

Exhibit No. ____ (DMC-1T)
Docket No. TO-011472
Witness: Dan Cummings

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

REBUTTAL TESTIMONY OF
DAN CUMMINGS

OLYMPIC PIPE LINE COMPANY

June 11, 2002

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6 **I. Name and Qualifications**

7 **Q. Please state your name, business address, and occupation.**

8 A. My name is Dan Cummings. I am Director, West Coast Public Affairs for BP
9 America, Inc. One of my roles is to manage the government and public affairs
10 for the Olympic Pipe Line Company. My business address is 2201 Lind Ave.
11 S.W., Suite 270, Renton, WA 98055.

12 **Q. Please summarize educational background and professional experience?**

13 A. I graduated from the University of Puget Sound with a B.A. in Economics and
14 subsequently earned a Masters Degree in Public Administration (M.P.A.) from
15 the University of Southern California and a law degree (J.D.) from Temple
16 University in Philadelphia, PA.

17 I served as a Deputy Prosecuting Attorney in King County, as a Director of
18 Congressional and Public Affairs for the U.S. Department of Agriculture in
19 Washington, D.C., and as the Regional Small Business Advocate for the U.S.
20 Small Business Administration, Region 10. Prior to joining BP, I practiced law
21 with the firm of Inslee Best in Bellevue, where I specialized in utility,
22 environmental, and municipal law.

1 **II. Summary of Testimony**

2 **Q. Please summarize your testimony.**

3 A. First, I will comment on Staff's testimony regarding the transition between
4 operators on July 1, 2000 when BP Pipelines took over as the operator of
5 Olympic Pipe Line Company. Next, I will respond to the testimony of Staff and
6 Intervenors regarding certain expenses for communications with communities
7 and public officials. I will show, for example, that community communication
8 costs relating to excavation damage to pipelines are required by federal law, and
9 that other similar communication costs are necessary and proper for safe and
10 efficient pipeline operations.

11 I will then describe the new federal regulations that impose significant new costs
12 on Olympic. Instead of being one-time expenses, as implied by Staff and
13 Intervenors, these compliance costs will continue annually at the same or even
14 significantly higher levels. Because much of Olympic's 400 miles of pipeline
15 are located in what federal law defines as High Consequence Areas, Olympic is
16 certain to see higher future compliance costs.

17 Next, I will describe relocation orders under franchise agreements that are likely
18 to increase due to Sound Transit construction and other regional road
19 improvement projects.

20 I will also describe pending federal legislation and state regulations that may
21 increase Olympic's costs.

22 Finally, I will discuss one of the public interest factors, regarding tanker truck
23 traffic and barge traffic.

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III. Staff Statements on the Actions of the Prior Operator, Equilon, regarding Records

Q. Staff witness, Mr. Colbo, said Olympic's prior operator, Equilon, may have made it difficult for Olympic to respond to requests for data because Equilon removed accounting records, computer data, etc. How do you respond?

A. I agree that we felt that we could have received more assistance and cooperation from Equilon when the transition to BP as operator occurred in mid-2000.

IV. Costs of Community Communications

Q. Do Staff and Intervenors seek to disallow community communications expenses?

A. Yes. Staff and Tesoro seek to disallow certain of those expenses. Staff witness Colbo states that some costs should be excluded because they relate to Whatcom Creek, while others should be excluded because they are not necessary expenses. Exhibit No. ____ (RGC-4T) at 24-25. Tesoro witness Grasso states such expenses are one-time costs. Exhibit No. ____ (GG-1T) at 27, lines 7-11; Exhibit No. ____ (JFB-1T) at 43, lines 15-21, and 44, lines 1-2.

Q. Do you agree with those rationales?

A. No. Olympic's costs for community communications and pipeline education are not one-time expenses and are required by law. For example, 49 C.F.R. § 195.440 states:

Each operator shall establish a continuing educational program to enable the public, appropriate government organizations and persons engaged in excavation-related activities to recognize a

1 hazardous liquid or a carbon dioxide pipeline emergency and to
2 report it to the operator or the fire, police, or other appropriate
3 public officials.

4 Olympic has conducted 15 public community meetings over the past two years
5 and has spent hundreds of hours preparing for and conducting programs to enable
6 the public, government officials, and persons engaged in excavation-related
7 activities to recognize and respond to pipeline hazards. These mandated
8 communications costs predate Whatcom Creek and thus were not a result of
9 Whatcom Creek. While there were public affairs communications costs to
10 respond to the Whatcom Creek incident, those costs have already been excluded.

11 Newly adopted federal regulations also require all major United States oil
12 pipeline operators to create a plan that addresses the risks on each pipeline
13 segment that could affect High Consequence Areas. See 49 C.F.R. § 195.452(a).
14 The pipeline company is then required to implement and carry out the plan that it
15 develops, which creates another continuing cost. Newly enacted state laws will
16 have a similar requirement when implementing regulations are adopted.

17 I work with BP's Health, Safety, Security and Environment (HSSE) group to
18 ensure Olympic's compliance with the state and federal communication
19 regulations. The great majority of my time has been spent on these continuing
20 community communication and education activities, many of which are required
21 by law; these are necessary expenses that should be allowed.

22 **Q. Are these communication and community planning costs likely to decrease?**

23 A. There is no likely prospect that these costs will decrease. As new federal and
24 state laws are implemented, it is certain these costs will continue to increase.

1 Proposed regulations about to be adopted would create additional ongoing
2 communication costs. Increased population growth also guarantees a permanent
3 level of increased communication and education costs. The Olympic pipeline
4 system started operating in 1965, when the pipeline ran through mostly farmland
5 and timberland. Now, those areas are increasingly populated and are called High
6 Consequence Areas.

7 **Q. Are these community communication costs useful?**

8 A. Even if federal and state law did not require it, we need to communicate on a
9 regular basis with public officials, community leaders, and the general public.
10 Federal, state and local officials have placed an increased emphasis on
11 communicating to the general public. If we did not, it would adversely affect our
12 ability to operate, to obtain permits, and to control costs.

13 **Q. Are these community communication activities lobbying?**

14 A. No. The community communication activities were not intended to influence
15 passage of legislation or rules. The definition of lobbying in RCW 42.17.020
16 states:

17 "Lobby" and "lobbying" each mean attempting to influence the
18 passage or defeat of any legislation by the legislature of the state
19 of Washington, or the adoption or rejection of any rule, standard,
20 rate, or other legislative enactment of any state agency under the
21 state Administrative Procedure Act, chapter 34.05 RCW. Neither
22 "lobby" nor "lobbying" includes an association's or other
23 organization's act of communicating with the members of that
24 association or organization.

1 Olympic already excluded the small part of Olympic's costs that were for
2 lobbying.

3 **Q. Are these activities "public relations"?**

4 A. No. Our community and public official communication efforts are necessary for
5 continued operations through the nine counties of Western Washington where
6 the majority of the population of the state resides. Community confidence in our
7 safety program and our overall operations is essential.

8 **Q. Have the community communications activities been effective?**

9 A. Yes. Exhibit No. ____ (BCB- 3) provides examples of the contrast between the
10 prior operator of Olympic and the new operator, BP Pipeline.

11 After BP Pipelines took over management of Olympic, the Oct. 23, 2001,
12 *Bellingham Herald* said city officials had "praised BP Pipeline officials for a
13 cooperative approach to safety issues." The Sept. 16, 2001, *Seattle Times* gave
14 BP "kudos for a new attitude," and said that "BP has set a good example." The
15 Aug. 30, 2001, *Everett Herald* commented on "the excellent example of
16 increased attention to safety on the part of BP Pipelines," and on May 17, 2001,
17 said that "BP has proven itself a responsible operator, dedicated to safety."

18 Public officials who had been critical of the Company under the previous
19 operator have been positive about BP Pipelines. Representative Jay Inslee is
20 quoted in the Apr. 13, 2001, *Eastside Journal*, stating that "BP Pipelines is being
21 a good neighbor," and "they should be commended." In the February 8, 2001,
22 *Bellingham Herald*, Representative Rick Larsen said that the Company "has
23 really reached out to the community as well."

1 On April 21, 2002, the *Bellingham Herald* ran an editorial that showed that
2 communication to the public was important and that BP had been responsive as a
3 result. The editorial commented:

4 Safety is expensive. No matter how much people want Olympic to
5 feel the pain it caused, there is no getting around the fact that the
6 upgrades needed are pricey.... It is worth noting, too, that since
7 BP Amoco took over the pipeline and reopened in February 2001,
8 it hasn't had a spill.... [BP] has said it needs to make changes. We
9 shouldn't be surprised when that costs money.

10 Exhibit No. ____ (DMC-2). In addition, Rep. Jay Inslee recently wrote to Bob
11 Batch recognizing BP's contribution to safety and the need for continue
12 community outreach programs:

13 I would like to encourage you to continue your aggressive on-
14 going safety investment program in your company's pipelines. The
15 tragic results of June 10, 1999 highlight the need for continued
16 safety upgrades, and I believe that Olympic Pipe Line Company has
17 made much progress since BP has taken the reins.

18 Also of importance to the Company and to the residents of the
19 Puget Sound is your community outreach program. The rebuilding
20 of trust was a principal factor in allowing the pipeline to reopen. I
21 believe it is important that the company continue its public
22 outreach and its open, responsive approach to its stakeholders in
23 the future. The processes you have put in place continue to benefit
24 communities all along your pipeline routes.

25 Exhibit No. ____ (DMC-3).

1 **V. New federal pipeline regulations will permanently increase oil pipelines'**
2 **costs in High Consequence Areas.**

3 **Q. Are there significant new federal regulations that will permanently raise**
4 **Olympic's costs of doing business?**

5 A. Yes. In particular, new regulations were adopted in final form on January 16,
6 2002 that addressed new pipeline requirements in "High Consequence Areas"
7 (HCAs). These regulations apply to all major oil pipelines in the United States.
8 Exhibit No. ____ (DMC-4). Also, please refer Exhibit No. ____ (BCB-17),
9 which were the proposed final rules issued in December 2000. These
10 regulations detail specific pipeline integrity and management plans that all
11 pipeline operators must produce and follow. Complying with these regulations
12 will increase the cost of doing business. These regulations are also discussed in
13 the testimony of Tom Wickland. Exhibit No. ____ (TAW-1T).

14 The newly adopted federal regulation requires all major U.S. oil pipeline
15 operators to create and carry out a plan that addresses the risks on each pipeline
16 segment that could affect HCAs. See 49 C.F.R. §195.452(a). Because much of
17 Olympic's 400 miles of pipeline are located in what federal law defines as HCAs,
18 Olympic is certain to see increases in compliance costs.

19 **Q. What are High Consequence Areas?**

20 A. High Consequence Areas are defined as (1) commercially navigable waterways;
21 (2) high population areas; (3) other populated areas; and (4) areas unusually
22 sensitive to environmental damage.

1 **Q. What does the High Consequence Area rule require of pipeline companies?**

2 A. Please refer to Tom Wickland's testimony. Exhibit No. ____ (TAW-1T).

3 In brief, however, the HCA regulations require pipeline operators to take
4 preventative and mitigative measures to protect HCAs. As Tom Wickland
5 testifies, the HCA regulation establishes very rigorous requirements including
6 regular assessment of the condition of a pipeline and remediation of any
7 concerns, which may require either derating or shutting down the
8 pipeline-depending on the understood severity of an anomaly. The type and
9 description of anomalies is also much more conservative than previous industry
10 standards resulting in larger rehabilitation programs each time an assessment is
11 completed.

12 **Q. Are there other new federal regulations that will permanently raise**
13 **Olympic's costs of doing business?**

14 A. Yes. The Operator Qualification rule, 49 C.F.R. § 195.501 et seq., prescribes new
15 minimum requirements for operator qualification of individuals performing covered
16 tasks on a pipeline facility. Olympic filed its written qualification program by April
17 27, 2001, and must complete its qualification of individuals performing covered
18 tasks by October 28, 2002. In addition, there are emergency response training
19 requirements, 49 C.F.R. § 195.403, with which Olympic must comply. Also, on
20 December 21, 2000, the Research and Special Programs Administration of the
21 Department of Transportation (RSPA), which includes OPS, adopted new regulations
22 concerning Areas Unusually Sensitive to Environmental Damage, with which
23 Olympic must comply. RSPA also recently issued a best-practices advisory
24 regarding the continued use and refinement of safe excavation practices.

1 **Q. Does meeting these requirements permanently increase the Company's costs?**

2 A. Yes. Bobby Talley will address the continuing nature of these increased costs
3 from an operational perspective. It is important to note, however, that the
4 additional testing, compliance, and other work on the pipeline will also require a
5 higher level of outreach and communication with public officials, the general
6 public and other concerned parties such as community groups.

7 **Q. Are other communications programs contemplated?**

8 A. Yes. Under the leadership of the American Petroleum Institute (API), the liquid
9 and gas pipeline industries, together with local distribution companies, are
10 developing a set of communications standards for pipeline companies. The
11 Recommended Practice-1123 (RP-1123) is at the urging of OPS and is expected
12 to address newly proposed Congressional communication mandates, findings of
13 OPS's Technical Advisory Committee public awareness subcommittee, and
14 several NTSB recommendations. To ensure that the recommended practice is
15 comprehensive, all stakeholders will be provided an opportunity to review and
16 comment on the document during its development. The program is being
17 developed under ANSI standards-setting guidelines. Following public notice and
18 comment, the program may be considered for incorporation by reference in
19 federal regulations and, if adopted by OPS, would become mandatory for pipeline
20 operators. The notice to all pipeline operators and a copy of a descriptive
21 PowerPoint document is attached to my testimony as Exhibits No. _____
22 (DMC-5) and No. _____ (DMC-6).

1 **VI. New state regulations will permanently increase the costs of pipeline**
2 **operation.**

3 **Q. Are there new state regulations that will soon increase the costs of the**
4 **pipeline?**

5 **A.** Yes. The Washington State legislature has enacted new laws to implement and
6 regulate state safety requirements. See RCW 81.88.010 *et seq.* Those laws are
7 in the process of being implemented by this Commission.

8 Under RCW 81.88.060, the Commission is authorized to create a comprehensive
9 program of hazardous liquid pipeline safety. As a part of this program, the
10 Commission shall adopt rules and standards for pipeline operations that require a
11 pipeline company to: (a) design, construct, operate, and maintain the pipeline in
12 a safe and efficient manner; (b) rapidly locate and isolate all leaks from
13 pipelines; (c) train and certify personnel who operate pipelines and associated
14 systems; (d) report all emergency situations, including shutdowns, material
15 defects, or physical damage that affects the serviceability of the pipeline; and (e)
16 submit operation safety plans every five (5) years, as well as amendments.

17 The statute also states that the pipeline safety plan must have at a minimum: (i) a
18 schedule for inspections and testing of all mechanical, electronic and structural
19 components; (ii) fail-safe systems; (iii) safety management systems; and (d)
20 emergency management training for pipeline operators.

21 RCW 81.88.070 states that the Commission shall develop a plan for preventing
22 third-party excavation damage and that it shall distribute this plan and curricula.

23 The Commission will develop this plan with the assistance and consultation of

1 pipeline companies, local governments, and excavation and construction
2 industries.

3 RCW 81.88.080 requires the pipeline company to maintain and provide accurate
4 maps of its pipeline systems and its specifications. The sufficiency of the maps
5 will be evaluated by the Commission. The mapping system must be completed by
6 January 1, 2006. In this regard, Olympic complied with this requirement years
7 ahead of schedule.

8 RCW 81.88.110 states that after an excavator contacts the pipeline about
9 excavation work, the pipeline is required to ensure that the pipeline company's
10 representative consults with the excavator on-site prior to the excavation.

11 The Commission is working on the specific WAC rules in these areas. Olympic
12 and BP have been, and will continue to be, active participants in the rulemaking
13 process. Olympic and BP will, as they have in the past, submit formal written
14 comments, consistent with the state Administrative Procedures Act.

15 Furthermore, it is anticipated that damage prevention legislation will be a high
16 priority for the 2003 Legislative Session. It is critical to enact effective damage
17 prevention legislation in Washington State.

18 **Q. Does the Commission have a Pipeline Safety Division?**

19 A. Yes. My Exhibit No. ____ (DMC-7) includes information from the WUTC
20 website on the Pipeline Safety Division, including the Citizen's Committee on
21 Pipeline Safety.

22 The Washington State Legislature created the committee in 2000
23 to provide citizen input on matters relating to the safety of
24 pipelines carrying natural gas and hazardous liquids. The

1 legislation also established a statewide inspection program for
2 interstate pipelines with the Washington Utilities and
3 Transportation Commission. Pipeline safety staff with the
4 commission provide support to the citizens committee.

5 Exhibit No. ____ (DMC-8).

6 **Q. Do the new state regulations referred to above permanently increase the cost**
7 **of operating the pipeline?**

8 A. Yes. One example is the state pipeline safety inspection fees. Another is
9 meeting, participating, and educating the Citizen's Committee on Pipeline Safety.
10 The Citizen's Committee meets 10-11 times per year, and Olympic has given
11 tours to the Committee to excavation and repair sites and provided presentations
12 to the Committee on pipeline safety issues. In addition, under Docket No. TO-
13 000712, the WUTC has proposed new regulations regarding design standards,
14 overpressure protection, valve spacing and rapid shutdown, among other things.
15 Olympic anticipates permitting costs of \$10,000 to \$250,000 per project for
16 performing safety-related projects pursuant to such rules if they are adopted. In
17 addition, depending on the project, a lost revenue estimate of \$10,000 per hour
18 could be assumed for projects requiring line shutdown. As noted above, Olympic
19 and BP will, as they have in the past, submit formal written comments on such
20 rules, consistent with the state Administrative Procedures Act.

21 **Q. Should such increased costs from federal, state, and local regulations be**
22 **allowed in rates?**

23 A. Yes. Increased costs from new regulations should be allowed. For example, in
24 WUTC v. Wash. Natural Gas Co., 1979 Wash. UTC LEXIS 6 (Jan. 16, 1979),
25 WNG estimated its costs would increase as a result of new Commission rules on

1 the classification of leaks. The company forecasted that the O&M costs for
2 maintenance, repairs, and resurvey of leaks and administrative overhead would
3 increase annual costs by one-third. The Commission found the company's
4 projection reasonable and allowed inclusion of the new expenses related to the
5 classification rules.

6 In WUTC v. Wash. Natural Gas Co., 1981 Wash. UTC LEXIS 7 (Sept. 24, 1981).
7 Staff contested the company's pro forma adjustment for maintenance repairs and
8 surveys related to leaks. The Commission again accepted the company's
9 proposed treatment of expenses, stating that

10 [w]e recognize that maintenance and resurveys are a vital and
11 necessary obligation on the part of the company to promote
12 efficiency and assure safety in its operations. In order to insure
13 the company adequate funds to discharge this obligation the
14 Commission will accept the company's adjustment.

15 Id. at *39.

16 **Q. Are those new costs temporary or permanent?**

17 A. Permanent.

18 **Q. Has the Commission supported new pipeline laws and regulations?**

19 A. Yes. In testimony before the United States Senate Committee on Commerce,
20 Science, and Transportation on March 13, 2000, Chairwoman Showalter said that
21 "pipeline safety [is] one of our highest priorities." Exhibit No. ____ (DMC -9).
22 She discussed new regulations on inspecting pipelines, setting safety standards,
23 and implementing a plan to communicate safety issues. She also stated that the
24 Commission was currently reviewing its laws and requiring that the pipelines'

1 operational safety plans be submitted to the Commission. Chairwoman
2 Showalter said:

3 The aim of all these efforts is to improve pipeline safety. Our
4 commitment to this goal is substantial and increasing. We will be
5 active agents in seeking to implement the Governor's
6 recommendations for improved pipeline safety, and in ensuring
7 that the laws are enforced.

8 The costs of improved pipeline safety and ensuring that the laws are enforced
9 costs money on two ends -- the State and the pipeline company. We have forged
10 cooperative relationships with the federal, state, and local authorities that have an
11 interest in pipeline safety.

12 **Q. Do Staff and Intervenors address the increased costs of safety legislation and**
13 **regulations?**

14 A. No. The witnesses for Staff appear to be unfamiliar with the new federal
15 regulations on High Consequence Areas, and the related costs associated with
16 compliance. These new regulations were discussed with Staff at the December
17 2000 technical conference and in testimony for the interim proceeding. This is
18 further evident from the statements of Staff witness Mr. Colbo in deposition on
19 June 5, 2002. Exhibit No. ____ (DMC-10).

20 **VII. Local regulations and franchise agreement provisions have significantly**
21 **increased Olympic's costs.**

22 **Q. Are local regulations, including obligations imposed through franchise**
23 **agreements permanently increasing the cost of operating the pipeline system?**

24 A. Yes. Olympic is negotiating franchise renewals with Seattle, Kent, and Federal
25 Way. In all cases, the costs associated with these new franchises are going up.

1 **Q. Do relocations pursuant to franchise agreements help Olympic?**

2 A. No. They are performed for the benefit of the municipality. In addition, each
3 hour of downtime for relocation carries substantial costs for Olympic for
4 construction work and lost revenues.

5 **Q. Are such relocations recurring?**

6 A. Yes. The obligation to relocate the pipeline at the Company's expense at the
7 city's request is common in franchises. We don't know exactly when we will
8 receive requests from cities, but we know we will continue to receive them.
9 With the advent of Sound Transit and increased regional road activity, we expect
10 relocations to increase.

11 **VIII. New pipeline legislation is pending before Congress that would further**
12 **increase Olympic's costs.**

13 **Q. Is there new legislation pending before Congress that would further increase**
14 **Olympic's costs?**

15 A. Yes. There is pending legislation before Congress, S. 235 and H.R. 3609, that
16 proposes to increase the frequency of inspections, change the operator
17 qualification requirements, provide additional guidelines for states to participate
18 in the inspection of pipelines, and provides additional 'Community Right to
19 Know' guidelines on the types and amount of information pipeline operators
20 should provide to state and local officials, including emergency response
21 personnel and communities along the rights-of-way. This legislation would apply
22 to all major pipelines in the United States.

1 **IX. The public interest favors returning the pipeline to 100% operating pressure**
2 **to reduce truck and barge traffic**

3 **Q. Aside from the benefits to shippers, is there a public interest in having the**
4 **pipeline operate at 100% pressure?**

5 A. Yes. Returning to 100% pressure would enable the pipeline to carry
6 approximately 40,000 BPD more of product than it can at 80% pressure. Right
7 now, that product has to be transported either by tanker truck or barge or ship.

8 **Q. How many fewer tanker trucks and barges would there be if the pipeline was**
9 **operating at 100% pressure instead of 80%?**

10 A. That depends on how much of the product the shippers decide to send on trucks
11 and how much they send on barges, which is a function of destination,
12 availability, and other factors. However, a typical sized tanker truck carries about
13 250 barrels of product. Thus, if all the product were sent on trucks, that would
14 mean approximately 160 more trucks per day, or over 58,400 trucks per year.
15 With a typical barge of 35,000 barrels, this would mean an extra barge taken off
16 the waters of Puget Sound every day.

17 **Q. What would be the effect if the pipeline were shut down completely?**

18 A. Again, the precise answer would be determined by the choices of the individual
19 shippers. According to the 2001 Biennial Energy Report of the Washington
20 State Office of Trade and Economic Development, the current refinery capacity
21 is approximately 560,750 barrels per day from the four refineries. The four
22 producing refineries connected to the Olympic system are: BP Cherry Point =
23 222,750 bbl/day; Shell Puget Sound = 142,000 bbl/day; Tesoro NW = 107,500
24 bbl/day; and Phillips/Tosco = 88,500 bbl/day.

1 The Olympic system carries the equivalent of 1,120 – 250 barrel trucks per day
2 or nearly one truck every minute on 1-5 for 24 hours a day, 7 days a week.
3 Moreover, there is a very real question of how jet fuel would get to SeaTac
4 Airport, which currently served only by the pipeline.

5 **Q. What are the public interest consequences of all those additional trucks?**

6 A. The two obvious ones are safety and congestion. First, tanker trucks have been
7 found to be statistically less safe by a three-to-one factor compared to pipeline
8 transportation. Second, additional tanker trucks will add to the currently
9 overburdened and congested Washington freeways. Moreover, not only will
10 additional tanker trucks further crowd the roads – they also tend to create much
11 longer and worse back-ups when involved in an accident when compared to
12 passenger cars.

13 **Q. What are the public interest consequences of additional barge traffic?**

14 A. Barges carry the risk of oil spills in Puget Sound, which is environmentally
15 fragile. Washington State public policy recognizes the potential cost of oil spills
16 and, in response, the state enacted a spill tax that shippers must pay in
17 recognition of the cost and risk of spills. In the aftermath of the Whatcom Creek
18 incident, nearly every available barge was contracted to carry the excess gasoline,
19 diesel, and jet fuel to market. For example, to ship jet fuel from BP Cherry
20 Point to SeaTac Airport, the fuel first had to be loaded onto a ship, then
21 transferred to a barge in the middle of Puget Sound, and then docked at the Shell
22 or Tesoro refineries where the product was then placed into the Olympic system
23 for further transport to SeaTac. All of this handling of product caused the Coast
24 Guard and other public safety officials great concern over a barge accident in

1 Puget Sound. Thus, more barge traffic carrying oil on Puget Sound is not in the
2 public interest.

3 **Q. You mentioned SeaTac. What happens to deliveries to SeaTac in the event of a**
4 **shutdown?**

5 A. At this time, there simply are no reasonable alternatives to pipeline deliveries to
6 SeaTac. SeaTac is a landlocked airport. SeaTac needs from 35,000 to 42,000
7 barrels per day to meet the airlines and cargo carrier needs. Available supplies at
8 the airport would dwindle quickly in the event of interrupted supply. In the
9 summer of 2000, the airport was within one day of running out due to a
10 constrained system. During the Christmas season in December 2000, SeaTac
11 was within 1.5 hours of running out. There is currently no truck or barge access
12 to the storage tanks located there.

13 **Q. Does this conclude your testimony?**

14 A. Yes.

15 BA021540082