

141 FERC ¶ 61,263
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

December 28, 2012

BP Pipelines (Alaska) Inc.	In Reply Refer to: Docket No. IS09-348-009 (Superseded)*
BP Pipelines (Alaska) Inc.	Docket No. IS09-395-009
BP Pipelines (Alaska) Inc.	Docket No. IS10-204-008
BP Pipelines (Alaska) Inc.	Docket No. IS10-491-005
ConocoPhillips Transportation Alaska Inc.	Docket No. IS09-384-008
ConocoPhillips Transportation Alaska Inc.	Docket No. IS10-205-007
ConocoPhillips Transportation Alaska Inc.	Docket No. IS10-476-004
ExxonMobil Pipeline Company	Docket No. IS09-391-008
ExxonMobil Pipeline Company	Docket No. IS09-177-010
ExxonMobil Pipeline Company	Docket No. IS10-200-007
ExxonMobil Pipeline Company	Docket No. IS10-547-003
Unocal Pipeline Company	Docket No. IS07-41-008
Unocal Pipeline Company	Docket No. IS08-53-008
Unocal Pipeline Company	Docket No. IS10-52-006
Unocal Pipeline Company	Docket No. OR10-3-007
Unocal Pipeline Company	Docket No. IS10-490-003
Koch Alaska Pipeline Company, L.L.C.	Docket No. IS10-54-005
Koch Alaska Pipeline Company, L.L.C.	Docket No. IS10-496-004 (Phase II)

Eugene R. Elrod, Esq.
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Dear Mr. Elrod:

1. On October 11, 2012, you filed on behalf of the Settling Parties¹ a Partial Settlement Agreement resolving the depreciation and thereby the life of line issues 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 October 22, 2012, Commission Trial Staff submitted initial comments supporting the Partial Settlement and certification of it for approval by the Commission. On November 9, 2012, the Settling Parties and Commission Trial Staff filed a Consent Motion on Clarification.² On November 15, 2012, the Partial Settlement was certified to the Commission as uncontested.³ The Partial Settlement resolves issues relevant to proceedings involving the Trans Alaska Pipeline System (TAPS).

2. The Partial Settlement's essential terms are as follows:

3. Section II contains a table which specifies the Settlement Depreciation Factors to be applied to net depreciable Carrier property in service for each year, beginning on January 1, 2013, and extending through the Term of the Agreement to determine the depreciation expense for each specific year. The depreciation factor per year is calculated by dividing 1.0 by the years of remaining life as of January 1 of that year.

4. Section III, paragraph 2 provides that for all rates subject to refund effective January 1, 2013, each Carrier then providing service will submit a revised tariff

¹ The Settling Parties comprise BP Pipelines (Alaska) Inc., ConocoPhillips Transportation Alaska, Inc., ExxonMobil Pipeline Company, Koch Alaska Pipeline Company, LLC (Koch), Unocal Pipeline Company (Unocal) (collectively, the "Carriers"); the State of Alaska; Anadarko Petroleum Corporation; Tesoro Alaska Company; Flint Hill Resources Alaska, LLC; and Petro Star Inc.

² The motion revised the Agreement to reflect that effective January 1, 2013, two of the current Carriers, Koch and Unocal, will have transferred their ownership interest in TAPS to other carriers, and effective January 1, 2013, they no longer will provide service on TAPS.

³ *BP Pipelines (Alaska) Inc.*, 141 FERC ¶ 63,012 (2012).

incorporating the Settlement Depreciation Factor of 3.1250 percent for year 2013, as set forth in Section II. The Carriers providing service after January 1, 2013, are specified in the Consent Motion for Clarification filed on November 9, 2012. This paragraph also explains that a Carrier may file a new cost of service rate at any time, but the depreciation factor to be used in any new filing with an effective date during the term of the Agreement has to comport with the Partial Settlement. Further, this paragraph provides that a Settling Party may protest any changes to other rate elements in the TAPS tariff rates to be effective on or after January 1, 2013.

5. Section IV provides that the initial term of the Agreement will be five years, beginning on January 1, 2013 and continuing through December 31, 2017. This section also states that beginning January 1, 2018, the initial term will be automatically extended each year for an additional one-year term, unless a Settling Party withdraws from the Agreement by providing 30 days' advance written notice (on or before December 1 prior to the next term, beginning December 1, 2017) and that such notice will terminate the Agreement for all Parties.

6. Section VIII C of the Partial Settlement provides that once approved the standard of review for any modifications to the agreement by the Commission acting *sua sponte*, the Parties acting unanimously, or third parties shall be the ordinary just and reasonable standard.

7. The Commission finds the Partial Settlement appears fair and reasonable and in the public interest, and it is hereby approved. The Commission's approval of the Partial Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

8. This letter terminates Docket Nos. IS09-348-009 (Superseded); Docket Nos. IS09-395-009, IS10-204-008, IS10-491-005; Docket Nos. IS09-384-008, IS10-205-007, IS10-476-004; Docket Nos. IS09-391-008, IS09-177-010, IS10-200-007, IS10-547-003; Docket Nos. IS07-41-008, IS08-53-008, IS10-52-006, OR10-3-007, IS10-490-003, IS10-54-005, IS10-496-004 (Phases I and II), IS11-306-002, IS12-498-001, IS11-335-001, OR11-10-001, IS11-336-001, IS11-328-002, IS11-546-001, IS12-397-001, IS12-458-001, OR12-20-001.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

cc: All parties