Mr. Steven King  
Executive Director  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
1300 S. Evergreen Park Drive S.W.  
Olympia, Washington 98504-7250

Re: Olympic Pipe Line Company  
Notice of Affiliated Interest and Financial Transactions

Dear Mr. King:

Pursuant to the provisions of RCW 81.16.020 and WAC 480-73-190 as well as RCW 81.08 and WAC 480-73-170, Olympic Pipe Line Company (“Olympic”) hereby provides notice of the following agreements between and among Olympic and its two shareholders, Enbridge Holdings (Olympic) L.L.C. (“Enbridge”) and Arco Midcon LLC (“ARCO”):

* Second Amendment to Line of Credit Promissory Note, by and between Olympic and ARCO (the “2nd ARCO Note Amendment”);
* Second Amendment to Line of Credit Promissory Note, by and between Olympic and Enbridge (the “2nd Enbridge Note Amendment”); and
* First Amendment to Second Amended and Restated Shareholders Loan Agreement (the "Shareholder Loan Amendment").

True and correct verified copies of the 2nd ARCO Note Amendment and the 2nd Enbridge Note Amendment (together, the “2nd Shareholder Note Amendments”) and the Shareholder Loan Amendment are attached to the Verification of Noel Dike, Olympic’s Secretary and Controller, which is attached hereto as Exhibit 1. The 2nd Shareholder Note Amendments and the Shareholder Loan Amendment are to become effective as of December 30, 2015.

**I. Effect of 2nd Shareholder Note Amendments and Shareholder Loan Amendment on Pre-Existing Agreements**

The 2nd Shareholder Note Amendments extend, by five years, the deadline for Olympic's repayment of the principal balance on two shareholder notes, from December 31, 2015 to December 31, 2020.

The Shareholder Loan Amendment similarly extends the deadline for Olympic's repayment of a loan extended by its shareholders by five years, from December 31, 2015 to December 31, 2020. In addition, the Shareholder Loan Amendment changes the interest rate on the loan from 5.0% per annum to 5.112% per annum.

**II. The Amendments and the Underlying Agreements Are in the Public Interest**

The Shareholder Note Amendments and the Shareholder Loan Amendment relate to pre-existing agreements that Olympic previously submitted to the WUTC. These pre-existing agreements and subsequent amendments thereto are detailed in Olympic's Notice of Affiliated Interest and Financial Transactions dated December 26, 2013 (the "12/26/13 Notice") and Olympic's earlier Notice of Affiliated Interest and Financial Transactions dated December 29, 2010 (the "12/29/10 Notice"). The 12/26/13 Notice is attached hereto as Exhibit 2 (the 12/29/10 Notice is attached as Ex. 2 to the 12/26/13 Notice).

A. Background of 2nd Shareholder Note Amendments

As part of Olympic's 12/29/10 Notice, Olympic submitted a verified copy of the Olympic Pipe Line Company Second Amended and Restated Financing Agreement. Among other things, the Second Amended and Restated Financing Agreement extended the maturity date for certain pre-existing lines of credit extended to Olympic by ARCO and Enbridge, evidenced by two Line of Credit Promissory Notes, both dated December 31, 2010 – the “ARCO Note” and the “Enbridge Note.”[[1]](#footnote-1) In 2013, the maturity date for these shareholder notes was again extended, as reflected in the verified copies of the shareholder note amendments submitted as part of Olympic's 12/26/13 Notice.

As noted above, the 2nd Shareholder Note Amendments further extend the deadline for repayment of the notes by five years, from December 31, 2015 to December 31, 2020.

B. Background of Shareholder Loan Amendment

As part of Olympic's 12/29/10 Notice, Olympic also submitted a verified copy of the Second Amended and Restated Shareholders Loan Agreement. Among other things, the Second Amended and Restated Shareholders Loan Agreement memorialized the terms of a refinanced loan from Olympic's shareholders, reduced the interest rate on the loan from 7.237% to 5%, and extended the repayment date to December 31, 2015.

As noted above, the Shareholder Loan Amendment that is the subject of this Notice extends the deadline for repayment to December 31, 2020 and increases the interest rate to 5.112% per annum.

C. The Amendments Are in the Public Interest

The financial arrangements between and among Olympic and its shareholders that were the subject of Olympic’s 12/26/10 Notice and 12/29/13 Notice have proven over the years to be effective at ensuring Olympic has the means to properly maintain and improve its facilities, finance operations, and provide its common carrier services at reasonable rates, all to the benefit of the public.

The primary effect of the amendments that are the subject of this Notice is to extend the maturity date of the two shareholders notes and shareholder loan by five years. The only other change affected by the amendments is a modest 0.112% increase in the interest rate on the shareholder loan.

With the exception of these changes, the material terms, necessity for, and the benefit to the public flowing from the underlying agreements remain unchanged.

Sincerely,

Christopher T. Wion

1. The ARCO Note and the Enbridge Note are attached to the Second Amended and Restated Financing Agreement as Exhibit A and Exhibit B, respectively. [↑](#footnote-ref-1)