue Requirement for the period, there is a Revenue Deficit. Upon termination of this Agreement, the final Net Carryover shall be trued up in a manner resolved through the Dispute Resolution process in Section 4.5.

(c) The Interest on Revenue Excess (Deficit) equals the Revenue Excess (Deficit) for a year, multiplied by the interest rate used to compute Interest on Revenue Excess (Deficit).

(d) The interest rate used to compute Interest on Revenue Excess (Deficit) for a year is based on the rate of interest obtained by taking the arithmetic average of the 12 monthly prime rates to the nearest one hundredth of one percent, as published in the Federal Reserves' "Selected Interest Rates" (Statistical Release H 15) for the 12 months starting with January of the previous year and ending with December of the previous year, and increasing the annual interest rate resulting from the previous step to reflect a quarterly compounding of interest.

Section 3.13. Effect of Income Tax Amendments

(a) If Federal income tax laws are amended after the date of this Agreement, the Income Tax Allowance and the ADIT Balance will continue to be calculated as described in Section 3.9, unless a Party to this Agreement objects to the manner of computation within one year of such

amendment. Upon written notice by a Party of an objection, the Parties have 60 days in which to negotiate a new method of determining the Income Tax Allowance and the ADIT Balance. This method will be consistent with the following requirements:

(i) The Federal Income Tax shall equal the maximum of tax applied by the United States Government to net income derived by a corporation from the operation of a common carrier petroleum pipeline within the United States.

(ii) It shall be assumed that the most accelerated methods of depreciation allowed under Federal income tax laws will be used and that other elections under Federal income tax laws will be made in a manner that will minimize or defer the total income tax liability to the maximum extent possible;

(iii) Any imbalance in the ADIT Balance (positive or negative) arising from a change in tax rates shall be amortized using the Amortization Rate described in Section 3.4(d);

(iv) Federal Tax Timing Differences shall be reflected in the ADIT Balance, not in the Income Tax Allowance;

(v) Applicable provisions of Federal income tax law shall be taken into account consistent with Federal regulatory policy;

(b) If the Parties are unable to agree on a new method of determining the Income Tax Allowance and the ADIT Balance within 60 days after written notice by a Party pursuant to subsection (a) of this section, the method for calculating these amounts will be determined by a mutually agreed-upon, independent expert who shall apply the requirements above to the then-applicable Federal tax laws.

Section 3.14. Determination of Tariff Rates – Generally

(a) The determination of rates for each Movement in each jurisdiction for which tariffs are posted shall be based on an equal percentage increase across all existing FERC and WUTC tariffs. For the purpose of this Agreement, Adjusted Tariff Rate shall be determined as follows:

(i) The Adjusted Tariff is the tariff rate in effect prior to the Tariff Effective Date for the Annual Tariff Filing, multiplied by the Rate Adjustment Factor.

(ii) The Rate Adjustment Factor shall be determined by dividing the Total Revenue Requirement by forecasted Tariff Revenue.

(b) The determination of tariff rates for which tariff rates are posted shall be rounded to the nearest \$0.0001 per barrel.

**ARTICLE IV
GENERAL PROVISIONS**

Section 4.1. Term of this Agreement

(a) The Parties shall be bound to devote their best efforts to secure approval of this Agreement in its entirety by the FERC, the WUTC and the Bankruptcy Court upon execution of this Agreement by all Parties and shall be bound by all other terms of this Agreement upon the Effective Date.

(b) This Agreement shall terminate automatically if the Effective Date has not occurred before February 1, 2004; otherwise this Agreement shall continue in full force and effect for five (5) years from the Effective Date, after which this Agreement shall continue from year to year subject to termination upon at least one year notice in advance of the fifth or subsequent anniversary of the Effective Date given by any Party. Upon mutual agreement of the Parties, the notice period may be changed.

(c) If Parties have not reached a new agreement prior to the termination date, Olympic's interstate and intrastate rates shall be those in effect upon the termination date subject to complaint before the FERC and/or WUTC by Tesoro and/or CP; provided, however, that the relief sought in any such complaint shall be prospective from the termination date only and shall not include reparations or damages for any period prior to the termination date.

Section 4.2. Duty to Defend This Agreement

All Parties will use their best efforts, each Party at its own expense, to defend the validity and enforceability of this Agreement.

Section 4.3. Approval of this Agreement

(a) If the FERC or the WUTC do not approve this Agreement and do not waive any regulation inconsistent with the terms and conditions of this Agreement, or if the FERC, the WUTC, or the Bankruptcy Court rejects any provision of this Agreement, or if the Bankruptcy Court, the FERC or the WUTC makes approval of this Agreement contingent upon any modification of any provision of this Agreement, or if a court reviewing an order of the FERC, the WUTC, or the Bankruptcy Court regarding this Agreement shall take any of such actions, any Party may terminate this Agreement by written notice to the other Parties within 30 days after any of the actions specified herein have occurred. In the event of such termination, Olympic shall have no further obligation to file or maintain its interstate or intrastate rates in conformance with the maximum rates determined under the OSM, and neither Olympic nor Tesoro and CP shall be bound by this Agreement in any regard.

(b) If during the period in which this Agreement is in effect, an agency or court shall thereafter declare invalid any provision of this Agreement that has an impact upon a Party, then the Parties will undertake to negotiate diligently and in good faith to make reasonable and appropriate modifications to this Agreement so as to achieve substantially the same benefits for each Party that were originally contemplated by this Agreement, consistent with the order invalidating such provision. If the Parties are unable to agree on such modifications within a period of 30 days after the order invalidating such provision is issued (or such additional period as the Parties shall mutually agree in writing) then any Party may terminate this Agreement by giving written notice to the other Parties within 30 days after the expiration of the period of negotiations.

Section 4.4. No Precedential Effect

No part of this Agreement including, without limitation, the Term, the characterizations of expenses as recoverable or non-recoverable in rates, or the underlying methodology shall have any precedential effect for any other matter. This Agreement shall not constitute an admission by the Parties concerning any question of fact or law, and this Agreement does not represent in any way the position of any Party regarding pipeline regulation in general or its application. Further, in the event that any interstate rate or intrastate rate established pursuant to this Agreement is ever challenged by any third party who is not a signatory to this Agreement, nothing in this Agreement or in the OSM set forth in Article II may be relied upon or cited as evidence to establish that such interstate or intrastate rate is excessive, discriminatory, or otherwise unlawful, or to set a new rate or rates that differ from those determined under this Agreement.

Section 4.5. Dispute Resolution

(a) Any controversy or claim arising under this Agreement shall first be subject to good-faith negotiation among the Parties and then, if such negotiation shall fail to resolve the controversy or claim, shall be subject to either binding arbitration among the Parties or the normal legal or judicial process, whichever is provided for in this Agreement. A controversy or claim may be raised by any Party at any time by serving notice upon the other Parties. Within 10 days from the receipt of the notice of controversy or claim, the Parties shall hold an initial meeting to discuss how best to proceed to resolve the controversy or claim through good-faith negotiation. Unless otherwise agreed among all Parties, the Parties shall have 30 days from the date of the initial meeting to resolve the controversy or claim. In the event a controversy or claim relating to a filing set forth in Sections 1.2, 1.3, 1.4, and 2.2 of this Agreement is not

resolved within this 30-day negotiation period, a Party may initiate binding arbitration by serving an Arbitration Demand on the other Parties. In the event a controversy or claim relating to any other matter is not resolved within this 30-day negotiation period, any Party may file with the FERC, the WUTC, the successor of either, or any other agency or court, any protest, petition or complaint or any other action allowable at law or equity.

(b) Except as otherwise agreed by all Parties, the arbitration of a controversy or claim relating to a filing set forth in Sections 1.2, 1.3, 1.4, and 2.2 of this Agreement shall be conducted by a single arbitrator with both substantial and suitable experience related to rate regulation. The arbitrator is to be selected by mutual agreement among the Parties within 10 days from the date of the Arbitration Demand. In the event of a failure to agree, any Party may petition the American Arbitration Association ("AAA") to name an arbitrator. Such arbitration shall be held in Seattle, Washington, in conformity with the Commercial Arbitration Rules of the AAA and administered by the AAA. Except as may otherwise be agreed by all Parties, such arbitration shall be completed and a final decision issued within 90 days of the date on which Arbitration Demand was served. The arbitrator shall issue a final decision consistent with the Commercial Arbitration Rules of the AAA and the regulations and precedent governing the arbitration of FERC and WUTC tariff and rate matters, except that the final decision shall not include an award of special, consequential, or punitive damages. The Parties agree that the final decision of the arbitrator shall be final as amongst the Parties and further agree to waive any and all rights to appeal or request review of the final decision by any court or regulatory agency. In the event the arbitrator's final decision requires enforcement, any Party may petition for enforcement of the final decision through the appropriate channels established by the FERC or the WUTC.

(c) The fees and expenses of the arbitrator and costs of AAA's administration shall be borne by the party who is deemed by the arbitrator to be the losing party. Other than arbitrator fees and expenses and AAA administration costs, each party shall be responsible for its own costs and attorney fees regardless of outcome.

(d) No provision of this Agreement is intended to nor shall be interpreted to limit the regulatory jurisdiction or authority of the FERC or the WUTC in any regard. In the event a dispute arises under the terms of this Agreement that is not resolved prior to the termination of this Agreement, the dispute resolution provisions of this Section 4.5 shall apply and shall survive the termination of this Agreement.

Section 4.6. Parties in Interest

This Agreement shall be binding upon and inure solely to the benefit of the Parties and their respective successors and assigns. No obligation under this Agreement shall be for the benefit of or be enforceable by any third party.

Section 4.7. Construction of Agreement

(a) The language of this Agreement shall, in all cases, be construed according to its fair meaning and not strictly for or against either Party. Headings of articles and sections of this Agreement are solely for the convenience of the Parties and are not a part of this Agreement. This Agreement shall be governed by, and construed in accordance with the laws of the State of Washington.

(b) Attached hereto as Exhibit 1.4(a) illustrating the OSM is an electronic disk with the computer program used to calculate rates along with a printout of a computer program with formulae based on stipulated amounts and projected data for calendar year 2003. It is the

understanding of the Parties that the language of this Agreement and the calculations shown in Exhibit 1.4(a) are consistent. If any question shall arise as to the consistency of the language of this Agreement and the calculations shown in Exhibit 1.4(a), the Parties shall resolve such controversy in accordance with Section 4.5 of this Agreement.

(c) The language of this Agreement, together with the electronic disk and printout shown in Exhibit 1.4(a), shall control over any other computer program or other document prepared by the Parties, or any of them, describing or explaining this Agreement or the OSM.

Section 4.8. Amendment

This Agreement may be modified, amended or supplemented only by a written instrument executed by the Parties.

Section 4.9. Notices

Any notice required or permitted by this Agreement shall be effective when deposited in the mails, postage prepaid, certified mail, return receipt requested, or when dispatched by overnight delivery service or by facsimile, addressed to the respective Party at its address set forth below:

If to Olympic:

Legal Department
Olympic Pipe Line Company
4101 Winfield Rd.
Warrenville, IL 60555
Attn: General Counsel
Facsimile: (630) 821-3396

If to CP:

ConocoPhillips Company
600 North Dairy Ashford Road
Houston, TX 77079
Attention: Manager/West Coast Supply
Facsimile: (918) 662-5621

If to Tesoro:

Legal Department
Tesoro Petroleum Corporation
300 Concord Plaza Drive
San Antonio, Texas 78216
Facsimile: (210) 283-2400

Legal Department
Tesoro Refining and Marketing Company
3450 South 344th Way, Suite 100
Auburn, WA 98001
Facsimile: (253) 896-8845

A Party may, at any time, substitute a different person or address for that shown in the previous sentence by giving written notice to the other.

Section 4.10. No Waiver

Unless otherwise specifically provided in this Agreement, no failure to exercise, and no delay in exercising, any right, power, or remedy under this Agreement shall impair or be construed as a waiver of this right, power, or remedy of a Party, nor shall any failure to exercise or delay in exercising any right, power, or remedy be construed to be an acquiescence in any breach or default under this Agreement. The rights and remedies specified for the enforcement of this Agreement are cumulative.

Section 4.11. Section Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 4.12. Disclaimer of OSM Model Data

The data for future periods demonstrate the mechanics of the OSM model and while based on prior projections, cannot be warranted to represent actual future performance by Olympic. Olympic's projections are subject to revision in connection with its process of formulating a Chapter 11 disclosure statement and plan of reorganization and the actual level of Olympic's various expenses, project spending and similar matters may be determined or substantially influenced by the provisions of a plan of reorganization in the form it is ultimately confirmed, a matter not strictly in Olympic's control.

Being duly authorized, the Parties execute this Agreement as of the date first written above.

Olympic Pipe Line Company

By: Bobby J. Talley
Printed Name: Bobby J. Talley
Title: President

Tesoro Refining and Marketing Company

By: _____
Printed Name: _____
Title: _____

ConocoPhillips Company

By: _____
Printed Name: _____
Title: _____

Being duly authorized, the Parties execute this Agreement as of the date first written above.

Olympic Pipe Line Company

By: _____

Printed Name: _____

Title: _____

Tesoro Refining and Marketing Company

By: Daniel J. Porter

Printed Name: Daniel J. Porter

Title: President Northwest Region

ConocoPhillips Company

By: _____

Printed Name: _____

Title: _____

Being duly authorized, the Parties execute this Agreement as of the date first written above.

Olympic Pipe Line Company

By: _____

Printed Name: _____

Title: _____

Tesoro Refining and Marketing Company

By: _____

Printed Name: _____

Title: _____

ConocoPhillips Company

By:  _____

Printed Name: PL FREDERICKSIN

Title: Executive Vice President

**EXHIBIT B
GLOSSARY**

AAA-American Arbitration Association

See Section 4.5 of the Settlement Agreement.

Additions to Carrier Property

Amounts added to Carrier Property in Service during a defined period.

Adversary Proceeding

See Page 10, Introduction, of the Settlement Agreement

ADIT Balance

Amount of Accumulated Deferred Income Tax at the end of a defined period as determined in the OSM. See Section 3.9 of the Settlement Agreement. Also covers Federal ADIT Balance

AFUDC

An allowance included in Rate Base reflecting earnings on the balance of the Construction Work In Progress ("CWIP") account as determined in the OSM. See Section 3.5 of the Settlement Agreement for all references to AFUDC including Debt AFUDC, Equity AFUDC, Amortization of AFUDC and Accumulations thereof.

Agreement

The Settlement Agreement dated November, 2003 between Olympic, Tesoro, and ConocoPhillips that sets initial tariff rates and concludes litigation between the Parties.

Amortization Rate

The Depreciation Expense divided by the arithmetical averages of Carrier Property (excluding land) for the beginning of the year and the end of the year.

Annual Tariff Adjustment

Filing submitted for tariff effective July 1 of each year—See Section 1.5 of the Settlement Agreement

Arbitration Demand-see Section 4.5 of the Settlement Agreement.

Average Annual Composite Depreciation Rate

The result of dividing Depreciation by the average of the depreciable Carrier Property at the beginning and the end of the year for which Depreciation is determined

Average Rate Base

Average of the balance of Rate Base at the beginning and the end of a calendar year

Bankruptcy Court-See Introduction in Settlement Agreement

Base Throughput

The total deliveries over a 12 month period used to set an existing tariff rate.

Capital Structure

Stipulated portion of Rate Base that is funded by Equity (50%), with the balance funded by Debt

Carrier Property

Property devoted to providing common carrier pipeline transportation service. See Section 3.8 of the Settlement Agreement for Carrier Property, additions thereto.

Corrective Action Order

See Section 3.3 of the Settlement Agreement

Cost of Debt

Stipulated rate of return (7.80%) for the portion Rate Base funded by Debt.

Court of Appeals

See Introduction to Settlement Agreement, Page 9.

CPI-U

Consumer Price Index Factor used for escalation of Operating Expense and Nominal Rate of Return.

CWIP

Construction Work In Progress amounts recorded in USOA Account 30.187

Debt Ratio

Stipulated ratio of the portion of OPL capital funded by Debt (50%) to total capital, expressed in percent.

Depreciation and Amortization Amounts

Recorded in USOA Account 610.540 See Section 3.4 of the Settlement Agreement for Depreciation definitions including its Amortization and Accumulation, and Average Annual Composite Depreciation Rate.

Depreciation Factors

Ratio of Depreciation Expense to the balance of Carrier Property. See Exhibit 3.9(d).

Dispute Resolution

The process to resolve differences between the parties involved in this agreement. See Section 4.5 of the Settlement Agreement.

Direct Costs

Those portions of the Whatcom Creek Costs that are directly related to the Accident. See Section 3.3 of the Settlement Agreement.

Drag Reduction Agent

Chemical additive used by pipelines to increase transportation capacity.

Effective Date

See Introduction, page 7 of the Settlement Agreement.

Equity Portion of Return

The Rate of Return earnings attributed to the part of the Rate Base funded by equity capital.

Equity Ratio

Stipulated ratio of the portion of OPL capital funded by Equity (50%) to total capital expressed as a percent. See Capital Structure.

Excluded Costs

See Section 3.3 of the Settlement Agreement.

FERC

Federal Energy Regulatory Commission.

Federal Income Tax Rate

Maximum rate of tax applied by the United States Government to net income derived by a corporation from the operation of a common carrier petroleum pipeline within United States. See Section 3.11 of Settlement Agreement.

Federal Tax Depreciation

Amount calculated by applying the mid-year depreciation schedule applicable to 15-year property under MACRS to the depreciable portion of Additions to Carrier Property in the current and all previous years. See Section 3.4 of Settlement Agreement.

Federal Tax Depreciation Factor

The amount of Federal Tax Depreciation is allowed in a year as a decimal fraction of the undepreciated cost of depreciable Carrier Property when it was placed in service. See Exhibit 3.9 d for Schedule.

Federal Tax Timing Difference

See Section 3.9 of the Settlement Agreement

Income Tax Allowance

The product of the Federal Income Tax Factor multiplied by the Federal Income Tax Base. See Section 3.11 of the Settlement Agreement.

Initial Tariff Rate

See Section 1.2 of the Settlement Agreement

Initial FERC Rate

Cost based tariff rate as determined under terms of this Agreement for movements made under FERC tariffs after April 30, 2003 and prior to July 1, 2004

Interstate Transportation

Transportation that is subject to regulation by the FERC.

Intrastate Transportation

Transportation that is subject to regulation by the WUTC.

MACRS

Modified Accelerated Cost Recovery System (of Depreciation)—See Section 3.4 of the Settlement Agreement.

Maximum Allowable Operating Pressure (MAOP)

The maximum pressure allowed under federal government safety guidelines.

Maximum Rate

Maximum cost based rate determined by the Olympic Settlement Methodology ("OSM") methodology defined in this Agreement.

Maximum Allowable Other Operating Expense

See Section 3.3 of the Settlement Agreement.

Net Carryover

An amount equal to the sum of the Revenue Excess (Deficit) plus the interest on Revenue Excess (Deficit).

Non-Carrier Property

Property held by OPL but not devoted to provision of common carrier pipeline transportation

Notice of Termination

See Section 4.9 of the Settlement Agreement

Olympic Settlement Methodology (OSM)

See Section 1.4 of the Settlement Agreement

100% Operation Date

See Section 2.1 of the Settlement Agreement

Operating Expense

Normally recoverable expenses related to the routine operation of the pipeline as recorded in Account 610 of the Uniform System of Accounts for Oil Pipeline Companies. See Section 3.3 of the Settlement Agreement.

Other Operating Expense

See Section 3.3 of the Settlement Agreement. Also covers Deficits or Excesses of Other Operating Expense.

Parties

Olympic, Tesoro, and ConocoPhillips. See Introduction to Settlement Agreement.

Pass-Through Operating Expenses—See Section 3.3 of the Settlement Agreement.

Project Expense—See Section 3.3 of the Settlement Agreement

Projected Volume

The Volume estimates expected for a given period.

Proportional Adjustment

Adjustments made in the same proportion to each quantity that is adjusted

Rate Base

As defined in Section 3.7 (a) of this agreement.

Rate Litigation—see Transition Costs.

Refunds, (Refund Balances)—See Section 3.1 of the Settlement Agreement

Return on Rate Base

An amount equal to the product of the Average Rate Base multiplied by the Weighted Cost of Capital. See Section 3.6 of the Settlement Agreement. Also covers Equity Portion of Return,

Return on Equity (real)

Stipulated rate of return (10.00% + CPI-U) for the portion of Rate Base funded by Equity. Return on Equity (nominal) – Equal to the Return on Equity (real) plus the change in the CPI-U as published by the Bureau of Labor Statistics, U.S. Department of Labor for the preceding calendar year

Revenue Excess/ (Deficit)

See Net Carryover

Tariff Rates

Cents-per-barrel charges to shippers for transportation service provided by Carrier. Tariff rate documents are filed with appropriate federal and state regulatory agencies.

Tariff Rate Effective Date

As defined in Sections 1.2, 1.3 and 1.4 of this agreement.

Tariff Revenue

Amounts reported in USOA Account 600.210. Throughput Quantity of refined petroleum product delivered out of OPL for a defined period. (Typically 12 months)

Throughput

Volumes transported through Olympic Pipeline.

Total Revenue Requirement

See Section 3.2 of the Settlement Agreement

Transition Costs

See Section 3.3 of the Settlement Agreement. This section also covers Transition Costs-Bankruptcy, Transition Costs-Rate Litigation, and Amortizations thereof.

Uniform System of Accounts ("USOA")

Accounting system applied to oil pipelines by the FERC

Washington Utilities and Transportation Commission (WUTC)

Regulatory agency for the State of Washington.

Weighted Cost of Capital

Weighted average of the Cost of Debt and the Return on Equity in proportion to the Capital Structure. See Section 3.6 of the Settlement Agreement.

Whatcom Creek Costs

See Section 3.3 of the Settlement Agreement

Working Capital Balance

Balance reported for USOA asset accounts 16, 17 and 18 for a specified period. See Section 3.10 of the Settlement Agreement.

Olympic Pipe Line Company
List of OSM Exhibits

<u>Exhibit</u>	<u>Description</u>	<u>OSM Location</u>	<u>Comments</u>
Exhibit 1.2	Initial Tariff Rate Filing	Section 1.2(a)	Included in this file
Exhibit 3.4(c)	CPIs and Accrued Depreciation of Bayview Terminal	Section 3.4(c)	Included in this file
Exhibit 3.9(d)	Tax Depreciation Factors	Section 3.9(d)	Included in this file
Exhibit 1.4(a)	Olympic Settlement Methodology	Section 1.4(a)	In Separate File

Prepared for Purpose of Settlement
Privileged and Confidential

Olympic Pipe Line Company
Initial Tariff Rate Filing

Exhibit 1.2

Line No	Description	Source	Initial Rates
1	Total Revenue Requirement (\$000's)	Stipulated	\$51,000
2	Revenues Based on Effective Rates (\$000's)	Stipulated	\$37,690
3	Rate Adjustment Factor	Ln (1 / 2)	1.353149
4	ANACORTES to LINNTON Fungible	FERC Ln 3 * Workpaper 1 Ln 1	0.6364
5	ANACORTES to LINNTON Non-Fungible	FERC Ln 3 * Workpaper 1 Ln 2	0.6787
6	CHERRY POINT to LINNTON Fungible	FERC Ln 3 * Workpaper 1 Ln 3	0.7097
7	CHERRY POINT to LINNTON Non-Fungible	FERC Ln 3 * Workpaper 1 Ln 4	0.7525
8	FERNDALE to LINNTON Fungible	FERC Ln 3 * Workpaper 1 Ln 5	0.6982
9	FERNDALE to LINNTON Non-Fungible	FERC Ln 3 * Workpaper 1 Ln 6	0.7407
10	ANACORTES to PORTLAND Fungible	FERC Ln 3 * Workpaper 1 Ln 7	0.6364
11	ANACORTES to PORTLAND Non-Fungible	FERC Ln 3 * Workpaper 1 Ln 8	0.6787
12	CHERRY POINT to PORTLAND Fungible	FERC Ln 3 * Workpaper 1 Ln 9	0.7097
13	CHERRY POINT to PORTLAND Non-Fungible	FERC Ln 3 * Workpaper 1 Ln 10	0.7525
14	FERNDALE to PORTLAND Fungible	FERC Ln 3 * Workpaper 1 Ln 11	0.6982
15	FERNDALE to PORTLAND Non-Fungible	FERC Ln 3 * Workpaper 1 Ln 12	0.7407
16	ANACORTES to BAYVIEW N/A	WUTC Ln 3 * Workpaper 1 Ln 13	0.1068
17	CHERRY POINT to BAYVIEW N/A	WUTC Ln 3 * Workpaper 1 Ln 14	0.1762
18	FERNDALE to BAYVIEW N/A	WUTC Ln 3 * Workpaper 1 Ln 15	0.1637
19	ANACORTES to RENTON Fungible	WUTC Ln 3 * Workpaper 1 Ln 16	0.2636
20	ANACORTES to RENTON Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 17	0.3051
21	CHERRY POINT to RENTON Fungible	WUTC Ln 3 * Workpaper 1 Ln 18	0.3329
22	CHERRY POINT to RENTON Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 19	0.3746
23	FERNDALE to RENTON Fungible	WUTC Ln 3 * Workpaper 1 Ln 20	0.3204
24	FERNDALE to RENTON Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 21	0.3621
25	ANACORTES to SEA-TAC Fungible	WUTC Ln 3 * Workpaper 1 Ln 22	0.2927
26	ANACORTES to SEA-TAC Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 23	0.3344
27	CHERRY POINT to SEA-TAC Fungible	WUTC Ln 3 * Workpaper 1 Ln 24	0.3621
28	CHERRY POINT to SEA-TAC Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 25	0.4036
29	FERNDALE to SEA-TAC Fungible	WUTC Ln 3 * Workpaper 1 Ln 26	0.3497
30	FERNDALE to SEA-TAC Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 27	0.3912
31	ANACORTES to SEATTLE Fungible	WUTC Ln 3 * Workpaper 1 Ln 28	0.2858
32	ANACORTES to SEATTLE Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 29	0.3273
33	CHERRY POINT to SEATTLE Fungible	WUTC Ln 3 * Workpaper 1 Ln 30	0.3552
34	CHERRY POINT to SEATTLE Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 31	0.3967
35	FERNDALE to SEATTLE Fungible	WUTC Ln 3 * Workpaper 1 Ln 32	0.3426
36	FERNDALE to SEATTLE Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 33	0.3843
37	ANACORTES to SPANAWAY Fungible	WUTC Ln 3 * Workpaper 1 Ln 34	0.3288
38	ANACORTES to SPANAWAY Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 35	0.3704
39	CHERRY POINT to SPANAWAY Fungible	WUTC Ln 3 * Workpaper 1 Ln 36	0.3981
40	CHERRY POINT to SPANAWAY Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 37	0.4398
41	FERNDALE to SPANAWAY Fungible	WUTC Ln 3 * Workpaper 1 Ln 38	0.3856
42	FERNDALE to SPANAWAY Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 39	0.4273
43	ANACORTES to TACOMA Fungible	WUTC Ln 3 * Workpaper 1 Ln 40	0.3204
44	ANACORTES to TACOMA Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 41	0.3621
45	CHERRY POINT to TACOMA Fungible	WUTC Ln 3 * Workpaper 1 Ln 42	0.3898
46	CHERRY POINT to TACOMA Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 43	0.4314
47	FERNDALE to TACOMA Fungible	WUTC Ln 3 * Workpaper 1 Ln 44	0.3774
48	FERNDALE to TACOMA Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 45	0.4189
49	ANACORTES to OLYMPIA Fungible	WUTC Ln 3 * Workpaper 1 Ln 46	0.4134
50	ANACORTES to OLYMPIA Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 47	0.4551
51	CHERRY POINT to OLYMPIA Fungible	WUTC Ln 3 * Workpaper 1 Ln 48	0.4828
52	CHERRY POINT to OLYMPIA Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 49	0.5243
53	FERNDALE to OLYMPIA Fungible	WUTC Ln 3 * Workpaper 1 Ln 50	0.4702
54	FERNDALE to OLYMPIA Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 51	0.5119
55	ANACORTES to VANCOUVER Fungible	WUTC Ln 3 * Workpaper 1 Ln 52	0.6089
56	ANACORTES to VANCOUVER Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 53	0.6506
57	CHERRY POINT to VANCOUVER Fungible	WUTC Ln 3 * Workpaper 1 Ln 54	0.6783
58	CHERRY POINT to VANCOUVER Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 55	0.7200
59	FERNDALE to VANCOUVER Fungible	WUTC Ln 3 * Workpaper 1 Ln 56	0.6659
60	FERNDALE to VANCOUVER Non-Fungible	WUTC Ln 3 * Workpaper 1 Ln 57	0.7076

Exhibit No. 1.4(a)

Olympic Pipe Line Company

Index

<u>Schedule</u>	<u>Schedule Descriptions</u>
Schedule 1	Input Summary
Schedule 2	Adjustment to Operating Expenses
Schedule 3	Total Revenue Requirement (Including Net Carryover)
Schedule 4	Net Carryover
Schedule 5	Overall Return on Rate Base
Schedule 6	Income Tax Allowance
Schedule 7	Rate Base
Schedule 8	AFUDC - Calculation
Schedule 9	AFUDC - Amortization
Schedule 10	Amortization Rate
Schedule 11	Tax Depreciation
Schedule 12	Accumulated Deferred Income Taxes
Schedule 13	TEFRA Adjustment to ADIT
Schedule 14	Excess Deferred Income Tax Amortization Adjustment to ADIT
Schedule 15	Calculation of Tariff Rates
Schedule 16	Throughput Adjuster - Tariff Rates

Input Data

Line No.	Description	Source	2002 EOY	Year 1	Year 2	Year 3	Year 4	Year 5
1	Year 1 Adjustment Factor	Stipulated						
2	Annual Maximum Amortization of Transition Costs - Rate Litigation	Stipulated						
3	Annual Maximum Amortization of Transition Costs - Bankruptcy	Stipulated						
4	Max Allowable Other Operating Expenses	Stipulated						
5	Throughput Adjuster	Stipulated						
Annual Inputs								
6	Land (EOY)	La (7 + 8 + 9 + Prior 6)	\$577	\$577	\$577	\$577	\$577	\$577
7	Land Additions	Form 6	\$0	\$0	\$0	\$0	\$0	\$0
8	Land Reirements	Form 6	\$0	\$0	\$0	\$0	\$0	\$0
9	Land Adjustments and Transfers	Form 6	\$0	\$0	\$0	\$0	\$0	\$0
10	Carrier Property in Service (EOY)	La (11 + 12 + 13 + Prior 10)	\$159,931	\$172,463	\$185,268	\$202,031	\$216,826	\$231,682
11	Carrier Property Additions	Form 6	\$27,653	\$27,653	\$27,653	\$27,653	\$27,653	\$27,653
12	Carrier Property Reirements	Form 6	\$0	\$0	\$0	\$0	\$0	\$0
13	Carrier Property Adjustments and Transfers	Form 6	\$0	\$0	\$0	\$0	\$0	\$0
14	Accumulated Depreciation of Carrier Property (EOY)	La (15 + 16 + 17 + Prior 14)	\$30,531	\$33,985	\$37,761	\$41,679	\$45,774	\$50,019
15	Carrier Depreciation Expense	Form 6	\$5,731	\$5,731	\$5,731	\$5,731	\$5,731	\$5,731
16	Carrier Depreciation Reirements	Form 6	\$0	\$0	\$0	\$0	\$0	\$0
17	Carrier Depreciation Adjustments	Form 6	\$0	\$0	\$0	\$0	\$0	\$0
18	Oil Inventories	Form 6	\$3,011	\$3,011	\$3,011	\$3,011	\$3,011	\$3,011
19	Materials & Supplies	Form 6	\$0	\$0	\$0	\$0	\$0	\$0
20	Prepayments	Form 6	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729
21	Federal Income Tax Rate	2/	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
22	State Income Tax Rate	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Federal Depreciation Reason - MACRS (1987-present)	3/	6.55%	6.55%	7.70%	6.00%	6.00%	6.00%
24	Tax Basis Reduction - TFRPA	4/	0%	0%	0%	0%	0%	0%
Federal Reserve, Statistical Release Q.13								
25	Interest on Revenue Excess (Deficit)	Stipulated	4.88%	4.88%	4.88%	4.88%	4.88%	4.88%
26	Inflation Rate	Stipulated	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%
27	Equity Ratio	Stipulated	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
28	Cost of Debt	Stipulated	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%
29	Real Equity Rate of Return	Stipulated	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
30	Tariff Revenues - Actual	Form 6	\$0	\$0	\$0	\$0	\$0	\$0
31	Tariff Revenues - Estimated	Company Records	\$0	\$0	\$0	\$0	\$0	\$0

Line No.	Description	Source	2002 EOY	Year 1*	Year 2	Year 3	Year 4	Year 5
32	Accumulated Equity AFUDC	Stipulated	3,296					
33	Accumulated Amortization of Equity AFUDC	Stipulated	318					
34	Accumulated Debt AFUDC	Stipulated	2,432					
35	Accumulated Amortization of Debt AFUDC	Stipulated	259					
36	Federal ADIT before Excess Deferred Income Tax Amortization Adjustment	Stipulated	11,900					
37	Accumulated Excess Deferred Income Tax Amortization Adjustment	Stipulated	917					
38	Accumulated TEFRA Adjustment	Stipulated	22					
39	Accumulated Amortization of TEFRA Adjustment	Stipulated	31					
40	Accumulated Excess Deferred Income Tax Amortization	Stipulated	2,584					
41	Tax Depreciation - Pre-Year 1	Stipulated		56,777	56,222	55,814	55,266	54,168
42	Byrview Terminal Property Balance	Exhibit No. 34(G)	529,037					
43	Byrview Terminal Accumulated Depreciation	Exhibit No. 34(G)	52,562					
44	Byrview Terminal Depreciation Expenses	Company Records		554	554	554	554	554
91	Total Annual Volume	Company Records		123,154,450	105,897,482	105,897,482	111,178,361	115,983,175
92	Volume (000 bbls) - 12 mth Rolling Average - Quarter 1			105,898	105,898	105,898	111,178	115,983
93	Volume (000 bbls) - 12 mth Rolling Average - Quarter 2			105,124	105,428	106,828	107,178	115,983
94	Volume (000 bbls) - 12 mth Rolling Average - Quarter 3			105,194	105,606	105,606	108,628	115,983
95	Volume (000 bbls) - 12 mth Rolling Average - Quarter 4			105,608	105,608	105,608	111,178	115,983

Line	Description	Source	2002 EOY	Year 1*	Year 2	Year 3	Year 4	Year 5
Operating Expenses by FEREC Account								
OPERATIONS AND MAINTENANCE								
45	Salaries and Wages (300)	Company Records	\$8,076	\$8,116	\$8,155	\$8,225	\$8,291	\$8,361
46	Materials and Supplies (310)	Company Records	\$3,700	\$4,732	\$5,227	\$6,508	\$7,076	\$7,644
47	Outside Services (320)	Company Records	\$10,850	\$9,798	\$9,811	\$10,938	\$10,827	\$10,716
48	Operating Fuel and Power (330)	Company Records						
49	Oil Losses and Shortages (340)	Company Records						
50	Rentals (350)	Company Records						
51	Other Expenses (360)	Company Records						
52	Total Operations and Maintenance Expenses	Sum Ln (45 to 51)	\$24,626	\$20,645	\$21,323	\$23,698	\$24,195	\$24,195
GENERAL								
53	Salaries and Wages (300)	Company Records						
54	Materials and Supplies (310)	Company Records						
55	Outside Services (320)	Company Records						
56	Rentals (350)	Company Records						
57	Depreciation and Amortization (340)	Ln 15	\$13,259	\$12,358	\$12,446	\$12,795	\$13,081	\$13,367
58	Employee Benefits (350)	Company Records	\$3,034	\$3,777	\$3,917	\$4,095	\$4,245	\$4,395
59	Insurance (360)	Company Records						
60	Casualty and Other Losses (370)	Company Records						
61	Pipeline Taxes (380)	Company Records						
62	Other Expenses (390)	Company Records						
63	Total General Expenses	Sum Ln (53 to 62)	\$16,962	\$15,935	\$16,364	\$16,871	\$17,226	\$17,526
64	Total Operating Expenses	Ln (52 + 63)	\$41,588	\$36,580	\$37,686	\$39,948	\$41,321	\$41,721
65	Operating Expenses Excluding Depreciation	Ln (64 - 57)	\$27,934	\$22,803	\$23,769	\$23,873	\$23,975	\$23,975
OPERATIONS AND MAINTENANCE								
66	Salaries and Wages (300)	Company Records	\$7,700	\$4,732	\$5,227	\$6,508	\$7,076	\$7,644
67	Materials and Supplies (310)	Company Records	\$7,700	\$4,732	\$5,227	\$6,508	\$7,076	\$7,644
68	Outside Services (320)	Company Records						
69	Operating Fuel and Power (330)	Company Records						
70	Oil Losses and Shortages (340)	Company Records						
71	Rentals (350)	Company Records						
72	Other Expenses (360)	Company Records						
73	Total Operations and Maintenance Expenses	Sum Ln (66 to 72)	\$15,400	\$9,464	\$10,454	\$13,016	\$14,722	\$15,288
GENERAL								
74	Salaries and Wages (300)	Company Records						
75	Materials and Supplies (310)	Company Records						
76	Outside Services (320)	Company Records						
77	Rentals (350)	Company Records						
78	Depreciation and Amortization (340)	Company Records						
79	Employee Benefits (350)	Company Records						
80	Insurance (360)	Company Records						
81	Casualty and Other Losses (370)	Company Records						
82	Pipeline Taxes (380)	Company Records						
83	Other Expenses (390)	Company Records						
84	Total General Expenses	Sum Ln (74 to 83)	\$5,700	\$4,732	\$5,227	\$6,508	\$7,076	\$7,644
85	Total Project Expenses	Ln (73 + 84)	\$21,100	\$14,196	\$15,681	\$19,524	\$21,802	\$22,932
86	Other Operating Expenses	Ln (65 - 85 - 85)	\$2,814	\$1,002	\$1,005	\$1,077	\$1,110	\$1,110
87	Transition Costs - Rate Litigation	Signatured	\$2,737					
88	Transition Costs - Bankruptcy	Signatured	100					
89	Escalation Factor For Other Expenses		\$22,750	\$19,964	\$20,439	\$20,926	\$21,424	\$21,924
90	Other Expenses - Max Allowable							

\$19.5 million X CPI-U

Line	Description	Source	Year 1	Year 2	Year 3	Year 4	Year 5
96	ANAACORTES to LINNTON	Fungible	0.0000				
97	ANAACORTES to LINNTON	Non-Fungible	0.0000				
98	CHERRY POINT to LINNTON	Fungible	0.2451				
99	CHERRY POINT to LINNTON	Non-Fungible	0.5567				
100	FERRINDALE to LINNTON	Fungible	0.5160				
101	FERRINDALE to LINNTON	Non-Fungible	0.5574				
102	ANAACORTES to PORTLAND	Fungible	0.0000				
103	ANAACORTES to PORTLAND	Non-Fungible	0.0000				
104	CHERRY POINT to PORTLAND	Fungible	0.0000				
105	CHERRY POINT to PORTLAND	Non-Fungible	0.0000				
106	FERRINDALE to PORTLAND	Fungible	0.0000				
107	FERRINDALE to PORTLAND	Non-Fungible	0.0000				
108	ANAACORTES to BAYVIEW	N/A	0.0000				
109	CHERRY POINT to BAYVIEW	N/A	0.0000				
110	FERRINDALE to BAYVIEW	N/A	0.0000				
111	ANAACORTES to BENTON	Fungible	0.0000				
112	ANAACORTES to BENTON	Non-Fungible	0.0000				
113	CHERRY POINT to BENTON	Fungible	0.0000				
114	CHERRY POINT to BENTON	Non-Fungible	0.0000				
115	FERRINDALE to BENTON	Fungible	0.0000				
116	FERRINDALE to BENTON	Non-Fungible	0.0000				
117	ANAACORTES to SEA-TAC	Fungible	0.0000				
118	ANAACORTES to SEA-TAC	Non-Fungible	0.0000				
119	CHERRY POINT to SEA-TAC	Fungible	0.0000				
120	CHERRY POINT to SEA-TAC	Non-Fungible	0.0000				
121	FERRINDALE to SEA-TAC	Fungible	0.0000				
122	FERRINDALE to SEA-TAC	Non-Fungible	0.0000				
123	ANAACORTES to SEATTLE	Fungible	0.0000				
124	ANAACORTES to SEATTLE	Non-Fungible	0.0000				
125	CHERRY POINT to SEATTLE	Fungible	0.0000				
126	CHERRY POINT to SEATTLE	Non-Fungible	0.0000				
127	FERRINDALE to SEATTLE	Fungible	0.0000				
128	FERRINDALE to SEATTLE	Non-Fungible	0.0000				
129	ANAACORTES to SPANAWAY	Fungible	0.0000				
130	ANAACORTES to SPANAWAY	Non-Fungible	0.0000				
131	CHERRY POINT to SPANAWAY	Fungible	0.0000				
132	CHERRY POINT to SPANAWAY	Non-Fungible	0.0000				
133	FERRINDALE to SPANAWAY	Fungible	0.0000				
134	FERRINDALE to SPANAWAY	Non-Fungible	0.0000				
135	ANAACORTES to TACOMA	Fungible	0.0000				
136	ANAACORTES to TACOMA	Non-Fungible	0.0000				
137	CHERRY POINT to TACOMA	Fungible	0.0000				
138	CHERRY POINT to TACOMA	Non-Fungible	0.0000				
139	FERRINDALE to TACOMA	Fungible	0.0000				
140	FERRINDALE to TACOMA	Non-Fungible	0.0000				
141	ANAACORTES to OLYMPIA	Fungible	0.0000				
142	ANAACORTES to OLYMPIA	Non-Fungible	0.0000				
143	CHERRY POINT to OLYMPIA	Fungible	0.0000				
144	CHERRY POINT to OLYMPIA	Non-Fungible	0.0000				
145	FERRINDALE to OLYMPIA	Fungible	0.0000				
146	FERRINDALE to OLYMPIA	Non-Fungible	0.0000				
147	ANAACORTES to VANCOUVER	Fungible	0.0000				
148	ANAACORTES to VANCOUVER	Non-Fungible	0.0000				
149	CHERRY POINT to VANCOUVER	Fungible	0.0000				
150	CHERRY POINT to VANCOUVER	Non-Fungible	0.0000				
151	FERRINDALE to VANCOUVER	Fungible	0.0000				
152	FERRINDALE to VANCOUVER	Non-Fungible	0.0000				

Monthly Inputs
 Spending - C/PIE:

Line No.	Description	Source	2002 BOY	Year 1	Year 2	Year 3	Year 4	Year 5
153	Month 1	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
154	Month 2	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
155	Month 3	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
156	Month 4	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
157	Month 5	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
158	Month 6	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
159	Month 7	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
160	Month 8	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
161	Month 9	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
162	Month 10	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
163	Month 11	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583
164	Month 12	Company Records		\$1,583	\$1,583	\$1,583	\$1,583	\$1,583

Transfer to Assets - C/PIE:

Line No.	Description	Source	2002 BOY	Year 1	Year 2	Year 3	Year 4	Year 5
165	Month 1	Company Records						
166	Month 2	Company Records						
167	Month 3	Company Records						
168	Month 4	Company Records						
169	Month 5	Company Records						
170	Month 6	Company Records						
171	Month 7	Company Records						
172	Month 8	Company Records						
173	Month 9	Company Records						
174	Month 10	Company Records						
175	Month 11	Company Records						
176	Month 12	Company Records						

C/PIE Balances:

Line No.	Description	Source	2002 BOY	Year 1	Year 2	Year 3	Year 4	Year 5
177	Month 1	Ln (153 + 165 + Prior 188)	\$21,333	\$13,071	\$17,956	\$21,437	\$20,463	\$17,883
178	Month 2	Ln (154 + 166 + 177)	\$20,346	\$11,521	\$16,236	\$18,682	\$17,883	\$19,002
179	Month 3	Ln (155 + 167 + 178)	\$21,043	\$13,105	\$17,716	\$20,117	\$19,002	\$20,121
180	Month 4	Ln (156 + 168 + 179)	\$22,883	\$14,688	\$19,197	\$21,553	\$20,121	\$17,542
181	Month 5	Ln (157 + 169 + 180)	\$9,777	\$13,139	\$17,476	\$18,797	\$17,542	\$18,661
182	Month 6	Ln (158 + 170 + 181)	\$11,458	\$14,722	\$18,957	\$20,232	\$19,780	\$17,200
183	Month 7	Ln (159 + 171 + 182)	\$12,923	\$16,305	\$20,437	\$21,668	\$19,780	\$17,200
184	Month 8	Ln (160 + 172 + 183)	\$8,039	\$14,756	\$18,716	\$19,912	\$18,119	\$19,438
185	Month 9	Ln (161 + 173 + 184)	\$9,813	\$16,339	\$20,197	\$20,348	\$18,119	\$16,859
186	Month 10	Ln (162 + 174 + 185)	\$10,371	\$17,922	\$21,678	\$21,783	\$19,438	\$16,859
187	Month 11	Ln (163 + 175 + 186)	\$10,929	\$16,373	\$19,957	\$19,027	\$16,859	\$17,978
188	Month 12	Ln (164 + 176 + 187)	\$11,487	\$17,956	\$21,437	\$20,463	\$17,978	\$17,978

* Year 1 reflects 14 month period.
 1/ 2002 BOY Data based on FEREC Form 6
 2/ 1984-1986 Federal Income Tax Rate from IRC §11(b) and (c), as amended by P.L. 95-500, §301(a), 95th Cong., 2d Sess. (1978); 1987 Federal Income Tax Rate from IRC §11(b) and (c), as amended by P.L. 99-514, §301(a), 99th Cong., 2d Sess. (1986). See also, IRC §15 (1987); 1988-1992 Federal Income Tax Rate from IRC §11(b) as amended by P.L. 100-203 §10222(d), 100th Cong., 1st Sess. (1987); 1993-Test Period Federal Income Tax Rate from IRC §11(b) as amended by P.L. 103-46, §1321(b), 103rd Cong., 1st Sess. (1993); 3/ IRC §168(f), §168(g)(1), §168(e)(1), Rev. Proc. 87-56, IRB 1987-42, 4 (Asset guideline class 46), Rev. Proc. 87-57, §8 (table 1), 1987-2 CB 687; 4/ Based on Tax Equity and Fiscal Responsibility Act of 1982; 5/ FEREC Rates based on FEREC Tariff No. 24, Supplemental 7, effective April 2003; WUTC Rates based on WUTC Tariff No. 24, effective October 2002.

REDACTED

Prepared for Purpose of Settlement - Privileged and Confidential

Line No.	Description	Source	Year 6	Year 7	Year 8	Year 9	Year 10
1	Year 1 Adjustment Factor	Signaled					
2	Annual Maximum Amortization of Transition Costs - Rate Litigation	Signaled					
3	Annual Maximum Amortization of Transition Costs - Bankruptcy	Signaled					
4	Max Allowable Other Operating Expenses	Signaled					
5	Throughput Adjuster	Signaled					
6	Annual Inputs						
6	Land (BOY)	Ln (7 + 8 + 9 + Prior 6)	\$577	\$577	\$577	\$577	\$577
7	Land Additions	Form 6	\$0	\$0	\$0	\$0	\$0
8	Land Retirements	Form 6	\$0	\$0	\$0	\$0	\$0
9	Land Adjustments and Transfers	Form 6	\$0	\$0	\$0	\$0	\$0
10	Carrier Property in Service (BOY)	Ln (11 + 12 + 13 + Prior 10)	\$229,240	\$240,322	\$250,431	\$260,742	\$269,485
11	Carrier Property Additions	Form 6	\$124,116	\$170,808	\$100,000	\$101,116	\$1,344
12	Carrier Property Retirements	Form 6	\$0	\$0	\$0	\$0	\$0
13	Carrier Property Adjustments and Transfers	Form 6	\$0	\$0	\$0	\$0	\$0
14	Accumulated Depreciation of Carrier Property (BOY)	Ln (15 + 16 + 17 + Prior 14)	\$74,187	\$78,860	\$83,429	\$88,091	\$92,833
15	Carrier Depreciation Expense	Form 6	\$3,467	\$4,172	\$4,628	\$5,162	\$5,742
16	Carrier Depreciation Retirements	Form 6	\$0	\$0	\$0	\$0	\$0
17	Carrier Depreciation Adjustments	Form 6	\$0	\$0	\$0	\$0	\$0
18	Oil Inventories	Form 6	\$301	\$301	\$301	\$301	\$301
19	Materials & Supplies	Form 6	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729
20	Prepayments	Form 6	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729
21	Federal Income Tax Rate	21	35.00%	35.00%	35.00%	35.00%	35.00%
22	State Income Tax Rate	N/A	0.00%	0.00%	0.00%	0.00%	0.00%
23	Federal Depreciation Factors - MACRS (1987-present)	31	5.91%	5.91%	5.91%	5.91%	5.91%
24	Tax Basis Reduction - TBRFA	41	0%	0%	0%	0%	0%
25	Interest on Revenue Excess (Deficit)	Federal Reserve, Statistical Release G13	4.68%	4.68%	4.68%	4.68%	4.68%
26	Inflation Rate	Signaled	2.31%	2.31%	2.31%	2.31%	2.31%
27	Equity Ratio	Signaled	50.00%	50.00%	50.00%	50.00%	50.00%
28	Cost of Debt	Signaled	7.80%	7.80%	7.80%	7.80%	7.80%
29	Real Equity Rate of Return	Signaled	10.00%	10.00%	10.00%	10.00%	10.00%
30	Tariff Revenues - Actual	Form 6	\$0	\$0	\$0	\$0	\$0
31	Tariff Revenues - Estimated	Company Records	\$0	\$0	\$0	\$0	\$0

Line No.	Description	Source	Year 6	Year 7	Year 8	Year 9	Year 10
32	Accumulated Equity AFUDC	Stipulated					
33	Accumulated Amortization of Equity AFUDC	Stipulated					
34	Accumulated Debt AFUDC	Stipulated					
35	Accumulated Amortization of Debt AFUDC	Stipulated					
36	Federal ADIT before Excess Deferred Income Tax Amortization Adjustment	Stipulated					
37	Accumulated Excess Deferred Income Tax Amortization Adjustment	Stipulated					
38	Accumulated TEFRA Adjustment	Stipulated					
39	Accumulated Amortization of TEFRA Adjustment	Stipulated					
40	Accumulated Excess Deferred Income Tax Amortization	Stipulated					
41	Tax Depreciation - Pre-Year 1	Stipulated	\$4,927,000	\$7,795,000	\$4,803,000	\$5,597,000	\$6,008,000
42	Buyview Terminal Property Balance	Exhibit No. 3.4(f)	\$584,000	\$554,000	\$534,000	\$514,000	\$494,000
43	Buyview Terminal Accumulated Depreciation	Exhibit No. 3.4(g)					
44	Buyview Terminal Depreciation Expenses	Company Records					
91	Total Annual Volume	Company Records	116,800,000	116,800,000	116,800,000	116,800,000	116,800,000
92	Volume (000 bbls) - 12 mtb Rolling Average - Quarter 1		116,800	116,800	116,800	116,800	116,800
93	Volume (000 bbls) - 12 mtb Rolling Average - Quarter 2		116,800	116,800	116,800	116,800	116,800
94	Volume (000 bbls) - 12 mtb Rolling Average - Quarter 3		116,800	116,800	116,800	116,800	116,800
95	Volume (000 bbls) - 12 mtb Rolling Average - Quarter 4		116,800	116,800	116,800	116,800	116,800

Line	Description	Source	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Expenses by PERC Account							
OPERATIONS AND MAINTENANCE							
45	Salaries and Wages (300)	Company Records	\$6,534	\$20,942	\$31,609	\$37,670	\$7,815
46	Materials and Supplies (310)	Company Records	\$6,145	\$6,336	\$4,926	\$3,671	\$3,309
47	Outside Services (320)	Company Records	\$10,985	\$12,081	\$11,277	\$11,274	\$11,279
48	Operating Fuel and Power (330)	Company Records					
49	Oil Losses and Shortages (340)	Company Records					
50	Rentals (350)	Company Records					
51	Other Expenses (390)	Company Records					
52	Total Operations and Maintenance Expenses	Sum Ln (45 to 51)	\$23,084	\$39,259	\$23,326	\$22,416	\$22,397
GENERAL							
53	Salaries and Wages (300)	Company Records					
54	Materials and Supplies (310)	Company Records					
55	Outside Services (320)	Company Records					
56	Rentals (350)	Company Records					
57	Depreciation and Amortization (340)	Company Records					
58	Employee Benefits (350)	Company Records					
59	Insurance (360)	Company Records					
60	Casualty and Other Losses (370)	Company Records					
61	Pipeline Taxes (380)	Company Records					
62	Other Expenses (390)	Company Records					
63	Total General Expenses	Sum Ln (53 to 62)	\$21,815	\$26,394	\$31,060	\$35,814	\$40,636
64	Total Operating Expenses	Ln (52 + 63)	\$45,499	\$50,653	\$54,386	\$58,230	\$63,033
65	Operating Expenses Excluding Depreciation	Ln (64 - 57)	\$41,132	\$46,160	\$49,816	\$53,568	\$58,291
Project Expenses by PERC Account							
OPERATIONS AND MAINTENANCE							
66	Salaries and Wages (300)	Company Records					
67	Materials and Supplies (310)	Company Records					
68	Outside Services (320)	Company Records					
69	Operating Fuel and Power (330)	Company Records					
70	Oil Losses and Shortages (340)	Company Records					
71	Rentals (350)	Company Records					
72	Other Expenses (390)	Company Records					
73	Total Operations and Maintenance Expenses	Sum Ln (66 to 72)	\$0	\$0	\$0	\$0	\$0
GENERAL							
74	Salaries and Wages (300)	Company Records					
75	Materials and Supplies (310)	Company Records					
76	Outside Services (320)	Company Records					
77	Rentals (350)	Company Records					
78	Depreciation and Amortization (340)	Company Records					
79	Employee Benefits (350)	Company Records					
80	Insurance (360)	Company Records					
81	Casualty and Other Losses (370)	Company Records					
82	Pipeline Taxes (380)	Company Records					
83	Other Expenses (390)	Company Records					
84	Total General Expenses	Sum Ln (74 to 83)	\$6,145	\$6,336	\$4,926	\$3,671	\$3,309
85	Total Project Expenses	Ln (73 + 84)	\$6,145	\$6,336	\$4,926	\$3,671	\$3,309
86	Other Operating Expenses	Ln (65 - 85)	\$14,002	\$28,763	\$33,640	\$38,623	\$43,709
87	Transition Costs - Rate Litigation	Stipulated					
88	Transition Costs - Bankruptcy	Stipulated					
89	Estimation Factor For Other Expenses		1.12	1.15	1.18	1.21	1.24
90	Other Expenses - Max Allowable	\$19.5 million X CPE-U	\$21,934	\$22,456	\$22,990	\$23,537	\$24,097

Line	Description	Source	Year 6	Year 7	Year 8	Year 9	Year 10
96	ANACORTES to LINNTON	Fungible					
97	ANACORTES to LINNTON	Non-Fungible					
98	CHERRY POINT to LINNTON	Fungible					
99	CHERRY POINT to LINNTON	Non-Fungible					
100	FERNDALE to LINNTON	Fungible					
101	FERNDALE to LINNTON	Non-Fungible					
102	ANACORTES to PORTLAND	Fungible					
103	ANACORTES to PORTLAND	Non-Fungible					
104	CHERRY POINT to PORTLAND	Fungible					
105	CHERRY POINT to PORTLAND	Non-Fungible					
106	FERNDALE to PORTLAND	Fungible					
107	FERNDALE to PORTLAND	Non-Fungible					
108	ANACORTES to BAYVIEW	N/A					
109	CHERRY POINT to BAYVIEW	N/A					
110	FERNDALE to BAYVIEW	N/A					
111	ANACORTES to RENTON	Fungible					
112	ANACORTES to RENTON	Non-Fungible					
113	CHERRY POINT to RENTON	Fungible					
114	CHERRY POINT to RENTON	Non-Fungible					
115	FERNDALE to RENTON	Fungible					
116	FERNDALE to RENTON	Non-Fungible					
117	ANACORTES to SEA-TAC	Fungible					
118	ANACORTES to SEA-TAC	Non-Fungible					
119	CHERRY POINT to SEA-TAC	Fungible					
120	CHERRY POINT to SEA-TAC	Non-Fungible					
121	FERNDALE to SEA-TAC	Fungible					
122	FERNDALE to SEA-TAC	Non-Fungible					
123	ANACORTES to SEATTLE	Fungible					
124	ANACORTES to SEATTLE	Non-Fungible					
125	CHERRY POINT to SEATTLE	Fungible					
126	CHERRY POINT to SEATTLE	Non-Fungible					
127	FERNDALE to SEATTLE	Fungible					
128	FERNDALE to SEATTLE	Non-Fungible					
129	ANACORTES to SPANAWAY	Fungible					
130	ANACORTES to SPANAWAY	Non-Fungible					
131	CHERRY POINT to SPANAWAY	Fungible					
132	CHERRY POINT to SPANAWAY	Non-Fungible					
133	FERNDALE to SPANAWAY	Fungible					
134	FERNDALE to SPANAWAY	Non-Fungible					
135	ANACORTES to TACOMA	Fungible					
136	ANACORTES to TACOMA	Non-Fungible					
137	CHERRY POINT to TACOMA	Fungible					
138	CHERRY POINT to TACOMA	Non-Fungible					
139	FERNDALE to TACOMA	Fungible					
140	FERNDALE to TACOMA	Non-Fungible					
141	ANACORTES to OLYMPIA	Fungible					
142	ANACORTES to OLYMPIA	Non-Fungible					
143	CHERRY POINT to OLYMPIA	Fungible					
144	CHERRY POINT to OLYMPIA	Non-Fungible					
145	FERNDALE to OLYMPIA	Fungible					
146	FERNDALE to OLYMPIA	Non-Fungible					
147	ANACORTES to VANCOUVER	Fungible					
148	ANACORTES to VANCOUVER	Non-Fungible					
149	CHERRY POINT to VANCOUVER	Fungible					
150	CHERRY POINT to VANCOUVER	Non-Fungible					
151	FERNDALE to VANCOUVER	Fungible					
152	FERNDALE to VANCOUVER	Non-Fungible					

Monthly Income Schedule - CWLE

Line	Description	Source	Year 5	Year 7	Year 8	Year 9	Year 10
153	Month 1	Company Records	\$831	\$1,072	\$608	\$777	\$734
154	Month 2	Company Records	\$831	\$1,072	\$608	\$777	\$734
155	Month 3	Company Records	\$831	\$1,072	\$608	\$777	\$734
156	Month 4	Company Records	\$831	\$1,072	\$608	\$777	\$734
157	Month 5	Company Records	\$831	\$1,072	\$608	\$777	\$734
158	Month 6	Company Records	\$831	\$1,072	\$608	\$777	\$734
159	Month 7	Company Records	\$831	\$1,072	\$608	\$777	\$734
160	Month 8	Company Records	\$831	\$1,072	\$608	\$777	\$734
161	Month 9	Company Records	\$831	\$1,072	\$608	\$777	\$734
162	Month 10	Company Records	\$831	\$1,072	\$608	\$777	\$734
163	Month 11	Company Records	\$831	\$1,072	\$608	\$777	\$734
164	Month 12	Company Records	\$831	\$1,072	\$608	\$777	\$734

Transfer to Assets - CWLE

165	Month 1	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
166	Month 2	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
167	Month 3	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
168	Month 4	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
169	Month 5	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
170	Month 6	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
171	Month 7	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
172	Month 8	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
173	Month 9	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
174	Month 10	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
175	Month 11	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)
176	Month 12	Company Records	(\$3,103)	(\$2,771)	(\$3,577)	(\$2,581)	(\$2,286)

CWLE Balances:

177	Month 1	Ln (153 + 165 + Prior 189)	\$17,978	\$14,706	\$15,420	\$15,099	\$13,535
178	Month 2	Ln (154 + 166 + 177)	\$15,705	\$13,007	\$13,751	\$13,349	\$12,053
179	Month 3	Ln (155 + 167 + 178)	\$16,536	\$14,080	\$14,659	\$14,126	\$12,808
180	Month 4	Ln (156 + 168 + 179)	\$17,367	\$15,152	\$15,567	\$14,902	\$13,562
181	Month 5	Ln (157 + 169 + 180)	\$15,095	\$13,454	\$13,898	\$13,152	\$12,080
182	Month 6	Ln (158 + 170 + 181)	\$15,926	\$14,527	\$14,806	\$13,929	\$12,834
183	Month 7	Ln (159 + 171 + 182)	\$16,757	\$15,599	\$15,714	\$14,706	\$13,589
184	Month 8	Ln (160 + 172 + 183)	\$14,485	\$13,901	\$14,044	\$12,955	\$12,107
185	Month 9	Ln (161 + 173 + 184)	\$15,316	\$14,973	\$14,952	\$13,732	\$12,861
186	Month 10	Ln (162 + 174 + 185)	\$16,147	\$16,046	\$15,860	\$14,509	\$13,515
187	Month 11	Ln (163 + 175 + 186)	\$13,875	\$14,347	\$14,191	\$12,758	\$12,134
188	Month 12	Ln (164 + 176 + 187)	\$14,706	\$15,420	\$15,099	\$13,535	\$12,888

* Year 1 reflects 14 month period.
 1/ 2002 EOY Data based on FERC Form 6
 2/ 1984-1986 Federal Income Tax Rates from IRC §11(b) and (c), as amended by P.L. 95-600, §301(a), 95th Cong., 2d Sess. (1978); 1987 Federal Income Tax Rates from IRC §11(b) and (c), as amended by P.L. 99-514, §601(a), 99th Cong., 2d Sess. (1986); See 1988-1992 Federal Income Tax Rates from IRC §11(b) as amended by P.L. 100-203 §10222(d), 100th Cong., 1st Sess. (1987); 1993-7-year Period Federal Income Tax Rates from IRC §11(b) as amended by P.L. 103-66, §13221(b), 103rd Cong., 1st Sess. (1993); 8-year Period Federal Income Tax Rates from IRC §11(b) as amended by P.L. 103-66, §13221(b), 103rd Cong., 1st Sess. (1993); 9-year Period Federal Income Tax Rates from IRC §11(b) as amended by P.L. 103-66, §13221(b), 103rd Cong., 1st Sess. (1993); 10-year Period Federal Income Tax Rates from IRC §11(b) as amended by P.L. 103-66, §13221(b), 103rd Cong., 1st Sess. (1993); 11-year Period Federal Income Tax Rates from IRC §11(b) as amended by P.L. 103-66, §13221(b), 103rd Cong., 1st Sess. (1993); 12-year Period Federal Income Tax Rates from IRC §11(b) as amended by P.L. 103-66, §13221(b), 103rd Cong., 1st Sess. (1993).
 3/ IRC §168(a), §168(e)(1), §168(e)(2). Rev. Proc. 87-56, IRB 1987-42, 4 (Asset guideline class 46). Rev. Proc. 87-57, 68 (ubb).
 4/ Based on Tax Equity and Fiscal Responsibility Act of 1982.
 5/ FERC Rates based on FERC Tariff No. 24, Supplemental 7, effective April 2003.
 WUTC Rates based on WUTC Tariff No. 24, Supplemental 7, effective October 2002.

Olympic Pipe Line Company
Adjustment to Operating Expenses
(\$000's)

Exhibit No. 14(a)
Schedule 2

Prepared for Purpose of Settlement
Privileged and Confidential

Line No	Description (\$ 000's)	Source	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Expenses - Unaudited												
1	Project Expenses	Schedule 1, Ln 85	\$5,700	\$4,732	\$5,257	\$6,508	\$7,076	\$6,145	\$6,336	\$4,999	\$3,671	\$3,209
2	Power Expenses	Schedule 1, Ln 48	\$10,850	\$9,797	\$9,881	\$10,368	\$10,827	\$10,985	\$11,081	\$11,177	\$11,274	\$11,373
3	Other Operating Expenses	Schedule 1, Ln 86	\$21,404	\$18,274	\$18,631	\$18,997	\$19,372	\$24,002	\$28,763	\$33,640	\$38,623	\$43,709
4	Transition Costs - Rate Litigation	Schedule 1, Ln 87	\$2,814	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Transition Costs - Bankruptcy	Schedule 1, Ln 88	\$2,757	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Operating Expenses	Sum Ln (1 to 5)	\$43,525	\$32,803	\$33,769	\$35,873	\$37,275	\$41,132	\$46,180	\$49,816	\$53,568	\$58,291
Operating Expenses - Adjusted												
7	Maximum Allowable Other Expenses	Schedule 1, Ln 90	\$22,750	\$19,964	\$20,439	\$20,926	\$21,424	\$21,934	\$22,456	\$22,990	\$23,537	\$24,097
8	Other Operating Expenses	Main Ln (3 or 7)	\$21,404	\$18,274	\$18,631	\$18,997	\$19,372	\$21,934	\$22,456	\$22,990	\$23,537	\$24,097
9	Other Operating Expenses Deficit	Ln (7 - 3)	\$1,346	\$1,690	\$1,808	\$1,929	\$2,052	\$0	\$0	\$0	\$0	\$0
10	Cost Increase Deficit Amount	Ln 9	\$1,346	\$1,690	\$1,808	\$1,929	\$2,052	\$0	\$0	\$0	\$0	\$0
11	Annual Maximum Amortization of Transition Costs - Bankruptcy	Ln 5 Amortized Over 24 Years	\$115	\$115	\$115	\$115	\$115	\$0	\$0	\$0	\$0	\$0
12	Difference	Ln (10 - 11)	\$1,231	\$1,575	\$1,693	\$1,814	\$1,937	\$0	\$0	\$0	\$0	\$0
13	Unamortized Balance Transition Costs - Bankruptcy BOY	Prior Ln 16	\$2,757	\$2,642	\$2,528	\$2,413	\$2,298	\$2,183	\$2,183	\$2,183	\$2,183	\$2,183
14	Add: Amortization of Transition Costs - Bankruptcy	Main Ln (10 or 11)	\$115	\$115	\$115	\$115	\$115	\$0	\$0	\$0	\$0	\$0
15	Transition Costs - Bankruptcy - Accumulated	Ln (14 + Prior 15)	\$115	\$230	\$345	\$460	\$574	\$574	\$574	\$574	\$574	\$574
16	Unamortized Balance Transition Costs - Bankruptcy EOY	Ln (13 - 14)	\$2,642	\$2,528	\$2,413	\$2,298	\$2,183	\$2,183	\$2,183	\$2,183	\$2,183	\$2,183
17	Cost Deficit Amount	Ln (10 - 14)	\$1,231	\$1,575	\$1,693	\$1,814	\$1,937	\$0	\$0	\$0	\$0	\$0
18	Annual Maximum Amortization of Transition Costs - Rate Litigation	Ln 4 Amortized Over 2 Years	\$938	\$938	\$938	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Difference	Ln (10 - 18)	\$408	\$752	\$870	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Unamortized Balance Transition Costs - Rate Litigation BOY	Prior Ln 23	\$2,814	\$1,876	\$938	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Add: Amortization of Transition Costs - Rate Litigation	Main Ln (17 or 18)	\$938	\$938	\$938	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Transition Costs - Rate Litigation - Accumulated	Ln (21 + Prior 22)	\$938	\$1,876	\$2,814	\$2,814	\$2,814	\$2,814	\$2,814	\$2,814	\$2,814	\$2,814
23	Unamortized Balance Transition Costs - Rate Litigation EOY	Ln (20 - 21)	\$1,876	\$938	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Total Other Expenses	Ln (8 + 14 + 21)	\$22,457	\$19,327	\$19,684	\$19,112	\$19,487	\$21,934	\$22,456	\$22,990	\$23,537	\$24,097
25	Adjusted Operating Expenses	Ln (1 + 2 + 24)	\$39,007	\$33,856	\$34,822	\$35,988	\$37,390	\$39,064	\$39,872	\$39,166	\$38,483	\$38,679

* Year 1 reflects 14 month period

Olympic Pipe Line Company
Total Revenue Requirement (Including Net Carryover)
(\$000's)

Exhibit No. 14(a)
Schedule 3

Line No.	Description	Source	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Return on Rate Base	Schedule 5, Line 7	\$11,033	\$10,795	\$11,655	\$12,717	\$13,834	\$14,671	\$15,273	\$15,740	\$16,135	\$16,436
2	Income Tax Allowance	Schedule 6, Line 14	\$3,619	\$3,554	\$3,852	\$4,217	\$4,599	\$4,886	\$5,093	\$5,256	\$5,394	\$5,501
3	Operating Expenses Excluding Depreciation	Schedule 2, Line 25	\$39,007	\$33,856	\$34,822	\$35,988	\$37,390	\$39,064	\$39,872	\$39,166	\$38,483	\$38,679
4	Depreciation Expense	Schedule 1, Line 15	\$3,634	\$3,777	\$3,917	\$4,095	\$4,245	\$4,367	\$4,473	\$4,569	\$4,662	\$4,742
5	Amortization of AFUDC	Schedule 9, Lines (4 + 10)	\$177	\$202	\$234	\$269	\$299	\$324	\$345	\$365	\$385	\$402
6	Total Revenue Requirement (Excluding Net Carryover)	Sum Lines (1 through 5)	\$57,469	\$52,184	\$54,480	\$57,286	\$60,367	\$63,311	\$65,057	\$65,097	\$65,059	\$65,760
7	Net Carryover	Schedule 4 Prior Ln 6	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Total Revenue Requirement (Including Net Carryover)	Ln (6 + 7)	\$57,469	\$52,184	\$54,480	\$57,286	\$60,367	\$63,311	\$65,057	\$65,097	\$65,059	\$65,760

* Year 1 reflects 14 month period.

Olympic Pipe Line Company
 Net Carryover
 (\$000's)

Exhibit No. 1.4(a)
 Schedule 4

Line No.	Description	Source	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Revenue Requirement (Including Net Carryover)												
1	Carryover	Schedule 3 Ln 8	\$57,469	\$52,184	\$54,480	\$57,286	\$60,367	\$63,311	\$65,057	\$65,097	\$65,059	\$65,760
2	Tariff Revenues - Actual	Schedule 1 Ln 30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Revenue Excess/(Deficit) - Without Interest	Ln (1 - 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Interest on Revenue Excess/(Deficit) - Rate	Schedule 1 Ln 25	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%
5	Interest on Revenue Excess/(Deficit)	Ln (3 * 4)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Net Carryover	Ln (3 + 5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

* Year 1 reflects 14 month period.

Olympic Pipe Line Company
 Overall Return on Rate Base
 (\$000's)

Exhibit No. 14(a)
 Schedule 5

Prepared for Purpose of Settlement
 Privileged and Confidential

Line No.	Description	Source	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Average Original Cost Rate Base	Schedule 7, Line 14	\$93,724	\$106,984	\$115,514	\$126,046	\$137,104	\$145,403	\$151,367	\$155,998	\$159,910	\$162,894
2	Debt Ratio	1.0 - Ln 3	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
3	Equity Ratio	Schedule 1, Line 27	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
4	Cost of Debt	Schedule 1, Line 28	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%
5	Equity Rate of Return (Nominal)	Schedule 1, Line (29 + 26)	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%
6	Weighted Cost of Capital	Lines (2 * 4) + (3 * 5)	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%
7	Overall Return on Rate Base	Lines (6 * 1)	\$11,033	\$10,795	\$11,555	\$12,717	\$13,834	\$14,671	\$15,273	\$15,740	\$16,135	\$16,436
8	Weighted Cost of Debt	Lines (2 * 4)	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%
9	Interest Expense	Lines (8 * 1)	\$4,264	\$4,172	\$4,505	\$4,916	\$5,347	\$5,671	\$5,903	\$6,084	\$6,237	\$6,353

* Year 1 reflects 14 month period.
 1/ Year 1 amount adjusted by 14/12 to account for 14 month period

Olympic Pipe Line Company
 Income Tax Allowance
 (\$5000's)

Prepared for Purpose of Settlement
 Privileged and Confidential

Exhibit No. 14(a)
 Schedule 6

Line No.	Description	Source	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Overall Return on Rate Base	Schedule 5, Line 7	\$11,033	\$10,795	\$11,655	\$12,717	\$13,834	\$14,671	\$15,273	\$15,740	\$16,135	\$16,436
2	Interest Expense	Schedule 5, Line 9	\$4,264	\$4,172	\$4,505	\$4,916	\$5,347	\$5,671	\$5,903	\$6,084	\$6,237	\$6,353
3	Return on Equity	Line 1 - Line 2	\$6,768	\$6,622	\$7,150	\$7,802	\$8,487	\$9,000	\$9,370	\$9,656	\$9,898	\$10,083
4	Amortization of TEFRA Adjustment	Schedule 13, Line 6	\$2	\$2	\$2	\$2	\$1	\$1	\$1	\$1	\$1	\$1
5	Amortization of Equity AFUDC	Schedule 9, Line 4	\$109	\$125	\$144	\$166	\$184	\$200	\$213	\$225	\$237	\$248
6	Excess Deferred Income Tax Amortization Adjustment	Schedule 14, Line 12	\$56	\$52	\$50	\$48	\$46	\$45	\$44	\$43	\$42	\$41
7	Taxable Allowed Return	Line (3 + 4 + 5 - 6)	\$6,824	\$6,697	\$7,246	\$7,921	\$8,626	\$9,157	\$9,540	\$9,840	\$10,096	\$10,292
8	Federal Income Tax Rate	Schedule 1, Ln.21	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
9	State Income Tax Rate	Schedule 1, Ln.22	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Composite Income Tax Rate	1.0 - ((1.0 - Ln.9) * (1.0 - Ln.10))	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
11	Net-to-Tax Multiplier	Line 10 / (1.0 - Line 10)	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%
12	Income Tax Allowance before Excess Deferred Income Tax Amortization Adjustment	Line 7 * Line 11	\$3,674	\$3,606	\$3,902	\$4,265	\$4,645	\$4,931	\$5,137	\$5,299	\$5,436	\$5,542
13	Excess Deferred Income Tax Amortization Adjustment	Line 6	\$56	\$52	\$50	\$48	\$46	\$45	\$44	\$43	\$42	\$41
14	Income Tax Allowance After Excess Deferred Income Tax Amortization Adjustment	Line (12 - 13)	\$3,619	\$3,554	\$3,852	\$4,217	\$4,599	\$4,886	\$5,093	\$5,256	\$5,394	\$5,501

* Year 1 reflects 14 month period.

Olympic Pipe Line Company
Rate Base
(\$'000's)

Prepared for Purpose of Settlement
Privileged and Confidential

Exhibit No. 14(a)
Schedule 7

Line	No. Description	Source	2002 EOY	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<u>Total Carrier Property in Service</u>													
1	Carrier Property in Service	Schedule 1, Line 10	\$138,272	\$159,931	\$172,463	\$185,268	\$202,031	\$216,826	\$229,240	\$240,322	\$250,631	\$260,742	\$269,685
2	Accumulated AFUDC	Schedule 9, Lns (2+8) 1/	\$6,368	\$8,104	\$9,653	\$11,634	\$13,732	\$15,660	\$17,300	\$18,811	\$20,347	\$21,787	\$23,116
3	Total Carrier Property in Service	Lines (1 + 2)	\$144,640	\$168,036	\$182,115	\$196,902	\$215,763	\$232,486	\$246,540	\$259,134	\$270,978	\$282,528	\$292,802
<u>Total Accumulated Depreciation</u>													
<u>Accumulated Depreciation of Carrier</u>													
4	Property	Schedule 1, Line 14	\$50,351	\$53,985	\$57,761	\$61,679	\$65,774	\$70,019	\$74,387	\$78,860	\$83,429	\$88,091	\$92,833
5	Accumulated Amortization of AFUDC	Schedule 9, Lns (5+11) 2/	\$698	\$875	\$1,077	\$1,311	\$1,580	\$1,879	\$2,202	\$2,547	\$2,912	\$3,297	\$3,700
6	Total Accumulated Depreciation	Lines (4 + 5)	\$51,048	\$54,859	\$58,838	\$62,990	\$67,354	\$71,898	\$76,589	\$81,407	\$86,342	\$91,388	\$96,532
7	Net Carrier Property In Service	Lines (3 - 6)	\$93,592	\$113,177	\$123,277	\$133,913	\$148,409	\$160,588	\$169,951	\$177,727	\$184,636	\$191,140	\$196,269
<u>Working Capital</u>													
8	Oil Inventory	Schedule 1, Line 18	\$301	\$301	\$301	\$301	\$301	\$301	\$301	\$301	\$301	\$301	\$301
9	Materials and Supplies	Schedule 1, Line 19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Prepayments	Schedule 1, Line 20	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729
11	Total Working Capital	Lines (8 + 9 + 10)	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030
12	Accumulated Deferred Income Taxes	Schedule 12, Line 10	\$10,984	\$12,396	\$14,149	\$16,074	\$18,228	\$20,622	\$23,171	\$25,833	\$28,595	\$31,421	\$34,261
13	Original Cost Rate Base	Lines (7 + 11 - 12)	\$84,638	\$102,811	\$111,158	\$119,869	\$132,212	\$141,996	\$148,810	\$153,924	\$158,072	\$161,749	\$164,039
14	Average Original Cost Rate Base	Average Line 13	\$93,724	\$106,984	\$115,514	\$126,040	\$137,104	\$145,403	\$151,367	\$155,998	\$159,910	\$162,894	

* Year 1 reflects 14 month period.
1/ Year 1 = Schedule 1, Ln (33 + 34)
2/ Year 1 = Schedule 1, Ln (33 + 35)

Line No.	Description	Source	Year											
			1*	2	3	4	5	6	7	8	9	10		
1	Equity Ratio	Schedule 1, Line 27	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
2	Debt Ratio	1.0 - Line 1	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
3	Normal Equity Rate of Return	Schedule 1, Lines (29 + 26)	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%
4	Cost of Debt	Schedule 1, Line 28	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%
Construction Work in Progress ("CWIP") Balances														
5	Month 1	Schedule 1, Ln 177	\$21,333	\$13,071	\$17,956	\$21,437	\$20,463	\$17,978	\$14,706	\$15,420	\$15,099	\$13,535		
6	Month 2	Schedule 1, Ln 178	\$20,346	\$11,521	\$16,236	\$18,682	\$17,883	\$15,705	\$13,007	\$13,751	\$13,349	\$12,053		
7	Month 3	Schedule 1, Ln 179	\$21,043	\$13,105	\$17,716	\$20,117	\$19,002	\$16,536	\$14,080	\$14,659	\$14,126	\$12,808		
8	Month 4	Schedule 1, Ln 180	\$22,883	\$14,688	\$19,197	\$21,553	\$20,121	\$17,367	\$15,152	\$15,567	\$14,902	\$13,562		
9	Month 5	Schedule 1, Ln 181	\$9,777	\$13,139	\$17,476	\$18,797	\$17,542	\$15,095	\$13,454	\$13,898	\$13,152	\$12,080		
10	Month 6	Schedule 1, Ln 182	\$11,458	\$14,722	\$18,957	\$20,232	\$18,661	\$15,926	\$14,527	\$14,806	\$13,929	\$12,834		
11	Average CWIP (Jan - Jun)	Average Lines 5 through 10	\$17,807	\$13,374	\$17,923	\$20,136	\$18,945	\$16,435	\$14,154	\$14,683	\$14,093	\$12,812		
12	Equity AFUDC Additions (Jan - Jun)	Lines (((1 * 11) + 23) * 3) / 2.0	\$643	\$414	\$555	\$623	\$586	\$509	\$438	\$454	\$436	\$397		
13	Debt AFUDC Additions (Jan - Jun)	Lines (((2 * 11) + 27) * 4) / 2.0	\$405	\$261	\$349	\$393	\$369	\$320	\$276	\$286	\$275	\$250		
14	Month 7	Schedule 1, Ln 183	\$12,923	\$16,305	\$20,437	\$21,668	\$19,780	\$16,757	\$15,599	\$15,714	\$14,706	\$13,589		
15	Month 8	Schedule 1, Ln 184	\$8,039	\$14,756	\$18,716	\$18,912	\$17,200	\$14,485	\$13,901	\$14,044	\$12,955	\$12,107		
16	Month 9	Schedule 1, Ln 185	\$9,813	\$16,339	\$20,197	\$20,348	\$18,319	\$15,316	\$14,973	\$14,952	\$13,732	\$12,861		
17	Month 10	Schedule 1, Ln 186	\$10,371	\$17,922	\$21,678	\$21,783	\$19,438	\$16,147	\$16,046	\$15,860	\$14,509	\$13,615		
18	Month 11	Schedule 1, Ln 187	\$10,929	\$16,373	\$19,957	\$19,027	\$16,859	\$13,875	\$14,347	\$14,191	\$12,758	\$12,134		
19	Month 12	Schedule 1, Ln 188	\$11,487	\$17,956	\$21,437	\$20,463	\$17,978	\$14,706	\$15,420	\$15,099	\$13,535	\$12,888		
20	Average CWIP (Jul - Dec)	Average Lines 14 through 19	\$10,594	\$16,609	\$20,404	\$20,367	\$18,262	\$15,214	\$15,048	\$14,977	\$13,699	\$12,866		
21	Equity AFUDC Additions (Jul - Dec)	Lines (((1 * 20) + 12 + 23) * 3) / 2.0	\$429	\$540	\$666	\$669	\$602	\$502	\$493	\$492	\$451	\$423		
22	Debt AFUDC Additions (Jul - Dec)	Lines (((2 * 20) + 13 + 27) * 4) / 2.0	\$259	\$334	\$412	\$412	\$371	\$309	\$304	\$303	\$278	\$261		
23	Equity AFUDC (BOY)	Prior Line 26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
24	Equity AFUDC Additions	Lines (12 + 21)	\$1,072	\$954	\$1,221	\$1,292	\$1,188	\$1,011	\$931	\$946	\$887	\$819		
25	Equity AFUDC Transfers to Rate Base	Lines (23 + 24)	\$1,072	\$954	\$1,221	\$1,292	\$1,188	\$1,011	\$931	\$946	\$887	\$819		
26	Equity AFUDC (EOY)	Lines (23 + 24 - 25)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
27	Debt AFUDC (BOY)	Prior Line 30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
28	Debt AFUDC Additions	Line (13 + 22)	\$665	\$595	\$761	\$805	\$740	\$630	\$580	\$590	\$553	\$510		
29	Debt AFUDC Transfers to Rate Base	Lines (27 + 28)	\$665	\$595	\$761	\$805	\$740	\$630	\$580	\$590	\$553	\$510		
30	Debt AFUDC (EOY)	Lines (27 + 28 - 29)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		

* Year 1 reflects 14 month period.
1/ Year 1 amount adjusted by 14/12 to account for 14 month period

Olympic Pipe Line Company
 AFUDC - Amortization
 (\$000's)

Prepared for Purpose of Settlement
 Privileged and Confidential

Exhibit No. 14(a)
 Schedule 9

Line No.	Description	Source	2002 EOY									
			Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Equity AFUDC Transfers to Rate Base	Schedule 8, Line 25	\$1,072	\$954	\$1,221	\$1,292	\$1,188	\$1,011	\$931	\$946	\$887	\$819
2	Accumulated Equity AFUDC	Cumulative Line 1	\$5,008	\$5,962	\$7,182	\$8,474	\$9,662	\$10,673	\$11,604	\$12,550	\$13,437	\$14,257
3	Amortization Rate	Schedule 10, Line 9	2.45%	2.28%	2.20%	2.12%	2.03%	1.96%	1.91%	1.87%	1.83%	1.79%
4	Amortization of Equity AFUDC	Lines (2 + 1 / 2.0) * 3	\$109	\$125	\$144	\$166	\$184	\$200	\$213	\$225	\$237	\$248
5	Accumulated Amortization of Equity AFUDC	Cumulative Line 4	\$548	\$673	\$817	\$983	\$1,168	\$1,367	\$1,580	\$1,805	\$2,043	\$2,291
6	Net Equity AFUDC	Line (2 - 5)	\$4,460	\$5,289	\$6,365	\$7,491	\$8,495	\$9,306	\$10,024	\$10,745	\$11,395	\$11,966
7	Debt AFUDC Transfers to Rate Base	Schedule 8, Line 29	\$665	\$595	\$761	\$805	\$740	\$630	\$580	\$590	\$553	\$510
8	Accumulated Debt AFUDC	Cumulative Line 7	\$3,096	\$3,691	\$4,452	\$5,257	\$5,997	\$6,627	\$7,207	\$7,797	\$8,349	\$8,860
9	Amortization Rate	Schedule 10, Line 9	2.45%	2.28%	2.20%	2.12%	2.03%	1.96%	1.91%	1.87%	1.83%	1.79%
10	Amortization of Debt AFUDC	Lines (8 + 7 / 2.0) * 9	\$68	\$77	\$89	\$103	\$114	\$124	\$132	\$140	\$148	\$154
11	Accumulated Amortization of Debt AFUDC	Cumulative Line 10	\$327	\$404	\$494	\$597	\$711	\$835	\$967	\$1,107	\$1,255	\$1,409
12	Net Debt AFUDC	Line (8 - 11)	\$2,770	\$3,287	\$3,959	\$4,661	\$5,286	\$5,792	\$6,240	\$6,690	\$7,095	\$7,451

* Year 1 reflects 14 month period.
 1/ Year 1 = Schedule 1, Ln 32
 2/ Year 1 = Schedule 1, Ln 33
 3/ Year 1 = Schedule 1, Ln 34
 4/ Year 1 = Schedule 1, Ln 35

Olympic Pipe Line Company
 Amortization Rate
 (\$3000's)

Prepared for Purpose of Settlement
 Privileged and Confidential

Exhibit No. 14(a)
 Schedule 10

Line No.	Description	Source	2002 EOY	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Carrier Property in Service	Schedule 1, Line 10	\$138,272	\$159,931	\$172,463	\$185,268	\$202,031	\$216,826	\$229,240	\$240,322	\$250,631	\$260,742	\$269,685
2	Land	Schedule 1, Line 6	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577	\$577
3	Depreciable Carrier Property in Service	Lines (1 - 2)	\$137,695	\$159,354	\$171,885	\$184,690	\$201,454	\$216,249	\$228,662	\$239,745	\$250,054	\$260,164	\$269,108
4	Depreciable Carrier Property in Service - Average	Ln (3 + Prior 3) / 2.0		\$148,525	\$165,620	\$178,288	\$193,072	\$208,852	\$222,456	\$234,204	\$244,899	\$255,109	\$264,636
5	Accumulated Depreciation of Carrier Property (EOY)	Schedule 1, Line 14		\$53,985	\$57,761	\$61,679	\$65,774	\$70,019	\$74,387	\$78,860	\$83,429	\$88,091	\$92,833
6	Net Depreciable Carrier Property in Service	Lines (3 - 5)		\$105,370	\$114,124	\$123,012	\$135,680	\$146,230	\$154,276	\$160,885	\$166,625	\$172,074	\$176,275
7	Carrier Depreciation Expense	Schedule 1, Line 15		\$3,634	\$3,777	\$3,917	\$4,095	\$4,245	\$4,367	\$4,473	\$4,569	\$4,662	\$4,742
8	Useful Life (Years)	Avg Line 3 / Line 7		40.9	43.9	45.5	47.1	49.2	50.9	52.4	53.6	54.7	55.8
9	Amortization Rate	1.0 / Line 8		2.45%	2.28%	2.20%	2.12%	2.03%	1.96%	1.91%	1.87%	1.83%	1.79%

* Year 1 reflects 14 month period.

Line No. Description	2002 EOY	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16																																																																																																
A Year in Service	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16																																																																																																	
B Federal Depreciation Factors (1987-present)	5.00%	9.50%	8.55%	7.70%	6.93%	6.23%	5.90%	5.90%	5.91%	5.90%	5.91%	5.90%	5.91%	5.90%	5.91%	2.95%																																																																																																	
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:15%;">Vintage Year</th> <th style="width:15%;">Carrier Property Additions</th> <th style="width:15%;">TEFRA Adjustment</th> <th style="width:15%;">Debt AFUDC Additions</th> <th style="width:15%;">Tax Depreciation Base</th> <th style="width:15%;">Tax Depreciation</th> </tr> <tr> <th>Year</th> <th>(A)</th> <th>(B)</th> <th>(C)</th> <th>(D)</th> <th>(E)</th> </tr> <tr> <th colspan="6">Lines (1) - (7)</th> </tr> <tr> <th colspan="6">Schedule 1, Schedule 13, Schedule 6, Line 29</th> </tr> <tr> <th colspan="6">E = (B)+(C)+(D)</th> </tr> </thead> <tbody> <tr> <td>1 2002 EOY</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>2 Year 1</td> <td>\$21,659</td> <td>\$0</td> <td>\$665</td> <td>\$22,324</td> <td>I/</td> </tr> <tr> <td>3 Year 2</td> <td>\$12,531</td> <td>\$0</td> <td>\$595</td> <td>\$13,126</td> <td>\$6,777</td> </tr> <tr> <td>4 Year 3</td> <td>\$12,805</td> <td>\$0</td> <td>\$761</td> <td>\$13,566</td> <td>\$1,116</td> </tr> <tr> <td>5 Year 4</td> <td>\$16,764</td> <td>\$0</td> <td>\$805</td> <td>\$17,569</td> <td>\$6,232</td> </tr> <tr> <td>6 Year 5</td> <td>\$14,795</td> <td>\$0</td> <td>\$740</td> <td>\$15,535</td> <td>\$5,814</td> </tr> <tr> <td>7 Year 6</td> <td>\$12,413</td> <td>\$0</td> <td>\$630</td> <td>\$13,043</td> <td>\$1,909</td> </tr> <tr> <td>8 Year 7</td> <td>\$11,083</td> <td>\$0</td> <td>\$580</td> <td>\$11,663</td> <td>\$1,247</td> </tr> <tr> <td>9 Year 8</td> <td>\$10,309</td> <td>\$0</td> <td>\$590</td> <td>\$10,898</td> <td>\$678</td> </tr> <tr> <td>10 Year 9</td> <td>\$10,111</td> <td>\$0</td> <td>\$553</td> <td>\$10,664</td> <td>\$878</td> </tr> <tr> <td>11 Year 10</td> <td>\$8,944</td> <td>\$0</td> <td>\$310</td> <td>\$9,254</td> <td>\$1,669</td> </tr> </tbody> </table>																		Vintage Year	Carrier Property Additions	TEFRA Adjustment	Debt AFUDC Additions	Tax Depreciation Base	Tax Depreciation	Year	(A)	(B)	(C)	(D)	(E)	Lines (1) - (7)						Schedule 1, Schedule 13, Schedule 6, Line 29						E = (B)+(C)+(D)						1 2002 EOY	N/A	N/A	N/A	N/A	N/A	2 Year 1	\$21,659	\$0	\$665	\$22,324	I/	3 Year 2	\$12,531	\$0	\$595	\$13,126	\$6,777	4 Year 3	\$12,805	\$0	\$761	\$13,566	\$1,116	5 Year 4	\$16,764	\$0	\$805	\$17,569	\$6,232	6 Year 5	\$14,795	\$0	\$740	\$15,535	\$5,814	7 Year 6	\$12,413	\$0	\$630	\$13,043	\$1,909	8 Year 7	\$11,083	\$0	\$580	\$11,663	\$1,247	9 Year 8	\$10,309	\$0	\$590	\$10,898	\$678	10 Year 9	\$10,111	\$0	\$553	\$10,664	\$878	11 Year 10	\$8,944	\$0	\$310	\$9,254	\$1,669
Vintage Year	Carrier Property Additions	TEFRA Adjustment	Debt AFUDC Additions	Tax Depreciation Base	Tax Depreciation																																																																																																												
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12 Tax Depreciation		\$7,894	\$9,009	\$9,648	\$10,488	\$11,331	\$11,902	\$12,334	\$12,721	\$13,002	\$13,125																																																																																																						

* Year 1 reflects 14 month period
 I/ Tax Depreciation amounts for 2002 EOY are stipulated. These amounts are based on all tax depreciation amounts prior to Year 1.
 Years - Schedule 1, Ln 41

Olympic Pipe Line Company
 Accumulated Deferred Income Taxes
 (\$000's)

Prepared for Purpose of Statement
 Privileged and Confidential

Exhibit No. 1.4(a)
 Schedule 12

Line No.	Description	Source	2002 EOY	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Carrier Depreciation Expense	Schedule 1, Line 15		\$3,634	\$3,777	\$3,917	\$4,095	\$4,245	\$4,367	\$4,473	\$4,569	\$4,662	\$4,742
2	Amortization of TEFRA Adjustment	Schedule 13, Line 6		\$2	\$2	\$2	\$2	\$1	\$1	\$1	\$1	\$1	\$1
3	Amortization of Debt AFUDC	Schedule 9, Line 10		\$68	\$77	\$89	\$103	\$114	\$124	\$132	\$140	\$148	\$154
3	Carrier Depreciation Expense after TEFRA Adjustment Including Amortization of Debt AFUDC	Lines (1 - 2 + 3)		\$3,700	\$3,852	\$4,005	\$4,197	\$4,358	\$4,490	\$4,604	\$4,708	\$4,808	\$4,895
4	Federal Tax Depreciation	Schedule 11, Line 12		\$7,894	\$9,009	\$9,648	\$10,488	\$11,331	\$11,902	\$12,334	\$12,721	\$13,002	\$13,125
5	Federal Tax Timing Differences	Line 4 - Line 3		\$4,194	\$5,157	\$5,643	\$6,291	\$6,973	\$7,412	\$7,730	\$8,013	\$8,194	\$8,230
6	Federal Income Tax Rate	Schedule 1, Line 21		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
7	Deferred Income Tax Effect	Line 5 * Line 6		\$1,468	\$1,805	\$1,975	\$2,202	\$2,440	\$2,594	\$2,705	\$2,805	\$2,868	\$2,881
8	Federal ADIT before Excess Deferred Income Tax Amortization Adjustment	Cumulative Line 7	1/	\$11,901	\$13,369	\$15,174	\$17,149	\$19,351	\$21,791	\$24,386	\$27,091	\$29,896	\$32,764
9	Accumulated Excess Deferred Income Tax Amortization	Schedule 14, Line 13	2/	\$917	\$973	\$1,025	\$1,075	\$1,123	\$1,170	\$1,215	\$1,258	\$1,301	\$1,342
10	Accumulated Deferred Income Taxes after Excess Deferred Income Tax Amortization Adjustment	Lines (8 - 9)		\$10,984	\$12,396	\$14,149	\$16,074	\$18,228	\$20,622	\$23,171	\$25,833	\$28,595	\$31,421

* Year 1 reflects 14 month period.
 1/ Year 1 = Schedule 1, La 36
 2/ Year 1 = Schedule 1, La 37

Prepared for Purpose of Settlement
Privileged and Confidential

Olympic Pipe Line Company
TEFRA Adjustment to ADIT
(\$000's)

Exhibit

Line No.	Description	Source	2002 EOY	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
1	Additions to Depreciable Carrier Property	Schedule 1, Lines (11 - 7)	\$21,659	\$12,531	\$12,805	\$16,764	\$14,795	\$12,413	\$11,083	\$10,309	\$10,111	
2	Tax Basis Reduction	Schedule 1, Line 24	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	TEFRA Adjustment	Line 1 * Line 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Accumulated TEFRA Adjustment	Line 3 + Prior Line 4	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72
5	Amortization Rate	Schedule 10, Line 9	2.45%	2.28%	2.20%	2.12%	2.03%	1.96%	1.91%	1.87%	1.83%	
6	Amortization of TEFRA Adjustment	Lines (4 + 3 / 2.0) * 5	\$2	\$2	\$2	\$2	\$1	\$1	\$1	\$1	\$1	\$1
7	Accumulated Amortization of TEFRA Adjustment	Cumulative Line 6	\$31	\$33	\$36	\$38	\$39	\$41	\$42	\$44	\$45	\$45
8	Net Accumulated TEFRA Adjustment	Line 4 - Line 7	\$38	\$37	\$35	\$34	\$32	\$31	\$29	\$28	\$27	\$27

* Year 1 reflects 14 month period.

1/ Year 1 = Schedule 1, Ln 38

2/ Year 1 = Schedule 1, Ln 39

Prepared for Purpose of Settlement
 Privileged and Confidential

Olympic Pipe Line Company
 TEFRA Adjustment to ADIT
 (\$'000's)

if No. 14(a)
 Schedule 13

Line No.	Description	Source	Year 10
1	Additions to Depreciable Carrier Property	Schedule 1, Lines (1 - 7)	\$8,944
2	Tax Basis Reduction	Schedule 1, Line 24	0.00%
3	TEFRA Adjustment	Line 1 * Line 2	\$0
4	Accumulated TEFRA Adjustment	Line 3 + Prior Line 4	\$72
5	Amortization Rate	Schedule 10, Line 9	1.79%
6	Amortization of TEFRA Adjustment	Lines (4 + 3 / 2.0) * 5	\$1
7	Accumulated Amortization of TEFRA Adjustment	Cumulative Line 6	\$46
8	Net Accumulated TEFRA Adjustment	Line 4 - Line 7	\$26

* Year 1 reflects 14 month period.
 1/Year 1 = Schedule 1, Ln 38
 2/Year 1 = Schedule 1, Ln 39

Olympic Pipe Line Company
 Excess Deferred Income Tax Amortization Adjustment to ADIT
 (\$000's)

Prepared for Purpose of Settlement
 Privileged and Confidential

Exhibit No. 14(a)
 Schedule 14

Line No.	Description	Source	2002 EOY	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
A	Federal Tax Timing Differences	Schedule 12, Line 5		\$4,194	\$5,157	\$5,643	\$6,291	\$6,973	\$7,412	\$7,730	\$8,013	\$8,194	\$8,230
B	Federal Income Tax Rate	Schedule 1, Line 21		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
C	Excess Deferred Income Tax Amortization Adjustment	Cum Ln A * Change Ln B 1/	\$2,281	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
D	Amortization Rate	Schedule 10, Line 9		2.45%	2.28%	2.20%	2.12%	2.03%	1.96%	1.91%	1.87%	1.83%	1.79%
FASB 96/109 Adjustment													
	Year	Line C		1	2	3	4	5	6	7	8	9	10
1	2002 EOY	\$2,281		\$56	\$52	\$50	\$48	\$46	\$45	\$44	\$43	\$42	\$41
2	Year 1*	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Year 2	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Year 3	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Year 4	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Year 5	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Year 6	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Year 7	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Year 8	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Year 9	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Year 10	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Line No.	Description	Source	2002 EOY	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
12	Excess Deferred Income Tax Amortization Adjustment	Sum Ln (to 11)		\$56	\$52	\$50	\$48	\$46	\$45	\$44	\$43	\$42	\$41
13	Accumulated Excess Deferred Income Tax Amortization	Ln (12 + Prior 13)	\$917	\$973	\$1,025	\$1,075	\$1,123	\$1,170	\$1,215	\$1,258	\$1,301	\$1,342	\$1,383

* Year 1 reflects 14 month period
 1/ Year 1 = Schedule 1, Ln 40
 2/ Year 1 = Schedule 1, Ln 37

Line No.	Description	Source	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Total Revenue Requirement (excluding Net Covered) - 2007	Schedule 1 Ln 8	51,000	52,118	54,480	57,286	60,367	63,711	67,327	71,227	75,419	79,900
2	Tariff Revenue - Estimated (\$000's)	Schedule 1 Ln 31	3,500	0	0	0	0	0	0	0	0	0
3	Rate Adjustment Factor	Ln (1/3)	1.55199									
4	FERNDALE to LINTON (FER)											
4	ANACORTES to LINTON	Fugible	0.4703									
5	ANACORTES to LINTON	Non-Fugible	0.5016									
6	CHEERY POINT to LINTON	Fugible	0.5245									
7	CHEERY POINT to LINTON	Non-Fugible	0.5561									
8	FERNDALE to LINTON	Fugible	0.5160									
9	FERNDALE to LINTON	Non-Fugible	0.5476									
10	ANACORTES to PORTLAND	Fugible	0.4703									
11	ANACORTES to PORTLAND	Non-Fugible	0.5016									
12	CHEERY POINT to PORTLAND	Fugible	0.5245									
13	CHEERY POINT to PORTLAND	Non-Fugible	0.5561									
14	FERNDALE to PORTLAND	Fugible	0.5160									
15	FERNDALE to PORTLAND	Non-Fugible	0.5476									
16	ANACORTES to BAYVIEW	Fugible	0.4703									
17	ANACORTES to BAYVIEW	Non-Fugible	0.5016									
18	CHEERY POINT to BAYVIEW	Fugible	0.5245									
19	CHEERY POINT to BAYVIEW	Non-Fugible	0.5561									
20	ANACORTES to REBTON	Fugible	0.4703									
21	ANACORTES to REBTON	Non-Fugible	0.5016									
22	CHEERY POINT to REBTON	Fugible	0.5245									
23	CHEERY POINT to REBTON	Non-Fugible	0.5561									
24	FERNDALE to REBTON	Fugible	0.5160									
25	FERNDALE to REBTON	Non-Fugible	0.5476									
26	ANACORTES to SEA-TAC	Fugible	0.4703									
27	ANACORTES to SEA-TAC	Non-Fugible	0.5016									
28	CHEERY POINT to SEA-TAC	Fugible	0.5245									
29	CHEERY POINT to SEA-TAC	Non-Fugible	0.5561									
30	FERNDALE to SEA-TAC	Fugible	0.5160									
31	FERNDALE to SEA-TAC	Non-Fugible	0.5476									
32	ANACORTES to SEATTLE	Fugible	0.4703									
33	ANACORTES to SEATTLE	Non-Fugible	0.5016									
34	CHEERY POINT to SEATTLE	Fugible	0.5245									
35	CHEERY POINT to SEATTLE	Non-Fugible	0.5561									
36	FERNDALE to SEATTLE	Fugible	0.5160									
37	FERNDALE to SEATTLE	Non-Fugible	0.5476									
38	ANACORTES to SPANAWAY	Fugible	0.4703									
39	ANACORTES to SPANAWAY	Non-Fugible	0.5016									
40	CHEERY POINT to SPANAWAY	Fugible	0.5245									
41	CHEERY POINT to SPANAWAY	Non-Fugible	0.5561									
42	FERNDALE to SPANAWAY	Fugible	0.5160									
43	FERNDALE to SPANAWAY	Non-Fugible	0.5476									
44	ANACORTES to TACOMA	Fugible	0.4703									
45	ANACORTES to TACOMA	Non-Fugible	0.5016									
46	CHEERY POINT to TACOMA	Fugible	0.5245									
47	CHEERY POINT to TACOMA	Non-Fugible	0.5561									
48	FERNDALE to TACOMA	Fugible	0.5160									
49	FERNDALE to TACOMA	Non-Fugible	0.5476									
50	ANACORTES to OLIVARIA	Fugible	0.4703									
51	ANACORTES to OLIVARIA	Non-Fugible	0.5016									
52	CHEERY POINT to OLIVARIA	Fugible	0.5245									
53	CHEERY POINT to OLIVARIA	Non-Fugible	0.5561									
54	FERNDALE to OLIVARIA	Fugible	0.5160									
55	FERNDALE to OLIVARIA	Non-Fugible	0.5476									
56	ANACORTES to VANCOUVER	Fugible	0.4703									
57	ANACORTES to VANCOUVER	Non-Fugible	0.5016									
58	CHEERY POINT to VANCOUVER	Fugible	0.5245									
59	CHEERY POINT to VANCOUVER	Non-Fugible	0.5561									
60	FERNDALE to VANCOUVER	Fugible	0.5160									
60	FERNDALE to VANCOUVER	Non-Fugible	0.5476									

Line	Description	Source	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
61	ANACORTES to LINCOLN	Fungible	0.5384									
62	ANACORTES to LINCOLN	Non-Fungible	0.6787									
63	CHEERY POINT to LINCOLN	Fungible	0.7077									
64	CHEERY POINT to LINCOLN	Non-Fungible	0.7525									
65	FERNDALE to LINCOLN	Fungible	0.6882									
66	FERNDALE to LINCOLN	Non-Fungible	0.7297									
67	ANACORTES to PORTLAND	Fungible	0.6787									
68	ANACORTES to PORTLAND	Non-Fungible	0.7225									
69	CHEERY POINT to PORTLAND	Fungible	0.6982									
70	CHEERY POINT to PORTLAND	Non-Fungible	0.7467									
71	FERNDALE to PORTLAND	Fungible	0.1068									
72	FERNDALE to PORTLAND	Non-Fungible	0.1782									
73	ANACORTES to BAYVIEW	V/A	0.1637									
74	CHEERY POINT to BAYVIEW	V/A	0.2636									
75	FERNDALE to BAYVIEW	V/A	0.3631									
76	ANACORTES to RENTON	Fungible	0.3339									
77	ANACORTES to RENTON	Non-Fungible	0.3746									
78	CHEERY POINT to RENTON	Fungible	0.4301									
79	CHEERY POINT to RENTON	Non-Fungible	0.4927									
80	FERNDALE to RENTON	Fungible	0.3344									
81	FERNDALE to RENTON	Non-Fungible	0.3821									
82	ANACORTES to SEA-TAC	Fungible	0.4026									
83	ANACORTES to SEA-TAC	Non-Fungible	0.4912									
84	CHEERY POINT to SEA-TAC	Fungible	0.5278									
85	CHEERY POINT to SEA-TAC	Non-Fungible	0.5917									
86	FERNDALE to SEATAC	Fungible	0.3467									
87	FERNDALE to SEATAC	Non-Fungible	0.4134									
88	ANACORTES to SEATTLE	Fungible	0.4428									
89	ANACORTES to SEATTLE	Non-Fungible	0.5452									
90	CHEERY POINT to SEATTLE	Fungible	0.5967									
91	CHEERY POINT to SEATTLE	Non-Fungible	0.6746									
92	FERNDALE to SEATTLE	Fungible	0.3288									
93	FERNDALE to SEATTLE	Non-Fungible	0.3981									
94	ANACORTES to SPANAWAY	Fungible	0.4273									
95	ANACORTES to SPANAWAY	Non-Fungible	0.5204									
96	CHEERY POINT to SPANAWAY	Fungible	0.5621									
97	CHEERY POINT to SPANAWAY	Non-Fungible	0.6514									
98	FERNDALE to SPANAWAY	Fungible	0.3774									
99	FERNDALE to SPANAWAY	Non-Fungible	0.4189									
100	ANACORTES to TACOMA	Fungible	0.4531									
101	ANACORTES to TACOMA	Non-Fungible	0.5134									
102	CHEERY POINT to TACOMA	Fungible	0.4828									
103	CHEERY POINT to TACOMA	Non-Fungible	0.5452									
104	FERNDALE to TACOMA	Fungible	0.4780									
105	FERNDALE to TACOMA	Non-Fungible	0.5119									
106	ANACORTES to OLYMPIA	Fungible	0.6089									
107	ANACORTES to OLYMPIA	Non-Fungible	0.6986									
108	CHEERY POINT to OLYMPIA	Fungible	0.6785									
109	CHEERY POINT to OLYMPIA	Non-Fungible	0.7200									
110	FERNDALE to OLYMPIA	Fungible	0.6659									
111	FERNDALE to OLYMPIA	Non-Fungible	0.7076									
112	ANACORTES to VANCOUVER	Fungible	0.6596									
113	ANACORTES to VANCOUVER	Non-Fungible	0.6785									
114	CHEERY POINT to VANCOUVER	Fungible	0.6659									
115	CHEERY POINT to VANCOUVER	Non-Fungible	0.7076									
116	FERNDALE to VANCOUVER	Fungible	0.6596									
117	FERNDALE to VANCOUVER	Non-Fungible	0.7076									

* Year 1 reflects 14 month period.
1/ Year 1 amount is interpolated.

Prepared for Purposes of Settlement
Privileged and Confidential

Line No	Description	Source	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
74	Tariff Rates (SDBL) - District 2 ANACORTES to LINNTON	FERC	0.6384	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
75	ANACORTES to LINNTON	FERC	0.6384	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
76	CHERRY POINT to LINNTON	FERC	0.7977	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
77	CHERRY POINT to LINNTON	FERC	0.7977	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
78	FERNDALE to LINNTON	FERC	0.7525	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
79	FERNDALE to LINNTON	FERC	0.7525	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
80	ANACORTES to PORTLAND	FERC	0.4107	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
81	ANACORTES to PORTLAND	FERC	0.4107	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
82	CHERRY POINT to PORTLAND	FERC	0.5164	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
83	CHERRY POINT to PORTLAND	FERC	0.5164	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
84	FERNDALE to PORTLAND	FERC	0.6787	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
85	FERNDALE to PORTLAND	FERC	0.6787	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
86	ANACORTES to BAYVIEW	FERC	0.7325	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
87	ANACORTES to BAYVIEW	FERC	0.7325	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
88	FERNDALE to BAYVIEW	FERC	0.6982	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
89	ANACORTES to BAYVIEW	FERC	0.6982	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
90	ANACORTES to BAYVIEW	FERC	0.6982	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
91	ANACORTES to BAYVIEW	FERC	0.6982	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
92	CHERRY POINT to BAYVIEW	FERC	0.7497	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
93	CHERRY POINT to BAYVIEW	FERC	0.7497	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
94	FERNDALE to BAYVIEW	FERC	0.7132	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
95	ANACORTES to BAYVIEW	FERC	0.6537	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
96	ANACORTES to BAYVIEW	FERC	0.6537	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
97	CHERRY POINT to BAYVIEW	FERC	0.7325	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
98	CHERRY POINT to BAYVIEW	FERC	0.7325	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
99	FERNDALE to BAYVIEW	FERC	0.6982	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
100	FERNDALE to BAYVIEW	FERC	0.6982	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
101	ANACORTES to SEATTLE	FERC	0.3487	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
102	ANACORTES to SEATTLE	FERC	0.3487	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
103	CHERRY POINT to SEATTLE	FERC	0.3917	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
104	CHERRY POINT to SEATTLE	FERC	0.3917	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
105	FERNDALE to SEATTLE	FERC	0.2773	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
106	FERNDALE to SEATTLE	FERC	0.2773	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
107	ANACORTES to SPANAWAY	FERC	0.3552	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
108	ANACORTES to SPANAWAY	FERC	0.3552	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
109	CHERRY POINT to SPANAWAY	FERC	0.3947	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
110	CHERRY POINT to SPANAWAY	FERC	0.3947	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
111	FERNDALE to SPANAWAY	FERC	0.3426	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
112	FERNDALE to SPANAWAY	FERC	0.3426	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
113	ANACORTES to TACOMA	FERC	0.3843	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
114	ANACORTES to TACOMA	FERC	0.3843	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
115	CHERRY POINT to TACOMA	FERC	0.4214	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
116	CHERRY POINT to TACOMA	FERC	0.4214	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
117	FERNDALE to TACOMA	FERC	0.3774	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
118	FERNDALE to TACOMA	FERC	0.3774	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
119	ANACORTES to OLYMPIA	FERC	0.4189	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
120	ANACORTES to OLYMPIA	FERC	0.4189	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
121	CHERRY POINT to OLYMPIA	FERC	0.4134	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
122	CHERRY POINT to OLYMPIA	FERC	0.4134	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
123	FERNDALE to OLYMPIA	FERC	0.4551	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
124	FERNDALE to OLYMPIA	FERC	0.4551	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
125	ANACORTES to VANCOUVER	FERC	0.5943	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
126	ANACORTES to VANCOUVER	FERC	0.5943	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
127	CHERRY POINT to VANCOUVER	FERC	0.6119	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
128	CHERRY POINT to VANCOUVER	FERC	0.6119	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
129	FERNDALE to VANCOUVER	FERC	0.6089	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
130	FERNDALE to VANCOUVER	FERC	0.6089	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
131	ANACORTES to VANCOUVER	FERC	0.6384	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
132	ANACORTES to VANCOUVER	FERC	0.6384	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
133	CHERRY POINT to VANCOUVER	FERC	0.6783	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
134	CHERRY POINT to VANCOUVER	FERC	0.6783	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
135	FERNDALE to VANCOUVER	FERC	0.7200	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
136	FERNDALE to VANCOUVER	FERC	0.7200	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
137	ANACORTES to VANCOUVER	FERC	0.6659	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
138	ANACORTES to VANCOUVER	FERC	0.6659	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
139	CHERRY POINT to VANCOUVER	FERC	0.7076	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
140	CHERRY POINT to VANCOUVER	FERC	0.7076	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Olympic Pipe Line Company
Throughput Adjuster - Tariff Rates

Prepared by: Eugene S. Schemm
Principal and Consultant

Exhibit No. 14(d)
Schedule 16

Line	No	Description	Source	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Initial Rates (GRU) - Quarter 3												
131		ANACORTES to LINNTON	FERC	Lr (15 * 74)	0.6364	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
132		ANACORTES to LINNTON	FERC	Lr (15 * 73)	0.6787	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
133		CHEERY POINT to LINNTON	FERC	Lr (15 * 76)	0.7097	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
134		CHEERY POINT to LINNTON	FERC	Lr (15 * 77)	0.7325	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
135		FERNDALE to LINNTON	FERC	Lr (15 * 78)	0.6982	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
136		FERNDALE to LINNTON	FERC	Lr (15 * 79)	0.7407	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
137		ANACORTES to PORTLAND	FERC	Lr (15 * 80)	0.6264	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
138		ANACORTES to PORTLAND	FERC	Lr (15 * 81)	0.6544	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
139		CHEERY POINT to PORTLAND	FERC	Lr (15 * 82)	0.7097	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
140		CHEERY POINT to PORTLAND	FERC	Lr (15 * 83)	0.7325	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
141		FERNDALE to PORTLAND	FERC	Lr (15 * 84)	0.6982	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
142		FERNDALE to PORTLAND	FERC	Lr (15 * 85)	0.7407	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
143		ANACORTES to BAYVIEW	N/A	Lr (15 * 86)	0.1568	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
144		CHEERY POINT to BAYVIEW	N/A	Lr (15 * 87)	0.1762	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
145		FERNDALE to BAYVIEW	N/A	Lr (15 * 88)	0.1437	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
146		ANACORTES to BERTON	FERC	Lr (15 * 89)	0.6266	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
147		ANACORTES to BERTON	FERC	Lr (15 * 90)	0.6511	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
148		CHEERY POINT to BERTON	FERC	Lr (15 * 91)	0.7329	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
149		CHEERY POINT to BERTON	FERC	Lr (15 * 92)	0.7146	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
150		FERNDALE to BERTON	FERC	Lr (15 * 93)	0.6204	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
151		FERNDALE to BERTON	FERC	Lr (15 * 94)	0.6421	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
152		ANACORTES to SEATAC	Fugible	Lr (15 * 95)	0.2927	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
153		ANACORTES to SEATAC	Fugible	Lr (15 * 96)	0.3344	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
154		CHEERY POINT to SEATAC	Fugible	Lr (15 * 97)	0.4026	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
155		CHEERY POINT to SEATAC	Fugible	Lr (15 * 98)	0.4397	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
156		FERNDALE to SEATAC	Fugible	Lr (15 * 99)	0.3912	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
157		FERNDALE to SEATAC	Fugible	Lr (15 * 100)	0.4288	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
158		ANACORTES to SEATTLE	Fugible	Lr (15 * 101)	0.2352	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
159		ANACORTES to SEATTLE	Fugible	Lr (15 * 102)	0.2737	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
160		CHEERY POINT to SEATTLE	Fugible	Lr (15 * 103)	0.3352	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
161		CHEERY POINT to SEATTLE	Fugible	Lr (15 * 104)	0.3967	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
162		FERNDALE to SEATTLE	Fugible	Lr (15 * 105)	0.3426	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
163		FERNDALE to SEATTLE	Fugible	Lr (15 * 106)	0.3843	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
164		ANACORTES to SPANAWAY	Fugible	Lr (15 * 107)	0.3388	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
165		ANACORTES to SPANAWAY	Fugible	Lr (15 * 108)	0.3794	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
166		CHEERY POINT to SPANAWAY	Fugible	Lr (15 * 109)	0.3981	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
167		CHEERY POINT to SPANAWAY	Fugible	Lr (15 * 110)	0.4398	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
168		FERNDALE to SPANAWAY	Fugible	Lr (15 * 111)	0.3356	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
169		FERNDALE to SPANAWAY	Fugible	Lr (15 * 112)	0.4273	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
170		ANACORTES to TACOMA	Fugible	Lr (15 * 113)	0.4374	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
171		ANACORTES to TACOMA	Fugible	Lr (15 * 114)	0.4721	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
172		CHEERY POINT to TACOMA	Fugible	Lr (15 * 115)	0.4398	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
173		CHEERY POINT to TACOMA	Fugible	Lr (15 * 116)	0.4774	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
174		FERNDALE to TACOMA	Fugible	Lr (15 * 117)	0.3774	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
175		FERNDALE to TACOMA	Fugible	Lr (15 * 118)	0.4189	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
176		ANACORTES to OLYMPIA	Fugible	Lr (15 * 119)	0.4134	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
177		ANACORTES to OLYMPIA	Fugible	Lr (15 * 120)	0.4551	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
178		CHEERY POINT to OLYMPIA	Fugible	Lr (15 * 121)	0.4828	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
179		CHEERY POINT to OLYMPIA	Fugible	Lr (15 * 122)	0.5343	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
180		FERNDALE to OLYMPIA	Fugible	Lr (15 * 123)	0.4702	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
181		FERNDALE to OLYMPIA	Fugible	Lr (15 * 124)	0.5119	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
182		ANACORTES to VANCOUVER	Fugible	Lr (15 * 125)	0.6689	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
183		ANACORTES to VANCOUVER	Fugible	Lr (15 * 126)	0.6906	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
184		CHEERY POINT to VANCOUVER	Fugible	Lr (15 * 127)	0.6783	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
185		CHEERY POINT to VANCOUVER	Fugible	Lr (15 * 128)	0.7300	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
186		FERNDALE to VANCOUVER	Fugible	Lr (15 * 129)	0.6659	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
187		FERNDALE to VANCOUVER	Fugible	Lr (15 * 130)	0.7076	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Line

ATTACHMENT

2

OLYMPIC PIPE LINE COMPANY

LOCAL TARIFF
APPLYING ON THE TRANSPORTATION OF
PETROLEUM PRODUCTS
FROM
POINTS IN WASHINGTON
TO
POINTS IN WASHINGTON

The rates published in this tariff are for the intrastate transportation of PETROLEUM PRODUCTS through the pipelines of Olympic Pipe Line Company and are subject to the rules and regulations contained in WUTC No. 17, supplements thereto or successive reissues thereof.

Rates effective January 1, 2004 per action taken by the Washington Utilities and Transportation Commission in Docket No. TO-011472.

ISSUED DECEMBER 1, 2003

EFFECTIVE JANUARY 1, 2004

Issued by:
Bobby Talley, President
OLYMPIC PIPELINE COMPANY
2201 Lind Ave., Suite 270
Renton, WA 98055

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(Rates in cents per barrel of 42 United States Gallons each)
[1] All rates, fares or charges in this issue have been increased.

ROUTE No.	DESTINATIONPOINTS IN WASHINGTON	ORIGINPOINTS IN WASHINGTON	RATE
01	Bayview Terminal, or Fredonia Delivery Facility, Skagit County	Anacortes, Skagit County	10.68
02		Ferndale, Whatcom County	16.37
03		Cherry Point, Whatcom County	17.62

ROUTE No.	DESTINATIONPOINTS IN WASHINGTON	ORIGINPOINTS IN WASHINGTON	Fungible Shipments Not Requiring Batching	Non-Fungible Shipments Requiring Batching
04	Seattle, King County	Anacortes, Skagit County	28.58	32.73
		Ferndale, Whatcom County	34.26	38.43
		Cherry Point, Whatcom County	35.52	39.67
05	Sea-Tac International Airport, King County	Anacortes, Skagit County	29.27	33.44
		Ferndale, Whatcom County	34.97	39.12
		Cherry Point, Whatcom County	36.21	40.36
06	Renton, King County	Anacortes, Skagit County	26.36	30.51
		Ferndale, Whatcom County	32.04	36.21
		Cherry Point, Whatcom County	33.29	37.46
07	Tacoma, Pierce County	Anacortes, Skagit County	32.04	36.21
		Ferndale, Whatcom County	37.74	41.89
		Cherry Point, Whatcom County	38.98	43.14
08	Spanaway, Pierce County	Anacortes, Skagit County	32.88	37.04
		Ferndale, Whatcom County	38.56	42.73
		Cherry Point, Whatcom County	39.81	43.98
09	Olympia, Thurston County	Anacortes, Skagit County	41.34	45.51
		Ferndale, Whatcom County	47.02	51.19
		Cherry Point, Whatcom County	48.28	52.43
10	Vancouver, Clark County	Anacortes, Skagit County	60.89	65.06
		Ferndale, Whatcom County	66.59	70.76
		Cherry Point, Whatcom County	67.83	72.00

EXPLANATION OF REFERENCE MARKS:

[1] Increase