
Council Signs Pipeline Franchise Agreement

After almost two years of negotiations, the Bellingham City Council approved in late October a 10-year franchise agreement with Olympic Pipeline Company.

“This agreement is the safest franchise we can negotiate, and among the strongest in the industry,” said Les Reardanz, Assistant City Attorney.

Franchise agreements are legal contracts for utility companies to operate within the city, Reardanz said. They spell out the conditions under which utility companies may operate on city property, such as in city street right-of-way. The city maintains franchise agreements with other utility companies that operate in the city, such as AT&T Broadband Services for cable television services and Avista Corporation for telephone services.

Under the 10-year agreement, Olympic will pay the city \$50,000 a year. Reardanz said a key feature of the new agreement is the requirement that the city be notified of significant incidents in pipeline operations, such as when pressure limits are exceeded or any leaks or spills occur.

“It would be a material violation of the

deal, and one that could justify terminating the agreement, if the company fails to make the required notifications,” Reardanz said.

Other key points in the new agreement:

- Requiring the company to move a section of pipeline to a deeper location under Whatcom Creek, to protect the creek and city drinking water facilities.
- Requiring Olympic to notify the city 10 days in advance of pipeline alterations, testing or repairs on city property.
- Allowing the city to inspect pipeline testing results.
- Requiring Olympic to maintain a \$100 million insurance policy to protect the city from liability in future accidents.

Olympic began operating under a series of short-term agreements with the city after the company’s pipeline ruptured in Whatcom Falls Park in 1999, causing an explosion and fire that claimed three lives. In July 2000, BP Pipelines North America took over control of the pipeline from Equilon Pipeline Company.