

**ENERGY
ADVOCATES LLP**
Attorneys At Law

526 NW 18TH AVENUE
PORTLAND, OR 97209-2220
Phone: (503) 721-9118
Fax: (503) 721-9121

1500 K STREET, NW
SUITE 330
Washington, DC 20005
Phone: (202) 371-9889
FAX: (202) 371-9025

www.energyadvocates.com

Chad M. Stokes
(503) 721-9118
cstokes@energyadvocates.com

July 17, 2002

VIA ELECTRONIC MAIL, FACSIMILE, AND US MAIL

Honorable C. Robert Wallis
Administrative Law Judge
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, SW
Olympia, Washington 98504

Re: WUTC v. Olympic Pipeline Company, Docket No. TO-011472

Dear Judge Wallis:

In response to your Notice of Prehearing Conference dated July 15, 2002, Tosco Corporation submits the following proposed outline for the Post-Hearing Brief. The outline is essentially the same as Staff's proposed outline, with the addition of a section that addresses: 1) the Commission's obligation to set rates that are fair, just, reasonable and sufficient in Section (II); 2) an adjustment mechanism in Section (IV B 2); 3) Sea Tec in Section (IV C 3); 4) fuel and power in Section (IV D 5); 5) premium for market risk in Section (IV E 3 a) and 6) proposed findings of fact in Section (V). Tosco's recommended additions to Staff's outline have been italicized.

Please contact me if you have any questions.

Sincerely,

Chad M. Stokes

Of Attorneys for Tosco Corporation

Enclosure

cc: Robin Brena
Steven Marshall
Don Trotter

TOSCO'S PROPOSED POST-HEARING BRIEF OUTLINE

- I. Introduction
- II. *Commission's obligation to set rates that are fair, just, reasonable and sufficient*
- III. Legal Issues
 - A. Burden Proof
 - B. Nature of Oil Pipelines and History of Regulation
 - C. Federal/State Jurisdictional Issues
- IV. Ratemaking Methodology
 - A. FERC Methodology v. Traditional Methodology
 1. Starting Rate Base
 2. Deferred Return
 3. Competition
 4. Other
- V. Results of Operations
 - A. Test Year
 - B. Revenues
 1. Throughput
 2. *Adjustment Mechanism*
 3. Other
 - C. Rate Base
 1. Bayview Terminal
 2. Cross-Cascades Project
 3. *Sea-Tac*
 4. End of Period v. Average
 5. CWIP
 6. Other
 - D. Operating Expenses, Including Taxes
 1. Whatcom Creek Costs
 2. One-Time Maintenance Costs
 3. FIT
 4. Budgets v. Actual, Preform and Restated Expenses
 5. *Fuel and Power*
 6. Other
 - E. Rate of Return
 1. Methodologies
 2. Summary of Witnesses' Proposals
 3. Cost of Equity
 - a) *Premium for Market Risk*
 4. Cost of Debt

5. Capital Structure
 6. Other Financial Issues
- F. Revenue Requirement Calculation

VI. *Proposed Findings of Fact*

**Changes from Staff's proposed outline are italicized