

OLYMPIC PIPE LINE COMPANY FRANCHISE AGREEMENT



City Council Presentation
Transportation Department
Dave Berg
Titus Butcher

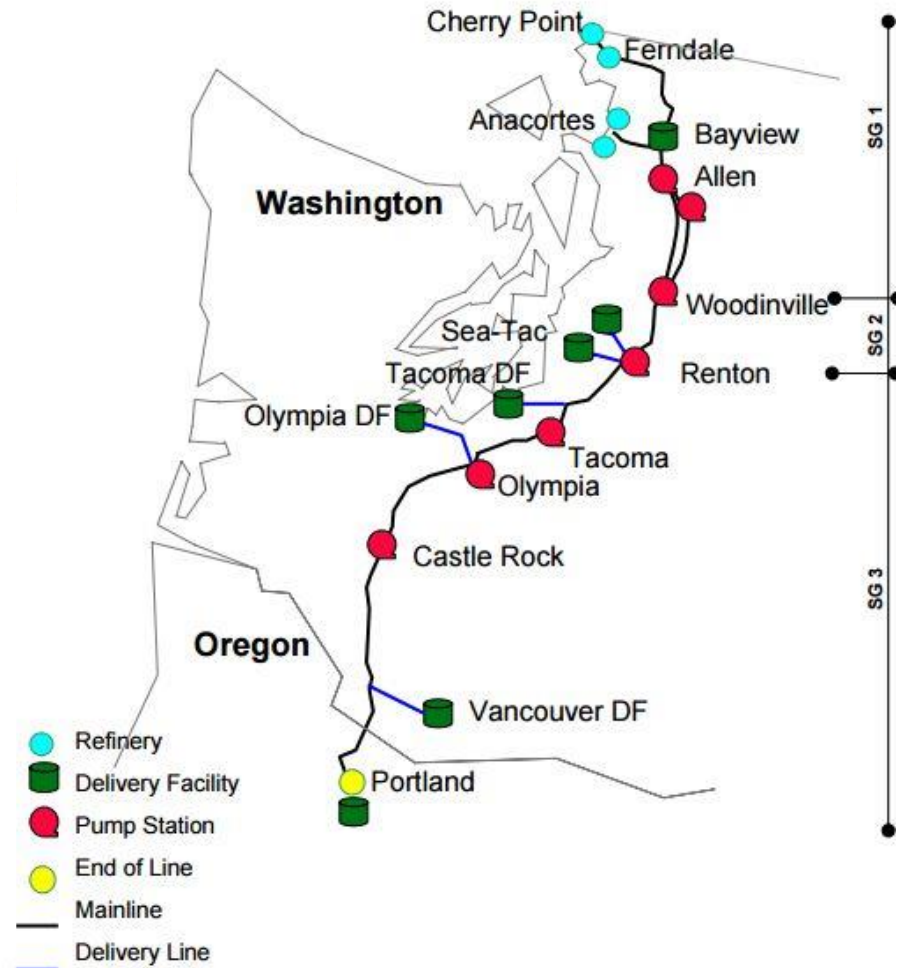
Agenda

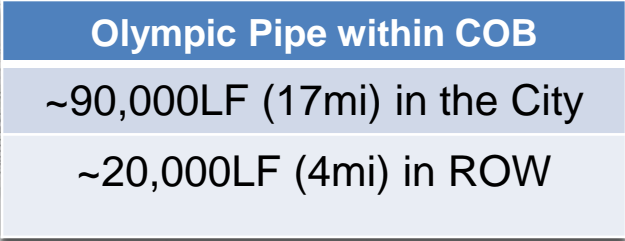
- Overview of Olympic Pipeline
- Regulatory Background
- Franchise Status
- Proposed Franchise
- Review Findings

Objective: Council feedback on proposed Ordinance.

Background on Olympic

- 400 mi of interstate pipeline transporting jet fuel, diesel, and gasoline.
- Provides approximately 315,000 barrels of product each day. Equivalent of one tanker truck per minute on the interstate system.
- Jointly owned by British Petroleum and Enbridge Pipelines LLC.
- Operated at the Renton control center by BP.





Facilities in Bellevue



16-inch diameter steel pipe built in 1965
20-inch diameter steel pipe built in 1972

Relocated pipe



Regulatory Authorities

Under Federal and State Law three public entities have joint jurisdiction over the Olympic Pipe Line Company (OPLC) within the City of Bellevue:

1. **US DOT, Pipeline and Hazardous Material Safety Administration (PHMSA),**
2. **The Washington Utilities and Transportation Commission (WUTC)**
3. **The City**



Current Franchise Agreement

- The two parties have had a franchise agreement in place since 1964.
- Ord. 5603 passed in 2005 granting Olympic Pipe Line Company rights to construct, operate, maintain, and improve its transportation facilities for petroleum products (gasoline, diesel fuel, and jet fuel) within the ROW.
- An information sharing agreement approved at the same time in 2005.
- The current franchise expires on Feb. 26th, 2016.
- A new franchise is being proposed that will have a term of ten years.

Proposed Franchise Agreement

- The information sharing agreement has been formally incorporated into the franchise agreement as Section 20.
- Access to emergency response plans, pipeline location, damage prevention procedures, and repair program scopes are all maintained.

Key Franchise Elements

The franchise agreement protects the city in several ways:

- **Permitting/Restoration** is guaranteed under the language of the franchise. Construction coordination is also secured.
- The franchise addresses the **Relocation** of OPLC's assets caused by the installation of public infrastructure.
- **Emergency Response Costs** incurred by the City are refunded by OPLC as set forth in the franchise agreement.
- The City can request and review **Records** related to the location of the pipeline within City limits, as well as emergency response plan information, and damage prevention program documentation.

Reviewed Elements

Staff reviewed the franchise agreement consistent with the terms outlined in BCC 14.20.080:

- The applicant's past service and safety record in the city and in other communities.
- The nature of the proposed facilities and services, proposed area of service.
- Proposed rates.
- Whether the proposal would adequately serve the public needs and the overall interests of the citizens of the city.

Damage Prevention

All Pipeline Significant Incidents (1988 – August 2008)

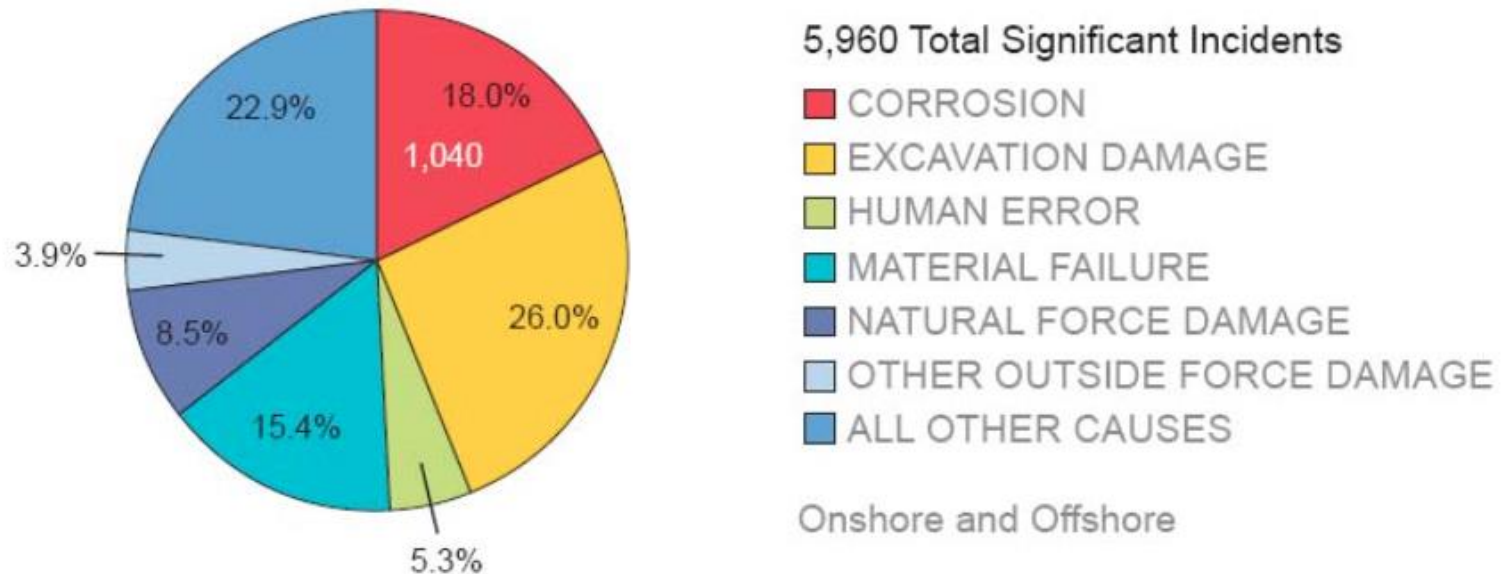


Figure 1.1 – Causes of significant incidents in onshore and offshore pipelines
(Source: PHMSA Filtered Incident Files)

Review Findings

Safety Record Findings:

- Technology has increased for smart pigs. Findings are original mill defects.
- A single anomaly was found during the in-line inspection during 2014 and was repaired.



Review Findings Cont.

Service to the public:

- Forty percent (40%) of the regions fuel is provided by Olympic Pipe Line.
- Sea-Tac airport receives all of its jet fuel from the pipeline.
- 1 tanker truck per minute on the freeway



Energize Eastside

- The franchise agreement is preempted from imposing additional safety regulations on the pipeline.
- Phase II of the DEIS will consider the impacts of the project:
 - † Cathodic Protection
 - † Construction Impacts
 - † Emergency Events

Options moving forward

1. Direct staff to bring the Ordinance back for adoption without changes.
2. Direct staff to amend the Ordinance with specific modifications.
3. Or provide alternative direction to staff on how to proceed.

Recommendation

Given the effectiveness of the proposed franchise in addressing and providing:

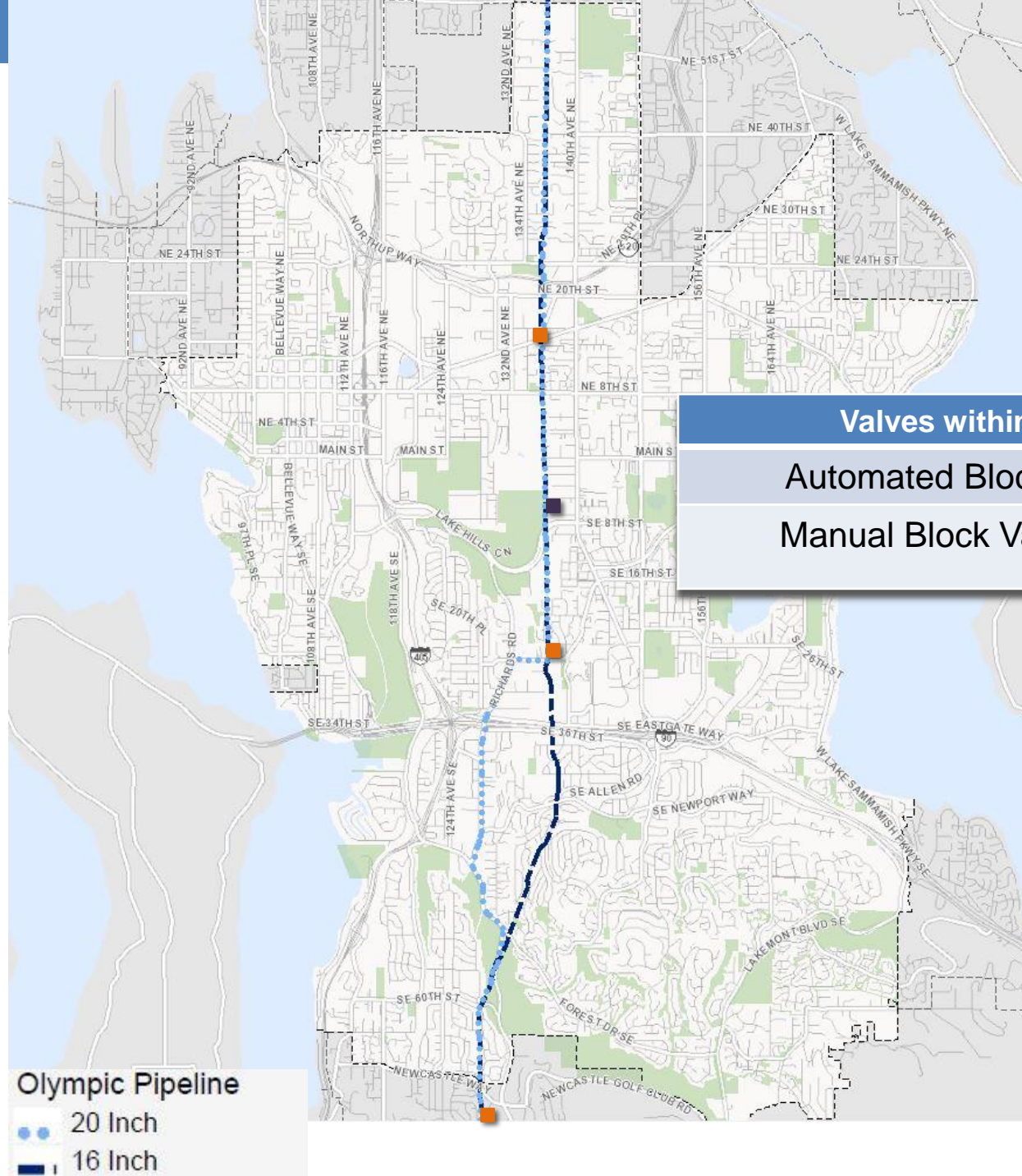
- Construction coordination and information to help protect the safety of the general public
- Sustained economic development
- Safe and efficient transportation system

Staff believe it is in the City's best interest to adopt the proposed Franchise Agreement.

DISCUSSION

49 USC 60104

- * (c) Preemption.-A State authority that has submitted a current certification under section 60105(a) of this title may adopt additional or more stringent safety standards for intrastate pipeline facilities and intrastate pipeline transportation only if those standards are compatible with the minimum standards prescribed under this chapter. **A State authority may not adopt or continue in force safety standards for interstate pipeline facilities or interstate pipeline transportation.** Notwithstanding the preceding sentence, a State authority may enforce a requirement of a one-call notification program of the State if the program meets the requirements for one-call notification programs under this chapter or chapter 61.



Clock spring repair



Pipe flexibility



OLYMPIC PIPE LINE COMPANY

All Incidents: 2006-2015 (PHMSA)

Date	System	City	State	County	Cause	Sub Cause	Fatalities	Injuries	Property Damage^(A)	Gross Barrels Spilled (Haz Liq) ^(B)
11/10/2014	HL	MOUNT VERNON	WA	SKAGIT	MATERIAL/WELD/EQUIP FAILURE	THREADED CONNECTION/COUPLING FAILURE	0	0	\$1,561,513	7
7/20/2014	HL	RENTON	WA	KING	MATERIAL/WELD/EQUIP FAILURE	NON-THREADED CONNECTION FAILURE	0	0	\$3,434	0
4/1/2012	HL	MOUNT VERNON	WA	SKAGIT	MATERIAL/WELD/EQUIP FAILURE	FAILURE OF EQUIPMENT BODY	0	0	\$7,250	0
3/31/2012	HL	MOUNT VERNON	WA	SKAGIT	MATERIAL/WELD/EQUIP FAILURE	THREADED CONNECTION/COUPLING FAILURE	0	0	\$7,900	1
9/19/2011	HL	FERNDAL	WA	WHATCOM	MATERIAL/WELD/EQUIP FAILURE	NON-THREADED CONNECTION FAILURE	0	0	\$19,550	0
5/3/2009	HL	MOUNT VERNON	WA	SKAGIT	INCORRECT OPERATION	UNSPECIFIED INCORRECT OPERATION	0	0	\$3,500	1
12/20/2007	HL	ANACORTES	WA	SKAGIT	MATERIAL/WELD/EQUIP FAILURE	UNSPECIFIED EQUIPMENT FAILURE	0	0	\$35,000	0
Totals							0	0	\$1,638,147	12

OLYMPIC PIPE LINE COMPANY Federal Enforcement Cases

Case Number	Date Opened	Date Closed	Type	Subject	Status	Issue
520155014	7/2/2015	//	Proposed Compliance Order	Corrosion Control - Hazardous Liquid Pipelines	OPEN	Casings
520155009W	3/27/2015	3/27/2015	Warning Letter	Corrosion Control - Hazardous Liquid Pipelines	CLOSED	Pipe-to-soil potential tests
520135001W	1/15/2013	1/15/2013	Warning Letter	Corrosion Control - Hazardous Liquid Pipelines	CLOSED	Critical Bond tests
520065034	9/8/2006	1/20/2010	Proposed Civil Penalty	Operations and Maintenance - Hazardous Liquid Pipelines	CLOSED	Break out tanks

OLYMPIC PIPE LINE COMPANY Federal Inspections

<u>Start Date</u>	<u>Category</u>	<u>Type</u>	<u>PHMSA Lead Region</u>
10/9/2015	Site-Specific Field Inspection	Integrity Management Field Verification	Western
5/27/2015	Targeted Inspection/Investigation	Specialized Inspection	Western
11/6/2014	Targeted Inspection/Investigation	Failure Investigation	Western
8/27/2014	Site-Specific Field Inspection	Integrated Inspection	Western
8/25/2014	Site-Specific Field Inspection	Integrated Inspection	Western
3/19/2014	System-Wide Program Inspection	Integrated Inspection	Western
2/1/2014	Site-Specific Field Inspection	Integrated Inspection	Western
1/1/2014	System-Wide Program Inspection	Integrated Inspection	Western
4/8/2013	Targeted Inspection/Investigation	Other Inspection	Western
4/1/2013	Targeted Inspection/Investigation	Other Inspection	Western
10/22/2012	Site-Specific Field Inspection	Operator Qualification Field Verification	Western
10/8/2012	Site-Specific Field Inspection	Unit Inspection	Western
9/18/2012	Site-Specific Field Inspection	Integrity Management Field Verification	Western
9/17/2012	Site-Specific Field Inspection	Integrity Management Field Verification	Western
8/20/2012	Site-Specific Field Inspection	Unit Inspection	Western
4/2/2012	Targeted Inspection/Investigation	Failure Investigation	Western
5/20/2011	Site-Specific Field Inspection	Integrity Management Field Verification	Western
5/20/2011	Site-Specific Field Inspection	Operator Qualification Field Verification	Western
5/11/2011	Site-Specific Field Inspection	Unit Inspection	Western
11/17/2010	Site-Specific Field Inspection	Integrated Inspection	Western
11/15/2010	Site-Specific Field Inspection	Integrated Inspection	Western
11/4/2010	Site-Specific Field Inspection	Integrated Inspection	Western
11/4/2010	Site-Specific Field Inspection	Integrated Inspection	Western
5/11/2009	Site-Specific Field Inspection	Unit Inspection	Western
8/25/2008	Site-Specific Field Inspection	Operator Qualification Field Verification	Western
8/25/2008	Site-Specific Field Inspection	Unit Inspection	Western
4/13/2008	Site-Specific Field Inspection	Unit Inspection	Western
9/11/2007	Targeted Inspection/Investigation	Other Inspection	Southwest
9/10/2007	System-Wide Program Inspection	General Operations Inspection	Western
8/27/2007	Site-Specific Field Inspection	Unit Inspection	Western
8/20/2007	Site-Specific Field Inspection	Unit Inspection	Western
3/26/2007	Site-Specific Field Inspection	Unit Inspection	Western
6/26/2006	Site-Specific Field Inspection	Unit Inspection	Western
5/1/2006	Targeted Inspection/Investigation	Specialized Inspection	Western
3/2/2006	Site-Specific Field Inspection	Integrity Management Field Verification	Western
2/27/2006	Site-Specific Field Inspection	Unit Inspection	Western

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