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2 **BEFORE THE STATE OF WASHINGTON**  
3 **ENERGY FACILITY SITE EVALUATION COUNCIL**

4 In the matter of  
5 Application No. 2002-01

EXHIBIT 47.0 (KO-T)

6 BP WEST COAST PRODUCTS, LLC

7 BP CHERRY POINT  
8 COGENERATION PROJECT

9 **WHATCOM COUNTY'S PREFILED TESTIMONY**  
10 **WITNESS # 47 : Kraig Olason**

11 Q: Please introduce yourself to the Council.

12 A: I am Kraig Olason. I am employed by Whatcom County as a Senior Land Use Planner.

13 Q: What is the subject of your testimony?

14 A: I wish to inform the Council of several concerns Whatcom County has in relation to the  
15 utilization of the Ferndale pipeline for the supply of natural gas to the proposed facility.

16 Q: What concerns has arisen in regard to the use of the pipeline?

17 A: In addition to the questions we had regarding the pipeline's structural integrity, we also  
18 discovered some anomalies in the permitting of the project during the original construction.  
19 First was the fact that EFSEC did not assume permit authority over the project, even though it  
20 appears that the current state thresholds were in place at that time. Secondly, it appears that  
21 there were questions regarding whether the pipe and fittings used in the construction of the  
22 project met minimum state and federal standards. And finally, we have not as yet located any  
23 evidence in either Whatcom County land use files or WUTC archives that indicate regular field  
24 inspections occurred.

25 Originally, BP had proposed to develop a compressor facility near the Sumas natural gas hub  
(an area east of Sumas, WA where the mainline from the upper British Columbia natural gas  
fields crosses into the United States). I expressed some concerns regarding the impact of  
additional development within the Agricultural District and identified the need to bring the use  
within the area of the natural gas hub into compliance with our Comprehensive Plan. The area  
includes a large pumping facility for Williams pipeline and Cascade Natural Gas and the

*Kraig Olason*  
*Prefiled Testimony*

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1 existing BP pipeline. The area should be designated as some form of industrial district since it  
2 serves as a major entry point for Canadian natural gas into US markets and since it is  
3 incompatible with agricultural uses. Subsequent documentation, including the Draft and Final  
4 Potential Site Study and the Draft EIS indicated that the pump stations would be placed on the  
5 cogen site within the BP refinery. I think the compressor at the BP refinery satisfies Whatcom  
6 County concerns better than the Sumas alternative recently requested by BP in that the  
7 compressor facility is much more compatible with the other industrial uses at Cherry Point. It  
8 also results in the highest pipeline pressure occurring in the Cherry Point Industrial area rather  
9 than agricultural and rural areas of the County and it doesn't result in the conversion of  
10 additional resource land.

11 Whatcom County was contacted recently by WUTC staff regarding a request by BP to approve  
12 an up-rate in the BP pipeline. This request included the placement of a compressor facility in  
13 the Sumas area to increase the pressure up to +500 psig (nearly doubling the pipeline pressure  
14 and according to the Draft EIS, adding nearly a 400% increase in volume.

15 During a telephone conference with WUTC staff on 10/30/03, I learned that WUTC had issued  
16 a letter on May 11, 1990, approving the construction and operation of the Arco Western Gas  
17 Pipeline (BP). It is my understanding that WUTC comments on the design, specifications etc,  
18 not the project. On August 17, 1990 WTUC suspended the authority of ARCO Western  
19 Pipeline Company to proceed with the construction of the pipeline, citing that the inspection  
20 conducted by WUTC revealed pipe and fittings used in the construction of the pipeline lacked  
21 required markings as to source and other construction details and as such were in violation of  
22 state and federal safety requirements. A subsequent hearing resulted in a determination that  
23 tests and additional information provided by the contractor and ARCO provided a basis for  
24 WUTC to conclude that the "company has taken alternative steps to document that all pipe and  
25 joints meet minimum state and federal safety requirements for the maximum allowable  
operating pressure for which such materials were designed, even though such components  
were not properly marked as required by Commission staff's interpretation of applicable safety  
rules."

We had also expressed concern regarding the ability of the pipeline to safely handle the  
additional pressure and volume needed to meet the majority of the cogen and refinery's natural  
gas demand. Assurances were made by BP representatives that the pipeline could indeed meet  
the new pressure. However, when talking to WUTC staff in regards to the inspection  
information, after a review of the archived file material, WUTC determined that they had no  
field inspection records in their files and that they had not providing regular inspection (daily,  
weekly, monthly) inspections of the pipeline project.

I am currently awaiting Whatcom County permit records, which will have additional  
information concerning the route and other land use matters, however, I doubt that Whatcom

1 County assumed any oversight role in the pipeline construction pertaining to pipeline welding  
2 and material specifications.

3 The information that we have lacks details that are necessary to determine if the pipeline was  
4 constructed properly. At present we have no field inspection records. We have no information  
5 regarding the length of pipeline installed prior to the stop work order from WUTC. There is no  
6 formal analysis or background information currently offered examining potential movement of  
7 the compressor to a new location outside the Heavy Impact Industrial area as proposed in all of  
8 the documentation to date. Finally, there are no details being offered pertaining to where the  
9 compressor station will be placed, what other structures are anticipated with the compressor  
10 station, such as communication towers, lights other factors such as anticipated noise generation  
11 etc.

12 Q: What have you done to obtain any additional background information?

13 A: To date I have requested that W UTC provide Whatcom County with what they have in  
14 their files for this project (I just received a packet today and am going through it). I have also  
15 discussed the issues as mentioned above with WUTC staff. We will be sending our file  
16 information on this pipeline to WUTC when it becomes available.

17 Q: Did you learn anything from UTC staff about what set of regulations the pipeline and  
18 inspection body were utilized in the construction of the pipeline?

19 A: WUTC as described by staff, provides an overview function when it comes to pipeline  
20 construction. As with the request by BP to upgrade their pressure, WUTC evaluates design,  
21 inspection and operation plans to determine whether the system complies with the minimum  
22 requirements of state and federal pipeline regulations. When it comes to who provides day to  
23 day inspection of construction related activity, particularly when the project falls short of  
24 EFSEC or FERC guidelines, staff wasn't sure how that would be handled and agreed to get  
25 back to me on that question.

Q: Where has your research taken you at the present time?

A: At the present time, I have been unable to determine from the record what engineering  
or regulatory standards were utilized in the construction of the pipeline and whether it was  
adequately inspected to assure those standards were met.

For these reasons I respectfully request that prior to operation, EFSEC should require the  
applicant to provide sufficient documentation evidencing the regulatory standards to which the  
pipeline was constructed, that appropriate inspection of that construction was performed and  
finally to demonstrate that pipeline will safely accommodate the increased demands anticipated  
by the project. In addition, the decision to install a compressor station on the eastern end of the  
pipeline should be carefully evaluated in light of the associated impacts of placing the facility

1 outside of the Industrial area as originally proposed, especially in light of the fact that much  
2 higher pressures within the pipe will exist in the rural and agricultural area than will exist  
3 within the industrial area of the pipeline route.

4 END OF TESTIMONY

5 I declare under penalty of perjury that the above testimony is true and correct to the best  
6 of my knowledge.

7 Executed at Bellingham, Washington, on this \_\_\_\_\_ day of November, 2003.

8 By: \_\_\_\_\_  
9 Kraig Olason

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