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BEFORE THE STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

IN RE APPLICATION NO. 2002-01

EXHIBIT 33R.0 (DRB-RT)

BP WEST COAST PRODUCTS, LLC.

BP CHERRY POINT COGENERATION
PROJECT

APPLICANT'S PREFILED REBUTTAL TESTIMONY

DENNIS R. BAYS

Q. Please state your name and business address.

A. Dennis R. Bays
4519 Grandview Road; Blaine, WA 98230

Q. What is your position with BP?

A. I am the Technical Manager at BP's Cherry Point Refinery.

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Q. Can you briefly describe your background and experience?

A. I am a chemical engineer with 25 years of experience in refinery process engineering, maintenance, and operations management. From December 1998 to July 2002, I was the president of ARCO Western Gas Pipeline Company, the previous operator of the pipeline that serves the Cherry Point refinery and will serve the Cogeneration Project.

Q. What testimony will you be addressing in your rebuttal testimony?

A. I will be responding to Kraig Olason's testimony, which was filed on behalf of Whatcom County.

Q. Mr. Olason's testimony describes some he has concerning the pipeline that will be used to transport natural gas to the Cogeneration Project. Can you briefly describe that pipeline?

A. The ARCO Western Natural Gas Pipeline, which has been referred to as the "Ferndale Pipeline" in these proceedings, was constructed in 1990, and began operation in September of that year. It is 31.8 miles long, running across Whatcom County from Sumas, Washington, to the Cherry Point refinery in Blaine. It is 16 inches in diameter, and designed to Class 4 (high population density) safety standards under CFR 192 (DOT) regulations. The design capacity is 105 million standard cubic feet (MMSCF) per day with the appropriate pressure and metering configuration.

1 **Q. Mr. Olason's testimony begins with his statement that he has "questions"**
2 **regarding "the pipeline's structural integrity." What is your response to that**
3 **statement?**
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7 A. I'm sure that he simply hasn't looked at the right information, or I don't think he
8 would have any serious concerns. Construction records clearly indicate that the
9 pipeline was built to Department of Transportation and WUTC standards in place at
10 the time of construction. Complete construction records, including mill
11 certifications, welder certifications, daily reports, weld x-rays, etc. are maintained
12 and available at the Cherry Point pipeline office. These records also show that at
13 least one inspection was made by the WUTC during the construction period and any
14 items identified were corrected and construction was approved to proceed. We can
15 make all of these records available to Whatcom County and EFSEC for review. In
16 fact, we would have been happy to allow Mr. Olason to review these records at any
17 time, but the County never asked to see them.
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31 Since the line commenced operation in September, 1990, it has been inspected
32 approximately annually by the WUTC. ARCO records document these reviews, and
33 I would expect that WUTC files also document them. I was personally involved in
34 the inspections in 2000 and 2001, and can attest that they occurred. During these
35 inspections, the WUTC was generally complementary both of the operation and the
36 management processes which were used to assess and maintain the integrity of the
37 system. In 2000, ARCO Western Pipeline Company conducted a thorough internal
38 inspection of the pipeline using a "smart pig." All results and findings, including
39 action plans, were shared with the WUTC at the time.
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When operation of the system was turned over to BP Pipelines in 2002, BP conducted due-diligence reviews as to the integrity and maintenance history of the pipeline. The conclusion was that the system was in “first class” condition from an integrity and right-of-way marking and maintenance perspective.

Q. Mr. Olason testified that in 1990, the WUTC suspended construction of the pipeline because certain pipes and fittings did not have required marking as to the source and other construction details. How do you respond to that testimony?

A. Although I was not involved in the original construction project, I can speak to this issue based on our records and what I’ve learned by talking with the operator. Based on this information, I’d characterize this as a non-issue. Records indicate that the pipes and fittings *were* marked, but using a different methodology, as allowed under federal regulation, than what one of the WUTC inspectors expected to see. The stop work order was issued on August 17th, and in less than 2 weeks, on August 30, approval was granted to continue construction.

Q. Mr. Olason also testified that the WUTC had no field inspection records in their files and that they had not been providing regular inspections of the pipeline. How do you respond to that testimony?

A. That is incorrect. As I mentioned above, there have been approximately annual WUTC inspections since the line commenced operation. I can only suppose that Mr. Olason either isn’t speaking to the correct folks at the WUTC, or isn’t looking in the

1 right place for these records. I personally attended portions of the inspections during
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3 2000 and 2001, so can attest that these inspections occurred.
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7 **Q. Mr. Olason also questioned why EFSEC did not permit the Ferndale Pipeline**
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9 **when it was originally permitted. Do you know the answer to that question?**

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11 A. That is really a legal question, but I think have a general understanding of the
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13 answer. It's my understanding that EFSEC does not have jurisdiction over pipelines
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15 permitted by FERC, and the Ferndale Line was permitted by FERC. It is also my
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17 understanding that EFSEC only permits natural gas lines that connect to distribution
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19 facilities, and the Ferndale Pipeline does not.
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23 **Q. In his testimony, Mr. Olason also describes alternative proposals for**
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25 **accomplishing the compression necessary to serve the Cogeneration Project. He**
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27 **says that the one proposal is for a compressor station to be located at the**
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29 **refinery, and the other proposal would have a compressor station located near**
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31 **Sumas. Can you clarify this matter?**

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33 A. Yes. The Application for EFSEC Site Certification asks for authority to construct a
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35 compressor station at the refinery as part of the Cogeneration Project. At the same
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37 time, however, the Ferndale pipeline is regulated by the WUTC, and as operator of
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39 the Ferndale Pipeline, BP has had some exploratory discussions with the WUTC
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41 about alternatives, such as whether it could add compression by locating a
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43 compressor station in the Sumas area – on one side of the border or the other. If the
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45 Ferndale Pipeline decided to pursue that option, it would go through the normal
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1 WUTC process that applies. That's a public process and the County could certainly
2 participate in that process.
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6 **Q. Mr. Olason notes that adding a compressor station at Sumas would increase the**
7 **pressure of the pipeline. Is that the case?**
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10 A. It would increase the pressure relative to today's operation, however, the pressure
11 would still be well within the pipeline's rated capacity and the original safety design
12 of the pipeline. I want to emphasize that this idea of adding compression at Sumas is
13 not part of the EFSEC application. If BP decides to add compression at Sumas, it
14 would have to go through the normal WUTC process to get permission to do so, and
15 the WUTC would have to evaluate the ability of the pipeline to operate safely at a
16 higher pressure.
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26 **Q. Finally, Mr. Olason asks that EFSEC require BP "to provide sufficient**
27 **documentation evidencing the regulatory standards to which the pipeline was**
28 **constructed, that appropriate inspection of that construction was performed**
29 **and finally to demonstrate that the pipeline will safely accommodate the**
30 **increased demands anticipated by the project." What is your response to this**
31 **recommendation?**
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38 A. As I stated earlier, the construction records for the original pipeline project are
39 available at the Cherry Point pipeline office for review. There are about 2 file
40 cabinets of records which evidence the regulatory standards to which the pipeline
41 was constructed. These records include the daily operator's inspection records
42 performed during the original construction, as well as the design case information.
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1 The safety factor the pipeline was built under (Class 4) allowed for additional
2 expansion and still provides an additional safety factor above current regulatory
3 requirements. The WUTC is the agency that regulates the Ferndale pipeline and that
4 agency has not raised any question about the pipeline's structural integrity.
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10 **END OF TESTIMONY**
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