



## **Background**

3. Crude oil streams produced from different fields on the Alaska North Slope are commingled into a common stream and shipped to market on TAPS.<sup>2</sup> Each TAPS Carrier possesses an undivided joint interest and a corresponding entitlement to ownership of TAPS capacity.

4. Prior to Opinion No. 502,<sup>3</sup> each TAPS Carrier charged individual rates that varied significantly among them. In Opinion No. 502, the Commission directed the TAPS Carriers to charge a uniform rate for interstate transportation service. The Commission explained that it is just and reasonable for the TAPS Carriers to charge one rate because they all provide identical interstate transportation service to shippers, regardless of whose capacity is used, and they all have essentially the same cost-of-service.

5. Following issuance of Opinion No. 502, the TAPS Carriers filed tariffs to comply with that opinion. Alaska and Anadarko protested the filings. On June 30, 2009, the Commission issued an order addressing the various tariff filings of the TAPS Carriers in Docket No. IS09-348-000, *et al.*<sup>4</sup> The June 30, 2009 Order stated that while the Commission established a clear policy in Opinion No. 502 that a uniform rate should apply for transportation service on TAPS, the individual rates filed by the TAPS Carriers vary and cover different periods of time. To implement its directive that the TAPS Carriers must charge a uniform rate, the Commission consolidated the rate filings with the pending TAPS rate proceedings because all of the proceedings involve the same issues.<sup>5</sup> In the June 30, 2009 Order, the Commission stated that the consolidation ensures that a single proceeding will determine a just and reasonable uniform rate for TAPS.

6. By order issued January 13, 2010, the Chief Administrative Law Judge (Chief ALJ) severed the issues raised in the various filings into two phases, the Strategic Reconfiguration (SR) Phase (Docket No. IS09-348-004) and the Non-SR Phase (Docket No. IS09-348-000). The SR case is pending according to separate procedural schedules

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<sup>2</sup> The other current TAPS Carriers are BP Pipelines (Alaska) Inc. and ExxonMobil Pipeline Company.

<sup>3</sup> *BP Pipelines (Alaska) Inc.*, Opinion No. 502, 123 FERC ¶ 61,287 (2008).

<sup>4</sup> *BP Pipelines (Alaska) Inc.*, 127 FERC ¶ 61,316 (2009) (June 30, 2009 Order).

<sup>5</sup> Certain TAPS Carriers made rate filings after June 30, 2010, which the Commission consolidated with the ongoing Docket No. IS09-348-004, *et al.* proceedings.

and is in varying stages of completion.<sup>6</sup> Subsequently, in Docket No. IS11-306-000, *et al.*,<sup>7</sup> the Commission consolidated the TAPS Carriers' 2011 rate increases, set them for hearing, and held them in abeyance pending the outcome of the proceedings in Docket No. IS09-348-004, *et al.* On July 16, 2013, the Commission issued an order accepting a contested settlement resolving the Non-SR issues.<sup>8</sup>

7. Since this time, the Commission has accepted and suspended filings similar to the instant filing, subject to refund, consolidated them, and held them in abeyance pending the outcome of the proceedings in Docket No. IS09-348-000, *et al.*<sup>9</sup>

### **Protests**

8. Alaska and Anadarko/Tesoro protested the instant filing. Anadarko/Tesoro argue that the transmittal letter accompanying the filing is patently deficient because CPTAI has failed to provide adequate supporting explanation of the proposed changes, and this warrants rejection of the filing.

9. Additionally, Alaska and Anadarko/Tesoro argue that the rates contained in the tariff (a) include imprudent and unlawful expenditures relating to the SR Program, (b) may impermissibly include costs relating to the dismantling and removal of TAPS facilities from the right-of-way, and (c) may not accurately calculate appropriate operating costs and test period adjustments to those costs. They ask the Commission to suspend the tariff, subject to refund, set it for hearing, consolidate it with the previously

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<sup>6</sup> On December 28, 2012, the Commission approved an uncontested partial settlement of the SR Phase. *BP Pipelines (Alaska) Inc.*, 141 FERC ¶ 61,263 (2012). Also, on June 25, 2013, the Chief ALJ issued an order extending the Initial Decision deadline to on or before October 31, 2013, due to the magnitude of the record and complexity of the issues.

<sup>7</sup> *Unocal Pipeline Co.*, 136 FERC ¶ 61,144 (2011). Unocal filed its 2011 TAPS rate increase in Docket No. IS11-546-000, which the Commission accepted and suspended and consolidated with the proceedings in Docket No. IS11-306-000, *et al.* The parties treat Docket No. IS11-306-000, filed by CPTAI, as the lead proceeding for the consolidated TAPS 2011 rate filings.

<sup>8</sup> *See, e.g., ExxonMobil Pipeline Company*, 148 FERC ¶ 61,078 (2014); *ConocoPhillips Transp. Alaska, Inc.* 148 FERC ¶ 61,103 (2014); *BP Pipelines (Alaska) Inc.*, 149 FERC ¶ 61,293 (2014).

<sup>9</sup> *ConocoPhillips Transportation Alaska, Inc.*, 144 FERC ¶ 61,080 (2013).

consolidated proceedings in Docket No. IS11-306-000, *et al.*, and hold it in abeyance pending the resolution of the SR proceedings currently pending in Docket No. IS09-348-004, *et al.*

### **CPTAI's Answers**

10. CPTAI filed answers to each protest, observing that Alaska and Anadarko/Tesoro raise many of the same issues they raised with respect to past TAPS Carriers' rate filings. CPTAI asks the Commission to reject these contentions, and accept its filing effective July 17, 2015, subject to refund. However, CPTAI states that it does not object to the requests that its filing be consolidated and held in abeyance pending resolution of the consolidated 2009 and 2010 TAPS rate proceedings in Docket Nos. IS09-348-004, *et al.*

### **Commission Analysis**

11. The Commission will accept and suspend FERC Tariff No. 19.7.0 to become effective July 17, 2015, subject to refund. The Commission also will consolidate CPTAI's FERC Tariff No. 19.7.0 with existing ongoing proceedings involving the TAPS Carriers' rates.

12. The Commission finds that CPTAI conformed with the filing requirements for making a cost-of-service rate change pursuant to 346.1 of the Commission's regulations. CPTAI's transmittal letter explains that the new rate is calculated in accordance with the ratemaking methodology prescribed by the Commission for TAPS in Opinion No. 502 and notes that it is seeking to "change rates by filing cost, revenue, and throughput data supporting such rates."<sup>10</sup> While the accuracy of this data may be challenged in the consolidated proceedings as discussed below, the transmittal letter is not so patently devoid of explanatory support in the context of a TAPS rate change as Anadarko/Tesoro asserts.

13. However, CPTAI's filing and the protests raise many of the same issues being addressed in the SR proceeding in Docket No. IS09-348-004, *et al.*, and being held in abeyance in Docket Nos. IS11-306-000, *et al.* Further, the instant filing and the protests raise a number of issues that cannot be resolved on the basis of the existing record, and CPTAI does not oppose consolidation of this filing with the ongoing proceedings.

14. Accordingly, the Commission will consolidate CPTAI's filing with the consolidated proceedings in Docket Nos. IS11-306-000, *et al.*, which will allow FERC Tariff No. 19.7.0 to become effective subject to refund, but with the hearing thereon to be

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<sup>10</sup> CPTAI Transmittal Letter at 1.

held in abeyance pending resolution of the ongoing SR proceedings in Docket No. IS09-348-004, *et al.*

The Commission orders:

(A) CPTAI's FERC Tariff No. 19.7.0 is accepted and suspended to become effective July 17, 2015, subject to refund and held in abeyance pending further order of the Commission.

(B) Docket No. IS15-522-000 is consolidated with the consolidated proceedings in Docket No. IS11-306-000, *et al.*, which are being held in abeyance pending the resolution of the ongoing SR proceedings in Docket Nos. IS09-348-004, *et al.*

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.