

136 FERC ¶ 61,102  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

August 15, 2011

In Reply Refer to:  
Kuparuk Transportation Company  
Docket No. IS10-209-000

Daniel J. Poynor, Esq.  
Steptoe & Johnson LLP  
1330 Connecticut Avenue, NW  
Washington, DC 20036-1795

Dear Mr. Poynor:

On May 20, 2011, you filed an Offer of Settlement (Settlement) on behalf of the Settling Parties<sup>1</sup> in the above-captioned proceeding pursuant to rules 206(j), 216, and 602 of the Commission's Rules of Practice and Procedure, section 343.3(d) of the Procedural Rules Applicable to Oil Pipeline Proceedings, and section 1802(d)(2) of the Energy Policy Act of 1992. On June 6, 2011, Commission Trial Staff submitted initial comments stating it did not oppose certification of the Settlement for approval by the Commission. On June 17, 2011, the Settlement was certified to the Commission as uncontested.<sup>2</sup> The Settlement resolves all issues set for hearing in the captioned proceedings involving interstate rates on the Trans Alaska Pipeline System.<sup>3</sup>

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<sup>1</sup> The Settling Parties comprise the State of Alaska and Anadarko Petroleum Corporation (together, the non-Kuparuk Parties) and Kuparuk Transportation Company (Kuparuk).

<sup>2</sup> *Kuparuk Transportation Co.*, 135 FERC ¶ 63,018 (2011).

<sup>3</sup> On July 18, 2011, the Regulatory Commission of Alaska accepted the Settlement as it relates to Kuparuk's intrastate rates on the Trans Alaska Pipeline System.

1. The Settlement's essential terms are as follows.
2. Article I sets forth certain general provisions regarding the proceedings settled and the nature of the Settlement.
3. Article II describes in detail the operation of the Kuparuk Settlement Methodology (KSM).
4. Article III contains additional general provisions governing the Settlement. Sub-section III-2 (b) provides that once approved by the Commission, the standard of review for any modifications to the Settlement by the Commission acting *sua sponte*, the Settling Parties acting unanimously, or third parties shall be the ordinary just and reasonable standard (not the "most stringent" or "public interest" standard). The standard of review for any modification of the Settlement at the request of one or more but less than all Settling Parties shall be the most stringent standard permissible under applicable law.
5. Exhibit A contains an index of the Settlement's defined terms. Exhibit B lists state tax depreciation for pre-2009 carrier property additions. Exhibit C lists federal tax depreciation for pre-2009 carrier property additions. Exhibit D contains the state tax depreciation factor schedule. Exhibit E lists the federal tax depreciation factor schedule. Exhibit F contains an illustrative possible rate calculation using the KSM. Exhibit G explains the stipulated amounts.
6. The Commission finds the Settlement appears fair and reasonable and in the public interest, and it is hereby approved. The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.
7. This letter terminates Docket No. IS10-209-000.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

cc: All parties