

Exhibit No. 1913 (MLT-13)
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

EXCERPT FROM THE DEPOSITION OF MS. HAMMER
Tr. 1-4, 8, 11, 21, 25, 52

May 24, 2002

WUTC DOCKET NO. TO-011472
EXHIBIT NO. 1913
ADMIT W/D REJECT

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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

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COMMUNICATIONS SECTION

DEPOSITION UPON ORAL EXAMINATION
OF
CYNTHIA A. HAMMER

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

COPY

Barbara L. Nelson, CCR
Court Reporter

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WITNESS: CYNTHIA HAMMER 4/23/02

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I N D E X

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

3 A. Yes, that would be replaced.

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

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

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

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

16 Q. And did you prepare those exhibits?

17 A. Actually, Brett Collins prepared them.

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

22 A. I believe so, yes.

23 Q. Did you provide all the information?

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

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1 information provided to Mr. Collins in preparing the
2 Exhibits CAH-3 and CAH-4?

3 A. Mm-hmm.

4 Q. You stated that you provided Mr. Collins
5 information and you also stated that you got that
6 information from Olympic's financial statements and
7 historical data. Could you elaborate a little bit on
8 that, exactly what they were and where you got them?

9 A. Most of the information was taken from the
10 financial statements that were prepared when BP took
11 over operatorship. Prior to that, they were taken
12 from financial statements that were prepared under
13 the Equilon operatorship that I had received when I
14 came to work for Olympic.

15 Q. The information that you provided, did that
16 go all the way back to 1983?

17 A. No, it did not. I provided the information
18 from 1999 through 2001. Prior to that, I believe Mr.
19 Collins accumulated that information from FERC Form
20 6.

21 Q. So Mr. Collins provided information prior
22 to 1999?

23 A. Yes.

24 Q. Okay. And he got that information from the
25 FERC Form Sixes?

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2 Q. And they were adjusted for the projected
throughput?

3 A. You'd need to ask Brett Collins.

4 Q. Have the results of operations been
5 adjusted for FERC rate-making adjustments?

6 A. I'd defer that to Mr. Collins, as well.

7 Q. Are you familiar with what FERC adjustments
8 are?

9 A. FERC adjustments in -- as in -- can you
10 explain that a little bit?

11 Q. Well, why don't I list a series of seven
12 items, and after each item, you tell me if it's a
13 FERC adjustment --

1 A. Okay.

15 Q. -- to the best of your ability. AFUDC?

16 A. AFUDC, you'd need to ask Mr. Collins.

17 Q. Would that be the same for amortized AFUDC
18 and accumulated amortized AFUDC?

19 A. Yes.

20 Q. What about net writeup of starting rate
base?

A. That would be Mr. Collins, also.

Q. Net deferred return?

A. That would -- also Mr. Collins.

Q. The same with amortized deferred return?

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1 A. Can you restate that again?

2 Q. Sure. I'll try it this way. These
3 operating expenses have been adjusted to the level of
4 expenses found in Olympic's budget report for the 12
5 months ending December 31st, 2002; correct?

6 A. That's correct, based on -- they were
7 adjusted for the 2002 budget based on historical --
8 either historical actuals or known and measurable
9 changes.

10 Q. Now, the two-star note at the bottom of
11 Schedule 2 reads, Adjustments to base period for
12 changes that are known and measurable within nine
13 months subsequent to the base period. Do you see
14 that?

15 A. Yes.

16 Q. Is it your testimony that an increase in
17 operating expenses is known and measurable if the
18 next year's budget reports an increase?

19 A. No.

20 Q. What is known and measurable?

21 A. Known and measurable are items that are
22 reasonably estimated that are known to increase. For
23 example, insurance costs are adjusted for known
24 increases to insurance, salaries are adjusted for
25 known increases in salary.

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Operating Expenses. Are you able to testify about this schedule?

A. I went too far. Sorry. Yes.

Q. Is this the summary development of the test period expense levels the company is relying on to support its 62 percent rate increase?

A. I believe that's correct.

Q. And does Schedule 21 begin with the base period balances on the first column showing dollars?

A. Yes.

Q. Are the balances then updated to more current levels for the test period?

A. Yes.

Q. And the base period reflects actual results for the 12-month period ending September 20 -- or I'm sorry, September 2001; correct?

A. That's correct.

Q. Is it true that the majority of the ending values in the test period column are budgeted numbers from Olympic's 2002 operating budget?

A. The majority of them, yes.

Q. Lines one and nine of Schedule 21 refer to Olympic's wage and salary expense; correct?

A. That's correct.

Q. And Schedule 21.3 of Exhibit CAH-4 shows

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