

131 FERC ¶ 61,003
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
and John R. Norris.

BP Pipelines (Alaska) Inc.	Docket Nos. IS07-75-001 and IS08-78-001
	Docket Nos. IS07-75-002 and IS08-78-002
ConocoPhillips Transportation Alaska, Inc.	Docket Nos. IS07-56-001 and IS08-62-001
	Docket Nos. IS07-56-002 and IS08-62-002
ExxonMobil Pipeline Company	Docket Nos. IS07-55-001 and IS08-65-001
	Docket Nos. IS07-55-002 and IS08-65-002
Koch Alaska Pipeline Company LLC	Docket Nos. IS07-48-002 and IS08-64-001
	Docket Nos. IS07-48-003 and IS08-64-002
Unocal Pipeline Company	Docket Nos. IS07-41-001 and IS08-53-001
	Docket Nos. IS07-41-002 and IS08-53-002

ORDER APPROVING UNCONTESTED SETTLEMENT

(Issued April 1, 2010)

1. This matter involves the 2007 and 2008 interstate rates for the transportation of crude oil on the Trans Alaska Pipeline System (TAPS). On January 15, 2010, the TAPS Carriers,¹ Anadarko Petroleum Company (Anadarko), Tesoro Alaska Company and Tesoro Corporation (Tesoro), Flint Hills Resource Alaska, LLC, Arctic Slope Regional Corporation, Petro Star, Inc., the State of Alaska (State), and Commission Trial Staff (collectively, Settling Parties) filed an Offer of Settlement (Settlement) resolving all issues in the above-captioned dockets relating to the pipeline's 2008

¹ The TAPS Carriers are BP Pipelines (Alaska) Inc. (BP); ConocoPhillips Transportation Alaska, Inc. (ConocoPhillips); ExxonMobil Pipeline Company (ExxonMobil); Koch Alaska Pipeline Company; and Unocal Pipeline Company.

rates.² The Settlement does not affect the above-captioned dockets relating to the pipeline's 2007 rates.³ All active parties and participants in the 2008 Dockets support the Settlement. As discussed below, the Commission approves the Settlement as fair and reasonable and in the public interest.

2. The Settlement establishes a settlement rate for transportation service on TAPS of \$3.33 per barrel from January 1, 2008 through the end of the settlement periods specified in the Settlement for each TAPS Carrier. This is a reduction of 12 cents per barrel from the filed rates. The Settlement requires the TAPS Carriers to pay refunds to all TAPS shippers equal to the difference between the rates charged (net of preliminary refunds already paid) and the settlement rate.

3. The Settlement also stipulates the amounts of certain cost of service elements on a total TAPS basis for calendar year 2008. Those cost of service elements are (1) Depreciation Expense; (2) Equity AFUDC Amortization; (3) Debt AFUDC Amortization; (4) Amortization of Deferred Return; (5) State Tax Depreciation; (6) Federal Tax Depreciation; and (7) Amortization of Excess Tax Reserve. The Settlement provides that no future TAPS cost of service rates will be calculated relying on any actual 2008 amount that does not conform to the amounts stipulated in the Settlement with respect to the above cost of service elements.

4. The Settlement does not impact the 2007 Dockets, for which petitions for review are pending with the Court. The Settlement also does not affect future rates, including the TAPS 2009 Dockets, except to the extent that the Settlement stipulates certain cost of service elements for calendar year 2008 and provides for certain additional rate filings to

² These dockets include Docket Nos. IS08-78-001, IS08-78-002, IS08-62-001, IS08-62-002, IS08-65-001, IS08-65-002, IS08-64-001, IS08-64-002, IS08-53-001, IS08-53-002 and OR08-5-000 (2008 Dockets). Docket No. OR08-5-000 was apparently established in error due to an administrative misunderstanding with respect to a December 14, 2007 Anadarko protest/complaint filing. The Commission issued a notice of complaint in Docket No. OR08-5-000 on January 7, 2008, but rescinded the notice on January 9, 2008 without terminating the docket.

³ These dockets include Docket Nos. IS07-75, IS07-56, IS07-55, IS07-48, and IS07-41 (2007 Dockets). The Commission has issued final orders in the 2007 Docket proceedings. Appeals of those proceedings are pending before the United States Court of Appeals for the D.C. Circuit (Court).

implement the Settlement.⁴ The Settlement provides that the State, Anadarko, and Tesoro will withdraw their challenges to a series of depreciation studies filed by the TAPS Carriers in Docket Nos. DO06-5-000, DO06-6-000, DO06-7-000, DO06-8-000, DO06-9-000 for the period of January 1, 2005 through December 31, 2008.

5. The Settlement will become effective upon approval by the Commission without modification or conditions. The Settlement states that upon the settlement approval date, all matters in the 2008 Dockets will be resolved and the 2008 Dockets will be terminated. The Settlement also provides that if the Commission rejects or modifies any provision of the Settlement or otherwise imposes conditions on the Settlement, the Settlement will immediately terminate and be deemed withdrawn.

6. On January 25, 2010, Commission Trial Staff filed comments in support of the Settlement. On February 24, 2010, the Settlement Judge certified the Settlement to the Commission as uncontested.⁵

7. The Commission finds that the Settlement is fair, reasonable, and in the public interest. The Settlement provides a substantial reduction in the rates for transportation service on TAPS during the settlement period and is supported by all active parties. Accordingly, the Settlement is hereby approved. The Commission's approval of this Settlement does not constitute approval of or precedent regarding, any principle or issue in this proceeding.

8. Paragraph 17 of the Settlement states that the standard of review for any modifications to the Settlement by the Commission acting *sua sponte* or by third parties shall be the most stringent standard permissible under applicable law.

⁴ Subject to certain conditions enumerated in Paragraph 3 of the Settlement, certain TAPS Carriers (BP, ConocoPhillips, and ExxonMobil) will file revised tariff sheets reflecting an additional 2 cent reduction per barrel in their current tariff rates. The purpose of this additional rate reduction is solely to implement the Settlement.

⁵ *BP Pipelines (Alaska) Inc.*, 130 FERC ¶ 63,011 (2010).

9. This order terminates Docket Nos. IS08-78-001, IS08-78-002, IS08-62-001, IS08-62-002, IS08-65-001, IS08-65-002, IS08-64-001, IS08-64-002, IS08-53-001, IS08-53-002 and OR08-5-000.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.