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September 8, 2017

**VIA Electronic Submission**

Mr. Steven King  
Executive Director and Secretary  
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 LLC  
Notice of Lease Extension with Affiliated Interest**

Dear Mr. King:

Pursuant to the provisions of RCW 81.16.020 and WAC 480-73-190, Olympic Pipe Line Company LLC ("Olympic") provides this notice along with a confidential, verified copy of the Second Amendment Extending Lease Storage Agreement ("Second Amendment") between Olympic and BP West Coast Products LLC ("BPWCP"). Although BPWCP is not an Olympic "affiliate" under RCW 81.16.010, BPWCP is affiliated with Olympic's member, ARCO Midcon. For this reason, Olympic is providing this Notice of Affiliate Transaction.

The Second Amendment extends, by exercise of an option, the term of the Lease Storage Agreement dated August 11, 2008, and an Amendment Extending Lease Storage Agreement dated February 7, 2011 (the initial Lease Storage Agreement together with the Amendment Extending Lease Storage Agreement are called "Lease"). The Lease involves the lease of Olympic's Bayview storage facility by BPWCP. The initial Lease Storage Agreement was previously submitted to the Commission with Olympic's September 30, 2008 *Petition for Approval of Transfer of Property*,<sup>1</sup> and was approved

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<sup>1</sup> A redacted version of the Lease Storage Agreement was attached to the 2008 Petition (Ex.); a confidential unredacted version was separately submitted to the Commission pursuant to the terms of a Protective Order in Dkts. 031973 and 081785.

Mr. Steven King  
September 8, 2017  
Page 2

by the Commission by Order dated December 4, 2008. *See In re the Matter of the Petition of Olympic Pipe Line Co. for an Order Approving Terms of a Storage Lease Agreement with BP West Coast Products LLC*, Docket To-081785 (Order No. 4) (the "Order").<sup>1</sup> The Amendment was also submitted to the Commission by letter dated February 16, 2011. The Commission's 2008 Order documented the Commission's conclusion that the Lease Storage Agreement was in the public interest and benefits all parties involved. *See* Order ¶¶ 31, 35. The Amendment did not materially change the terms of the Lease Storage Agreement, but extended the term and included certain health, safety and environmental protection provisions.

Although the Commission typically asserts jurisdiction over property transfers by a public service company under RCW 81.12, under RCW 81.12.010, federally regulated common carriers are exempt from application of the transfer of property statutes. *See* RCW 81.12.010 ("The term 'public service company,' as used in this chapter . . . shall not include common carriers subject to regulation by the federal energy regulatory commission..."). Olympic is such a common carrier regulated by the Federal Energy Regulatory Commission. Accordingly, and consistent with prior decisions of the Commission, the Commission does not need to approve this Second Amendment to the Lease Storage Agreement between Olympic and BPWCP. *See In the Matter of the Application of Olympic Pipe Line Co., Applicant, for an Order Approving the Sale by Arco Midcon LLC of A Portion of Its Shares in Olympic Pipe Line Co. to Enbridge, Inc.*, 01, 2006 WL 1580157, at \*2 (Jan. 25, 2006) (finding that the Commission had no jurisdiction).

Nonetheless, the prior determination by the Commission that the Lease is in the public interest is also true of the Second Amendment. The primary purpose of the Second Amendment is to extend the term of the Lease by five years, such that the Lease will expire on December 31, 2023 rather than December 31, 2018, and include five additional five-year option terms. During the five-year option terms, Olympic will continue to charge BPWCP an annual lease rate that reflects the change in the Consumer Price Index. All other material terms of the Lease will remain in full force and effect. As such, the necessity for, and the benefit to the public flowing from, the Lease will remain fundamentally unchanged.

Mr. Steven King  
September 8, 2017  
Page 3

A copy of the Second Amendment executed on August 28, 2017 is attached to the Verification of Noel Dike. The Second Amendment becomes effective upon submission of this Notice. Because the Second Amendment contains proprietary financial information that could negatively impact Olympic and BPWCP, it is being submitted as confidential pursuant to the protective order issued in Dkts. 031973 and 081785, as well as RCW 80.04.095 and WAC 480-07-160.

Please do not hesitate to contact me if you have any questions.

Very truly yours,



Diane M. Meyers

Enclosure