

Exhibit No. 1902 (MLT-2)
Docket No. TO-011472
Witness: Maurice L. Twitchell

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Washington Utilities and)	DOCKET NO. TO-011472
Transportation Commission,)	
)	
Complainant,)	
)	
v.)	
)	
Olympic Pipe Line Company, Inc.,)	
)	
Respondent)	
)	
)	

EXHIBIT OF
MAURICE L. TWITCHELL
STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
OLYMPIC PIPELINE COMPANY
COMPARISON OF FERC AND WUTC METHODS
ADJUSTED TWELVE MONTHS ENDING
SEPTEMBER 30, 2001

May 24, 2002

WUTC DOCKET NO. 10-011472
E. NO. 1902
ADMIT W/D REJECT 007948

Olympic Pipe Line Company
Comparison of FERC and WUTC Methods
Adjusted Twelve Months Ending September 30, 2001

Exhibit No. ____ (MLT - 2)
Docket No. TO-011472
Witness: M. L. Twitchell
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Line No.	Description	Exh. OPL-31 Test Period	Source	Adj. To Remove FERC Method	ADJ NO.	WUTC Test Period
	(A)	(B)	(C)	(D)	(E)	(F)=(B) + (D)
Results of Operations						
1	Operating Revenues	\$ 60,989,000	Sch. 1 L. 7	\$ -		\$ 60,989,000
Operations and Maintenance						
2	Salaries & Wages (300)	\$ 5,790,000	Sch. 2 L. 1	\$ -		\$ 5,790,000
3	Materials and Supplies (310)	550,000	Sch. 2 L. 2	-		550,000
4	Outside Services (320)	3,774,000	Sch. 2 L. 3	-		3,774,000
5	Operating Fuel and Power (330)	10,678,000	Sch. 2 L. 4	-		10,678,000
6	Oil Losses and Shortages (340)	550,000	Sch. 2 L. 5	-		550,000
7	Rentals (350)	-	Sch. 2 L. 6	-		-
8	Other Expenses (390)	2,712,000	Sch. 2 L. 7	-		2,712,000
9	Total Operations & Maintenance Exp	\$ 24,054,000		\$ -		\$ 24,054,000
General						
10	Salaries & Wages (500)	\$ 1,589,745	Sch. 2 L. 9	\$ -		\$ 1,589,745
11	Materials and Supplies (510)	1,339,000	Sch. 2 L. 10	-		1,339,000
12	Outside Services (520)	5,543,000	Sch. 2 L. 11	-		5,543,000
12	Rentals (530)	712,000	Sch. 2 L. 12	-		712,000
13	Depreciation & Amortization (540)	2,945,000	Sch. 2 L. 13	-		2,945,000
14	Employee Benefits (550)	-	Sch. 2 L. 14	-		-
15	Insurance (560)	1,102,000	Sch. 2 L. 15	-		1,102,000
16	Casualty & Other Losses (570)	-	Sch. 2 L. 16	-		-
17	Pipeline Taxes (580)	1,900,000	Sch. 2 L. 17	-		1,900,000
18	Other Expenses (590)	15,000	Sch. 2 L. 18	-		15,000
19	Total General Expenses	\$ 15,145,745		\$ -		\$ 15,145,745
20	Total Operating Expenses	\$ 39,199,745		\$ -		\$ 39,199,745
FERC Expenses						
21	Amortized Deferred Return	\$ 878,000	Sch. 1 L. 6	\$ (878,000)	1	\$ -
22	Amortized AFUDC	204,000	Sch. 1 L. 5	(124,661)	2	79,339
23	Income Taxes - Federal	7,438,789	Sch. 1 L. 2	(1,399,722)	3	6,039,067
24	Total FERC Expenses	\$ 8,520,789		\$ (2,402,383)		\$ 6,118,406
25	Total Operating Expenses & FERC Exp.	\$ 47,720,534		\$ (2,402,383)		\$ 45,318,151
26	Net Operating Income	\$ 13,268,466	Sch. 1 L. 1	\$ 2,402,383		\$ 15,670,849
Rate Base (Average)						
27	Plant in Service (Average)	\$ 127,164,500	Sch. 5 L. 1	\$ -		\$ 127,164,500
28	Land (Average)	577,000	Sch. 5 L. 2	-		577,000
29	AFUDC (Average)	8,802,500	Sch. 5 L. 3	(3,740,191)	2	5,062,309
30	Net Write-Up of SRB (Average)	9,124,500	Sch. 5 L. 16	(9,124,500)	4	-
31	Net Deferred Return (Average)	24,871,500	Sch. 5 L. 15	(24,871,500)	1	-
32	Total	\$ 170,540,000		\$ (37,736,191)		\$ 132,803,809
Working Capital						
33	Oil Inventory (Average)	\$ 625,000	Sch. 5 L. 9	\$ -		\$ 625,000
34	Materials & Supplies (Average)	139,000	Sch. 5 L. 10	-		139,000
35	Prepayments (Average)	1,044,000	Sch. 5 L. 11	-		1,044,000
36	Total Working Capital	\$ 1,808,000		\$ -		\$ 1,808,000
Less:						
37	Acc. Depreciation (Average)	\$ 53,530,000	Sch. 5 L. 5	\$ -		\$ 53,530,000
38	Acc. Amort. AFUDC (Average)	921,000	Sch. 5 L. 6	(550,474)	2	370,526
39	Acc. Def. Income Tax*	10,717,500	Sch. 12 L. 11	465,500	5	11,183,000
40	Total Deductions	\$ 65,168,500		\$ (84,974)		\$ 65,083,526
41	Total Rate Base (AMA)	\$ 107,179,500	Sch. 5 L. 19	\$ (37,651,217)		\$ 69,528,283
42	Rate of Return	12.38%				22.54%

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Line No.	Description	Exh. OPL-31 Test Period	Source	Adj. To Remove FERC Method	ADJ NO.	WUTC Test Period
	(A)	(B)	(C)	(D)	(E)	(F)=(B) + (D)
Federal Income Tax Calculation						
1	Revenues	\$ 60,989,000		\$ -		\$ 60,989,000
2	Expenses	40,281,745		(1,002,661)	1&2	39,279,084
3	Interest Expense	647,000	Sch 3 L. 19	4,039,206	6	4,686,206
4	Schedule M Adds					
5	Book Depreciation	2,945,000		-		2,945,000
6	Amortized Deferred Return	878,000	Sch 6 L. 17	(878,000)	1	-
7	Amortization of AFUDC Equity	164,000	Sch 8 L. 5	(84,661)	2	79,339
8	Amort of FASB 96/109	-		-		-
9	Total Sch M Adds	\$ 3,987,000		\$ (962,661)		\$ 3,024,339
10	Schedule M Deductions					
11	Tax Depreciation	\$ 5,676,000	Sch 16 l.11	\$ -		\$ 5,676,000
12	Total Sch M Deductions	\$ 5,676,000		\$ -		\$ 5,676,000
13	Taxable Income	\$ 18,371,255		\$ (3,999,206)		\$ 14,372,049
14	Tax Rate	0.35		0.35		0.35
15		\$ 6,429,939		\$ (1,399,722)		\$ 5,030,217
16	Amort of FASB 96/109	53,000	Sch 14 L. 23	-		53,000
17	Total Current Tax	\$ 6,482,939		\$ (1,399,722)		\$ 5,083,217
18	Deferred Tax	955,850	Sch 16 L. 14	-		955,850
19	Total FIT	\$ 7,438,789	Sch 4 L. 11	\$ (1,399,722)		\$ 6,039,067

* Accumulated Deferred Taxes in column (B) is average of beginning ending balances;
Accumulated Deferred Taxes in column (F) is End of Period

Adjustments

- 1 This adjustment removes Amortized Deferred Return from expenses and Net Deferred Return from the Rate Base. The calculations for these amounts are shown on Exhibit OPL-31 Schedule 6
- 2 This adjustment recalculates AFUDC using 100 per cent debt per the interim order
- 3 This adjustment recalculates Federal Income Taxes for the cumulative effect of all the other adjustments
- 4 This adjustment removes from Rate Base Net Write-Up of SRB as calculated on Exhibit OPL-31 Schedule 10 Line 18 Through 29
- 5 This adjustment restates Deferred Taxes for end of period instead of beginning-end average
- 6 This adjustment restates the interest expense to pro forma interest expense