

155 FERC ¶ 61,054  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;  
Cheryl A. LaFleur, Tony Clark,  
and Colette D. Honorable.

BP Pipelines (Alaska) Inc.	Docket No. IS11-335-000
BP Pipelines (Alaska) Inc.	Docket No. IS12-458-000
BP Pipelines (Alaska) Inc.	Docket No. IS13-62-000
BP Pipelines (Alaska) Inc.	Docket No. IS13-108-000
BP Pipelines (Alaska) Inc.	Docket No. IS13-506-000
BP Pipelines (Alaska) Inc.	Docket No. IS15-88-000
BP Pipelines (Alaska) Inc.	Docket No. IS16-76-000
ConocoPhillips Transportation Alaska, Inc.	Docket No. IS11-306-000
ConocoPhillips Transportation Alaska, Inc.	Docket No. IS12-498-000
ConocoPhillips Transportation Alaska, Inc.	Docket No. IS13-480-000
ConocoPhillips Transportation Alaska, Inc.	Docket No. IS13-125-000
ConocoPhillips Transportation Alaska, Inc.	Docket No. IS14-596-000
ConocoPhillips Transportation Alaska, Inc.	Docket No. IS15-522-000
ExxonMobil Pipeline Company	Docket No. IS11-336-000
ExxonMobil Pipeline Company	Docket No. IS12-397-000
ExxonMobil Pipeline Company	Docket No. IS13-55-000
ExxonMobil Pipeline Company	Docket No. IS13-496-000
ExxonMobil Pipeline Company	Docket No. IS14-575-000
ExxonMobil Pipeline Company	Docket No. IS15-580-000
Unocal Pipeline Company	Docket No. IS11-546-000
Koch Alaska Pipeline Company, LLC	Docket No. IS11-328-000

ORDER TO PROCEED WITH HEARING AND ESTABLISHING HEARING  
PROCEDURES

(Issued April 21, 2016)

1. As discussed below, the Commission directs the Trans Alaska Pipeline System (TAPS) Carriers<sup>1</sup> to file revised rates, costs-of-service, and preliminary refunds in the above-captioned matters consistent with the holdings of Opinion No. 544.<sup>2</sup> The Commission also directs the commencement of hearing proceedings to address the remaining issues in the above-captioned dockets.

### **Background**

2. The Commission held in abeyance hearing proceedings in the above-captioned dockets subject to the outcome of ongoing cost of service rate proceedings in Docket No. IS09-348-004, *et al.*<sup>3</sup> On November 20, 2015, the Commission issued Opinion No. 544 that concluded the litigation in Docket No. IS09-348-004, *et al.*, holding, among other things, that the Strategic Reconfiguration Project (SR Project) was imprudent.<sup>4</sup> Consistent with this holding, Opinion No. 544 disallowed recovery of certain SR Project costs.<sup>5</sup>

3. Because the Commission has issued Opinion No. 544 and addressed the prudence of the SR Project, the Commission directs the commencement of the hearing proceedings previously held in abeyance.

4. In addition, the costs-of-service and rates in the above-captioned dockets incorporate costs that Opinion No. 544 disallowed in its holding that the SR Project is

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<sup>1</sup> At the time of the 2009 and 2010 rate filings issue in this proceeding, the TAPS Carriers consisted of BP Pipelines (Alaska) Inc. (BP), ConocoPhillips Transportation Alaska, Inc. (ConocoPhillips), ExxonMobil Pipeline Company (ExxonMobil), Koch Alaska Pipeline Company, LLC (Koch), and Unocal Pipeline Company (Unocal) (collectively, Carriers). Koch and Unocal provided final notice of their withdrawal from TAPS effective as of August 1, 2012. Koch has completed its exit, and Unocal is in the process, subject to applicable governmental approvals, of completing the transfer of its TAPS interests to the remaining Carriers.

<sup>2</sup> *BP Pipelines (Alaska) Inc.*, Opinion No. 544, 153 FERC ¶ 61,233 (2015).

<sup>3</sup> *See, e.g., ConocoPhillips Transportation Alaska*, 135 FERC ¶ 61,184 (2011).

<sup>4</sup> Opinion No. 544, 153 FERC ¶ 61,233 at PP 4-109. The SR Project involved replacing the four TAPS pump stations with new pumps driven by variable-speed electric motors as opposed to the existing gas and diesel turbines. The SR Project also replaced the existing control systems in order to automate the pump stations.

<sup>5</sup> Opinion No. 544, 153 FERC ¶ 61,233 at PP 89-98.

imprudent. Accordingly, within 30 days, the Carriers must file revised costs-of-service and rates reflecting the holdings of Opinion No. 544. These revised rates and the related costs-of-service will be addressed in the hearing.

5. In addition the Commission directs preliminary refunds regarding the disallowed SR Project costs. Thus, within 120 days the Carriers shall issue preliminary refunds for the difference between the rates filed in each docket and the modified rates reflecting the holdings of Opinion No. 544 related to the SR Project.

The Commission orders:

(A) Pursuant to the authority conferred on the Commission by the Interstate Commerce Act (ICA), and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the ICA, hearing procedures are established and a public hearing shall be held concerning the above-captioned proceedings.

(B) A Presiding Administrative Law Judge (ALJ), to be designated by the Chief ALJ, shall, within 15 days of the date of the Presiding ALJ's designation, convene a prehearing conference in these proceedings in a hearing room of the Commission, 888 First Street, NE, Washington, DC 20426. Such a conference shall be held for the purpose of establishing a procedural schedule. The Presiding ALJ is authorized to establish procedural dates and to rule on all motions as provided in the Commission's Rules of Practice and Procedure.

(C) Within 30 days, the Carriers must file revised costs-of-service and rates in the above captioned dockets reflecting the holdings of Opinion No. 544.

(D) Within 120 days, the Carriers must issue preliminary refunds as discussed within the body of this order and, within 150 days, file refund reports with the Commission.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.