

GARY A. ZIPKIN  
LOUIS R. VEERMAN  
JAMES D. LINXWILER  
JAMES D. DEWITT  
GEORGE R. LYLE  
MICHAEL S. MCCLAUGHLIN  
SUSAN M. WEST  
MICHAEL K. NAVE  
JONATHAN A. WOODMAN  
AISHA TINKER BRAY  
GREGORY G. SILVEY  
MATTHEW COOPER  
CHRISTINA FANKIN  
PAMELA D. WEISS  
MOLLY C. BROWN  
NATHAN R. HAINES  
DAVID H. PARRISH  
STEVE N. SCORDINO

LAW OFFICES OF  
**Guess & Rudd**  
P.C.

510 L STREET, SUITE 700  
ANCHORAGE, ALASKA 99501-1964  
TELEPHONE (907) 793-2200  
FACSIMILE (907) 793-2299  
www.guessrudd.com

W. EUGENE GUESS 1932-1975  
JOSEPH RUDD 1933-1978  
FRANCIS E. SMITH, JR. 1941-1991

OFFICES IN  
ANCHORAGE & FAIRBANKS

OF COUNSEL  
LAW OFFICE OF JOSEPH J. PERKINS, JR.  
MARGARET S. JONES

April 21, 2008

Regulatory Commission of Alaska  
701 West 8<sup>th</sup> Avenue, Suite 300  
Anchorage, Alaska 99501

Re: TAPS Quality Bank  
BP Pipelines (Alaska) Inc. Tariff Advice No. TL 123-311  
ConocoPhillips Transportation Alaska, Inc. Tariff Advice No. TL 127-301  
ExxonMobil Pipeline Company Tariff Advice No. TL 136-304  
Koch Alaska Pipeline Company, L.L.C. Tariff Advice No. TL 123-308  
Unocal Pipeline Company Tariff Advice No. TL 113-312

Dear Commissioners:

This tariff advice refers to the Local Pipeline Tariff containing the TAPS Quality Bank Methodology for each of the five TAPS Carriers, issued April 21, 2008, with an effective date of May 1, 2008. The Local Pipeline Tariff is being filed today at the Federal Energy Regulatory Commission ("FERC") and with this Commission.

This tariff filing is being made to comply with an order issued by the FERC in *BP Pipelines (Alaska) Inc.*, 122 FERC ¶ 61,236 (2008) (Opinion No. 500).

Special permission has been requested of the FERC for these tariffs to become effective on May 1, 2008 in order to comply with the FERC order. The TAPS Carriers request a waiver of the usual 30-day notice requirement for a tariff revision because it is necessary and desirable for the Quality Bank provisions of the TAPS tariffs on file at the FERC and at this Commission to be identical and to have identical effective dates. Therefore, pursuant to 3 AAC 48.300(c)(4), there is good cause for waiver of the statutory notice and an effective date of May 1, 2008, as these tariff adjustments are being filed to comply with a FERC order.

Very truly yours,

GUESS & RUDD P.C.



Louis R. Veerman

# Vinson & Elkins

John E. Kennedy jkenedy@velaw.com  
Tel 713.758.2550 Fax 713.616.5273

April 21, 2008

## OIL PIPELINE FILING SPECIAL PERMISSION REQUESTED

Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: BP Pipelines (Alaska) Inc. Supplement No. 4 to F.E.R.C. No. 33  
ConocoPhillips Transportation Alaska, Inc. Supplement No. 4 to F.E.R.C. No. 10  
ExxonMobil Pipeline Company Supplement No. 4 to F.E.R.C. No. 274  
Koch Alaska Pipeline Company, L.L.C. Supplement No. 4 to F.E.R.C. No. 7  
Unocal Pipeline Company Supplement No. 4 to F.E.R.C. No. 285

Dear Ms. Bose:

Enclosed for filing are three copies of each of the following identical tariffs:

BP Pipelines (Alaska) Inc. Supplement No. 4 to F.E.R.C. No. 33  
ConocoPhillips Transportation Alaska, Inc. Supplement No. 4 to F.E.R.C. No. 10  
ExxonMobil Pipeline Company Supplement No. 4 to F.E.R.C. No. 274  
Koch Alaska Pipeline Company, L.L.C. Supplement No. 4 to F.E.R.C. No. 7  
Unocal Pipeline Company Supplement No. 4 to F.E.R.C. No. 285

The companies issuing these tariffs are collectively referred to herein as the TAPS Carriers.

These tariffs are issued to comply with an order issued by the Federal Energy Regulatory Commission ("Commission") in *BP Pipelines (Alaska) Inc.*, 122 FERC ¶ 61,236 (2008) (Opinion No. 500). That order directed the TAPS Carriers "to make a compliance filing establishing the processing cost adjustment for the West Coast Heavy Distillate cut within thirty days of this order, unless there is a request for rehearing . . ." *Id.*, Ordering Paragraph B. The sole purpose of this filing is to make a change to page 2 of Attachment 2C of the currently effective Quality Bank methodology tariff to incorporate the West Coast

Heavy Distillate processing cost adjustment calculated in compliance with the Commission's order.

On April 2, 2008 the TAPS Carriers made a Compliance Filing setting forth the calculation of the West Coast Heavy Distillate processing cost adjustments for all periods for which the tariffs at issue have been suspended. On April 17, 2008 Flint Hills Resources Alaska LLC ("Flint Hills") filed a protest to the TAPS Carriers' Compliance Filing. No other protests to the Compliance Filing have been received. Flint Hills does not argue that the Quality Bank Administrator ("QBA") has incorrectly calculated the processing cost adjustments for the suspension period. Rather, Flint Hills argues that, pursuant to Section 4412(b)(2) of the Motor Carrier Safety Reauthorization Act of 2005, the Commission may only order recalculation of Quality Bank payments and receipts for the 15-month period preceding its order approving the processing cost adjustments contained in the TAPS Carriers' Compliance Filing. Such an order will presumably be issued in the relatively near future – certainly within 15 months. Thus, even assuming, *arguendo*, that Flint Hills' reading of the statute is correct, there is no reason not to begin using the processing cost adjustment calculated in accordance with Opinion No. 500 in valuing the West Coast Heavy Distillate component for purposes of the Quality Bank.

The enclosed tariffs have been filed to be effective on May 1, 2008. The calculation of Quality Bank payments and receipts is made using monthly data. Thus it would be difficult to calculate the Quality Bank payments and receipts for April 2008 if two West Coast Heavy Distillate processing cost adjustments were effective during that month. In any event, Quality Bank payments and receipts for April 2008 will be recalculated after the Commission approves the processing cost adjustments calculated by the QBA and specifies the time period for which Quality Bank payments and receipts are to be recalculated.

Pursuant to Section 6(3) of the Interstate Commerce Act and 18 C.F.R. § 341.14, the TAPS Carriers request special permission for the enclosed tariffs to be effective on May 1, 2008, which is nine days' notice. As noted above, these tariffs are filed to comply with an order of this Commission.

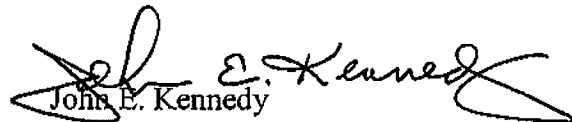
Pursuant to 18 C.F.R. § 343.3 of the Commission's regulations, each of the TAPS Carriers other than Koch Alaska Pipeline Company, L.L.C. hereby requests that any protest to its enclosed filing be telefaxed at the time it is filed to its counsel, John E. Kennedy, at the following telefax number: 713.615.5273. Koch Alaska Pipeline Company, L.L.C. requests

that any protest to its enclosed filing be telefaxed to its counsel, John B. Rudolph, at the following telefax number: 202.973.1212.

I hereby certify that on or before this day a copy of the enclosed tariffs has been sent to each subscriber on the subscriber list of the appropriate TAPS Carrier by first-class mail or other agreed-upon means of transmission.

Any questions regarding the accompanying tariff should be addressed to John E. Kennedy at 713.758.2550.

Respectfully submitted,



John E. Kennedy  
Counsel for BP Pipelines (Alaska) Inc.,  
ExxonMobil Pipeline Company,  
ConocoPhillips Transportation Alaska, Inc. and  
Unocal Pipeline Company

HAND DELIVERED AND RECEIPT  
REQUESTED

Enclosures

Supplement No. 4 to F.E.R.C. No. 33 (BP)  
Supplement No. 4 to F.E.R.C. No. 10 (ConocoPhillips)  
Supplement No. 4 to F.E.R.C. No. 274 (ExxonMobil)  
Supplement No. 4 to F.E.R.C. No. 7 (Koch)  
Supplement No. 4 to F.E.R.C. No. 285 (Unocal)

**BP PIPELINES (ALASKA) INC. (BP)  
CONOCOPHILLIPS TRANSPORTATION ALASKA, INC. (CONOCOPHILLIPS)  
EXXONMOBIL PIPELINE COMPANY (EXXONMOBIL)  
KOCH ALASKA PIPELINE COMPANY, L.L.C. (KOCH)  
UNOCAL PIPELINE COMPANY (UNOCAL)**

**LOCAL PIPELINE TARIFF**

CONTAINING THE TAPS  
QUALITY BANK METHODOLOGY

**GENERAL APPLICATION**

This tariff shall apply only to those tariffs which specifically incorporate this tariff, supplements to this tariff and successive issues hereof, by reference.

**NOTICES**

The changes noted in Attachment [W] 2D are made to comply with this Commission's order in *BP Pipelines (Alaska) Inc.*, 122 FERC ¶ 61,236 (2008) (Opinion No. 500).

For rules and regulations other than the TAPS Quality Bank Methodology tariff, see F.E.R.C. No. 26 (BP), F.E.R.C. No. 12 (ConocoPhillips), F.E.R.C. No. 305 (ExxonMobil), F.E.R.C. No. 9 (Koch), F.E.R.C. No. 189 (Unocal), supplements thereto and reissues thereof.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

**SPECIAL PERMISSION REQUESTED**

Issued on nine days' notice under authority of 18 C.F.R. § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30-day review period

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ISSUED APRIL 21, 2008

EFFECTIVE MAY 1, 2008

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ISSUED BY

Charles J. Coulson, President  
BP PIPELINES (ALASKA) INC.  
900 East Benson Boulevard  
P. O. Box 190848  
Anchorage, Alaska 99519-0848

John M. Christal, Vice President, Controller and Treasurer  
CONOCOPHILLIPS TRANSPORTATION  
ALASKA, INC.  
700 G Street, ATO-920  
Anchorage, Alaska 99501

Gary W. Pruessing, President  
EXXONMOBIL PIPELINE COMPANY  
P. O. Box 2220  
Houston, Texas 77252-2220

Richard L. Barnaby  
KOCH ALASKA PIPELINE COMPANY, L.L.C.  
P. O. Box 2913  
Wichita, Kansas 67201-2913

Rebecca B. Roberts, President  
UNOCAL PIPELINE COMPANY  
P. O. Box 430  
Bellaire, Texas 77402-0430

[W]

[W]

COMPILED BY  
John E. Kennedy  
1001 Fannin Street  
Houston, TX 77002-6760  
713.758.2550

**ATTACHMENT 2D CANCELS ATTACHMENT 2C**

**ATTACHMENT 2D**

**COMPONENT UNIT VALUE PRICING BASIS**

**Effective 5/1/08**

**PROPANE (C<sub>3</sub>)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Propane.	OPIS's (weekly) Los Angeles delivered spot quote for Propane.

**ISOBUTANE (iC<sub>4</sub>)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Isobutane.	OPIS's (weekly) Los Angeles delivered spot quote for Isobutane.

**NORMAL BUTANE (nC<sub>4</sub>)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Normal Butane.	OPIS's (weekly) Los Angeles delivered spot quote for Normal Butane.

**LIGHT STRAIGHT RUN (C<sub>5</sub> – 175°F)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Natural Non-Targa.	OPIS's (weekly) Bakersfield delivered spot quote for Natural Gasoline.

**NAPHTHA (175° – 350°F)**

United States Gulf Coast	United States West Coast
Arithmetic average of (1) Platt's U.S. Gulf Coast spot quote for Waterborne Heavy Naphtha and (2) Platt's U.S. Gulf Coast spot quote for Waterborne Heavy Naphtha Barge.	See Attachment 2, page 3.

**ATTACHMENT 2D CANCELS ATTACHMENT 2C**

**ATTACHMENT 2D**

**COMPONENT UNIT VALUE PRICING BASIS**

**Effective 5/1/08**

**LIGHT DISTILLATE (350° - 450°F)**

United States Gulf Coast	United States West Coast
Platt's U.S. Gulf Coast spot quote for Waterborne Jet Kerosene 54 less 0.7206[U] cents per gallon.	Platt's U.S. West Coast spot quote for Waterborne Jet Fuel less 0.7206[U] cents per gallon.

**HEAVY DISTILLATE (450° - 650°F)**

United States Gulf Coast	United States West Coast
Platt's U.S. Gulf Coast spot quote for Waterborne No. 2 less 2.8820[U] cents per gallon.	Platt's U.S. West Coast spot quote for Los Angeles Pipeline ULS (EPA) Diesel less 9.3241[D] cents per gallon.

**GAS OIL (650° - 1050°F)**

United States Gulf Coast	United States West Coast
OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO.	OPIS's (weekly) U.S. West Coast (Los Angeles basis) spot quote for High Sulfur VGO.

**RESID (1050°F and Over)**

United States Gulf Coast	United States West Coast
See Attachment 2, page 4.	See Attachment 2, page 5.

Explanation of symbols:

- [D] Decrease
- [U] Unchanged rate (adjustment)
- [W] Change in wording only

**ATTACHMENT 2D CANCELS ATTACHMENT 2C**

**ATTACHMENT 2D**

**U.S. WEST COAST NAPHTHA  
COMPONENT UNIT VALUE PRICING BASIS**

**Effective 5/1/08**

West Coast Naphtha Component Value, \$ per Barrel =  $0.615[U] \times \text{Gasoline Price} + 0.304[U] \times \text{Jet Fuel Price} + 0.652[U]$

Where:

Gasoline Price – Platt's West Coast Waterborne Unleaded 87, \$ per Barrel

Jet Fuel Price – Platt's West Coast Waterborne Jet Fuel, \$ per Barrel

The prices used are the monthly average of the daily high and low prices.

The three constants in the equation were derived from a dual variable regression analysis of Platt's Gulf Coast monthly average prices for waterborne Naphtha,<sup>(1)</sup> unleaded 87 Gasoline, and Jet/Kero 54 over the 10-year period January, 1998 through December, 2007. The Quality Bank Administrator will recompute the constants in the regression equation whenever circumstances require, but not less than once each year.

- (1) Through February 2003 – WB Naphtha  
March 1, 2003 – August 16, 2003 – WB Heavy Naphtha  
Beginning August 17, 2003 – Average WB Heavy Naphtha & Heavy Naphtha Barge

ATTACHMENT 2D CANCELS ATTACHMENT 2C

ATTACHMENT 2D

U.S. GULF COAST RESID  
COMPONENT UNIT VALUE PRICING BASIS

Effective 5/1/08

Resid Component Value, \$ per Barrel =

	(0.0348)	x	QB Propane Value, \$/Bbl.
+	(0.0040)	x	QB Isobutane Value, \$/Bbl.
+	(0.0264)	x	QB Normal Butane Value, \$/Bbl.
+	(0.0616)	x	QB LSR Value, \$/Bbl.
+	(0.1008)	x	QB Naphtha Value, \$/Bbl.
+	(0.2046)	x	QB Heavy Distillate Value, \$/Bbl.
+	(0.2929)	x	QB Gas Oil Value, \$/Bbl.
+	(0.0631)	x	Coke Price <sup>(1)</sup> - \$5.00
+	(0.2989)	x	Natural Gas Price <sup>(2)</sup>
-	9.8901 <sup>3</sup>		[U]

- (1) Monthly price quoted in *Pace Petroleum Coke Quarterly* for Gulf Coast high sulfur petroleum coke, >50 HGI, mid point price, \$ per metric ton, converted to \$ per short ton.
- (2) Monthly Henry Hub natural gas spot price quote from *Natural Gas Week*, monthly weighted averages, \$ per MMBtu.
- (3) Gulf Coast coker and coker product treatment costs, including capital recovery, \$ per Barrel.

ATTACHMENT 2D CANCELS ATTACHMENT 2C

ATTACHMENT 2D

U.S. WEST COAST RESID  
COMPONENT UNIT VALUE PRICING BASIS

Effective 5/1/08

Resid Component Value, \$ per Barrel =

	(0.0348)	x	QB Propane Value, \$/Bbl.
+	(0.0040)	x	QB Isobutane Value, \$/Bbl.
+	(0.0264)	x	QB Normal Butane Value, \$/Bbl.
+	(0.0616)	x	QB LSR Value, \$/Bbl.
+	(0.1008)	x	QB Naphtha Value, \$/Bbl.
+	(0.2046)	x	QB Heavy Distillate Value, \$/Bbl.
+	(0.2929)	x	QB Gas Oil Value, \$/Bbl.
+	(0.0631)	x	Coke Price <sup>(1)</sup> - \$8.75
+	(0.2989)	x	Natural Gas Price <sup>(2)</sup> + \$0.15
-	12.1035 <sup>3</sup>		[U]

- (1) Monthly price quoted in *Pace Petroleum Coke Quarterly* for West Coast low sulfur petroleum coke, >2% Sulfur, mid point price, \$ per metric ton, converted to \$ per short ton.
- (2) Monthly California natural gas spot price quote from *Natural Gas Week*, gas price trends, (south, delivered to pipeline), \$ per MMBtu.
- (3) West Coast coker and coker product treatment costs, including capital recovery, \$ per Barrel.

**ATTACHMENT 2D CANCELS ATTACHMENT 2C**

**ATTACHMENT 2D**

**COKER PRODUCT YIELD MULTIPLIERS  
68 DEGREE F C5 CUT POINT (1)**

Effective 5/1/08

<u>Product</u>	<u>Base Yield (per Bbl.)<sup>1</sup></u>	<u>Yield Impact per +1% MCR (per Bbl.)</u>	<u>Yield Impact per +1 °API (per Bbl.)</u>	<u>Yield Impact per +1% Sulfur (per Bbl.)</u>	<u>Revised Product Yield (per Bbl.)</u>
Propane	0.0348	0.0000	0.0000	0.0000	0.0348
Isobutane	0.0040	0.0000	0.0000	0.0000	0.0040
Normal Butane	0.0264	0.0000	0.0000	0.0000	0.0264
LSR	0.0609	0.0014	0.0008	-0.0003	0.0616
Naphtha	0.0996	0.0023	0.0013	-0.0005	0.1008
Heavy Distillate	0.2080	-0.0078	-0.0039	-0.0013	0.2046
Gas Oil	0.2989	-0.0134	-0.0067	-0.0019	0.2929
Coke	0.0618	0.0030	0.0015	-0.0003	0.0631
Fuel Gas	0.2989	0.0000	0.0000	0.0000	0.2989

	<u>Base</u>	<u>Caleb Brett 2001 Assay</u>
MCR, %	23.00	23.1
°API	5.50	6.2
SULFUR, %	2.50	2.47

<sup>1</sup> From EMT-197 revised to use 68°F cut point for C<sup>5+</sup>