

138-04

Response by Commission Staff to Tosco Data Request No. 1
Docket No. TO-011472
Olympic Pipe Line

Tosco Data Request No. 1:

How would Staff's \$2,719,829 or 19.48% recommended level of interim rate relief be adjusted if the Bay View Terminal investment is taken out of Staff's calculation in the same manner that the Cross Cascade project investments were removed for purposes of Staff's interim recommendations? Please provide a workpaper showing a derivation of the calculation.

Indicate the date the data response was prepared, the individual who prepared the response and the telephone number of the preparer.

Response by Commission Staff:

Removal of Olympic's investment in the Bayview Terminal would change the \$2,719,829 figure to \$1,670,797 and the 19.48% increase figure to 11.97%.

These figures reflect removal of the net plant amount for Bayview Terminal. This is consistent with the treatment of the Cross-Cascades project. These figures also reflect removal of depreciation expense amounts, and accumulated depreciation was also reduced accordingly. It is Staff's understanding that no depreciation was taken with respect to the Cross-Cascades project since it was never in service. Bayview Terminal was in service and has depreciation associated with it.

No other amounts (such as operating expenses) were removed with respect to either Cross-Cascades or Bayview Terminal.

The attached workpapers show the mechanics of the calculations. The attached workpapers are designated CONFIDENTIAL, since it appears the Bayview Terminal investment figure was supplied by Olympic under a confidentiality designation. Those figures may be contained in a public document also, but Staff did not have sufficient time to determine that.

Prepared by: Robert Colbo (360-664-1247) and Kenneth L. Elgin (360-664-1313). Confidentiality designation rationale by Donald T. Trotter (360-664-1189).

Date prepared: January 11, 2001.

WUTC DOCKET NO. TO-011472

EXHIBIT NO. 138

ADMIT W/D REJECT

004149

Line No.	Description	Olympic Total Company July - December 2001 Forecast (Actual thru Nov) (B)	Preliminary Staff Adjustments (C)	Staff Adjusted Total Company July - December 2001 Forecast (D) = (B) + (C)	Annualize Staff 6 Month Full Year Impacts 2001 Forecast (E) = (D) x 2	Staff Effect of Interim Rates (F)	Staff Adjusted Forcase w/ Interim Rates (G) = (E) + (F)
Revenue							
1	Transportation	\$ 22,654,717	(1) (\$4,392,130)	\$ 18,262,587	\$ 36,525,175	\$ 4,370,383	\$ 40,895,558
2	Interest	(104,328)		(104,328)	(208,656)		(208,656)
3	Miscellaneous	267,992		267,992	535,985		535,985
4	Gain/Loss						
5	Total Revenue	22,818,382	(4,392,130)	18,426,252	36,852,503	4,370,383	41,222,886
Direct Expenses							
6	Salaries	3,337,557	(2) (\$498,000)	2,839,557	5,679,114		5,679,114
7	Supplies	514,404	(3) 430,096	944,500	1,889,000		1,889,000
8	Outside Service/Maj. Maint.	4,860,177	(4) (725,903)	4,134,274	8,268,548		8,268,548
9	Rentals	303,134		303,134	606,269		606,269
10	Administrative	506,442	(5) 17,725	524,167	1,048,334		1,048,334
11	Oil Gain/Loss	(161,746)	(5) 436,746	275,000	550,000		550,000
12	Miscellaneous	474,648	(6) 881,552	1,356,200	2,712,400		2,712,400
13	Total Direct Expense	9,834,615	542,217	10,376,832	20,753,664	-	20,753,664
Power Related							
14	Fuel & Power	3,280,152		3,280,152	6,560,304		6,560,304
15	Additives - DRA	974,400		974,400	1,948,801		1,948,801
16	Total Power Related	4,254,552		4,254,552	8,509,104	-	8,509,104
Indirect Expense							
17	Insurance	271,860	(7) \$279,140	\$551,000	1,102,000		1,102,000
18	Casualty Loss	16,399,446	(8) (16,399,446)	-	-		-
19	Insurance Recoveries	(2,039,961)	(8) 2,039,961	-	-		-
20	Property Tax	618,042		618,042	1,236,085		1,236,085
21	Franchise Tax	267,641		267,641	535,282		535,282
22	Issuance Expense	2,706		2,706	5,412		5,412
23	Interest	4,492,377	(9) (4,492,377)	-	-		-
24	Depreciation	1,268,127	(10) (38,957)	1,229,170	2,458,339		2,458,339
25	Tot Indirect Expenses	21,280,238	(18,611,679)	2,668,559	5,337,118	-	5,337,118
26	Total Operating Expenses	35,369,406	(18,069,462)	17,299,943	34,599,886	-	34,599,886
27	Net Income Before Tax	(\$12,551,024)	\$13,677,332	\$1,126,309	\$2,252,617	\$4,370,383	\$6,623,000
28	Adjustment 1)	To Remove FERC Approved Temporary Revenue					
29	Adjustment 2)	To Remove 1/2 Gov't and Public Relation Expenses					
30	Adjustment 3)	To Restate at General Rate Case ProForma Levels					
31	Adjustment 4)	To Restate at General Rate Case ProForma Levels					
32	Adjustment 5)	To Restate at General Rate Case ProForma Levels					
33	Adjustment 6)	To Restate at General Rate Case ProForma Levels					
34	Adjustment 7)	To Restate at General Rate Case ProForma Levels					
35	Adjustment 8)	To Remove Whatcom Explosion Expenses					
36	Adjustment 9)	To Remove Interest As An Above-The-Line Expense					
37	Adjustment 10)	To Restate at General Rate Case ProForma Levels less Bayview					
38	Throughput Barrels	51,507,943		51,507,943	103,015,886		103,015,886
39	Staff Recommended						
40	Interim Rate Increase:	\$ 4,370,383					
41	Percent Increase over	11.97%					
42	Present Rates		\$2,699,586	\$1,670,797			
43	Distribution		61.77%	38.23%			

ESTIMATED INVESTMENT IN FACILITIES SERVING THE PUBLIC
OLYMPIC PIPE LINE - 2001

	<u>(\$/000)</u>
1. 2000 Net Plant	97,000 ¹
2. 2001 Plant Additions	<u>25,000</u> ²
3. Subtotal	123,000
4. Less: Depreciation	<2,500> ³
5. Less: Cross-Cascade	<21,500> ⁴
6. Less: Bayview	<u><22,500></u>
7. Net: Estimated Investment	<u>76,500</u>

ESTIMATED COST OF DEBT

	<u>(\$/000)</u>	<u>Cost</u> ⁵	<u>Interest (\$000)</u>
8. Prudential Note	14,000	6.5%	910
9. Chase Note	30,000	4.1%	1,230
10. Balance	<u>32,500</u>	7.0%	<u>2,275</u>
11. Debt Supporting Investment on Line 6	<u>76,500</u>		
12. Total Interest Expense			<u>4,415</u>
13. Weighted Cost (Interest/Investment)		5.77%	
14. 1.5 Times Interest			6,623

¹ FERC Form 6, 2000 - page 111, line 33

² Company Response to Staff Data Request No. 7 and Tesoro Interrogatory No. 4

³ FERC Form 6, 2000 - page 111, line 30 divided into page 120 line 4

⁴ Company Response to Tesoro Second Data Request No. 2.3

⁵ Supplemental Testimony of Bob Batch page 3 Ex. __ (BCB-5)