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MARGARET S. JONES

May 20, 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 124-311  
ConocoPhillips Transportation Alaska, Inc. Tariff Advice No. TL 128-301  
ExxonMobil Pipeline Company Tariff Advice No. TL 137-304  
Koch Alaska Pipeline Company, L.L.C. Tariff Advice No. TL 124-308  
Unocal Pipeline Company Tariff Advice No. TL 114-312

Dear Commissioners:

This tariff advice is made pursuant to Item III. J of the TAPS Quality Bank Methodology as contained in the Local Pipeline Tariff for each of the five TAPS Carriers. This filing is made to reflect the fact that the product price used to calculate the unit value of the Gas Oil component on the West Coast will soon be available on a daily basis, rather than only weekly, as explained in the tariff filing being made today at the Federal Energy Regulatory Commission ("FERC"), a copy of which is included in today's filing with this Commission. The requested effective date is June 16, 2008.

Special permission has been requested of the FERC for these tariff amendments to become effective on June 16, 2008, which is twenty-seven days' notice. The change in reported product price from weekly to daily will occur on June 16, 2008. The tariff amendments should become effective on that date so that the Quality Bank can continue to rely on the available current market data to value the Gas Oil component. The TAPS Carriers request a waiver of the usual thirty-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 June 16, 2008.

Very truly yours,

GUESS & RUDD P.C.



Louis R. Veerman

# Vinson & Elkins

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Tel 713.758.2550 Fax 713.615.5273

May 20, 2008

## OIL PIPELINE FILING SPECIAL PERMISSION REQUESTED

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

Re: BP Pipelines (Alaska) Inc. Supplement No. 5 to F.E.R.C. No. 33  
ConocoPhillips Transportation Alaska, Inc. Supplement No. 5 to F.E.R.C. No. 10  
ExxonMobil Pipeline Company Supplement No. 5 to F.E.R.C. No. 274  
Koch Alaska Pipeline Company, L.L.C. Supplement No. 5 to F.E.R.C. No. 7  
Unocal Pipeline Company Supplement No. 5 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. 5 to F.E.R.C. No. 33  
ConocoPhillips Transportation Alaska, Inc. Supplement No. 5 to F.E.R.C. No. 10  
ExxonMobil Pipeline Company Supplement No. 5 to F.E.R.C. No. 274  
Koch Alaska Pipeline Company, L.L.C. Supplement No. 5 to F.E.R.C. No. 7  
Unocal Pipeline Company Supplement No. 5 to F.E.R.C. No. 285

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

These tariff filings are being made pursuant to Item III.J of the above-referenced Quality Bank methodology tariffs to reflect the fact that the product price used to calculate the unit value of the Gas Oil component on the West Coast will soon be available on a daily basis, rather than only weekly.

Currently Gas Oil, the component distilled from each of the relevant petroleum streams between 650°F and 1050°F, is valued on the U.S. West Coast using "OPIS's (weekly) U.S. West Coast (Los Angeles basis) spot quote for High Sulfur VGO." See Supplement No. 4 to the FERC tariffs referenced above, Attachment 2D at 2. The parties

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stipulated to using those reported spot quotes to value the VGO component on the West Coast in FERC Docket No. OR89-2 and RCA Docket Nos. P-89-1, *et al.* See *Trans Alaska Pipeline System*, 108 FERC ¶ 63,030 at P 2767 (2004); *Trans Alaska Pipeline System*, 113 FERC ¶ 61,062 at P 168 & n.165 (2005) (Opinion No. 481). The FERC accepted that stipulation, Opinion No. 481 at P 174, and the RCA adopted the FERC's opinion, *In re Formal Complaint of Tesoro Alaska Petroleum Co.*, P-89-1(104)/P-89-2(98)/P-94-4(37)/P-96-6(24)/P-98-9(16)/P-99-12(19) (2005).

OPIS recently announced that it would cease publishing a weekly West Coast spot quote for High Sulfur VGO and begin publishing daily spot quotes:

The liquidity of the West Coast spot feedstocks market has grown to the point that it now merits more than once-a-week coverage. So starting June 16, 2008, OPIS will publish daily assessments instead of weekly assessments of West Coast low sulfur VGO, West Coast high sulfur VGO, and West Coast light cycle oil.

See Exhibit A.<sup>1</sup>

This situation appears to be covered by Item III.J of the above-referenced tariffs:

This Methodology is intended to contain a comprehensive treatment of the subject matter. However, unanticipated issues concerning implementation of this Methodology may arise. If so, the Quality Bank Administrator is authorized to resolve such issues in accordance with the best understanding of the intent of the FERC and RCA that the Quality Bank Administrator can derive from their orders regarding the Quality Bank methodology. The Quality Bank Administrator's resolution of any such issue shall be final unless and until changed prospectively by orders of the FERC and RCA.

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<sup>1</sup> Although Exhibit A is directed to subscribers to OPIS's International Feedstocks Intelligence Report, the Quality Bank Administrator has confirmed with OPIS that it will also publish daily assessments of West Coast High Sulfur VGO in its Oil Price Information Service, the publication used by the Quality Bank.

It was clearly not anticipated by the Commissions or the parties that OPIS would begin reporting *daily* West Coast spot quotes for High Sulfur VGO. In their Stipulation, which was accepted by the Commissions, the parties referred explicitly to the “weekly” spot quotes then being reported by OPIS. Thus OPIS’s decision to begin reporting West Coast spot quotes for High Sulfur VGO daily rather than weekly raises an “unanticipated issue[ ] concerning implementation of” the Quality Bank methodology prescribed by the Commissions – what prices to use to value the Gas Oil component beginning on June 16, 2008 and thereafter.

Item III.J directs the Quality Bank Administrator (“QBA”) to resolve this issue “in accordance with the best understanding of the intent of the FERC and RCA that the Quality Bank Administrator can derive from their orders regarding the Quality Bank methodology.” The QBA has considered this situation and has determined that it is appropriate to begin using the daily OPIS spot quotes to value West Coast VGO effective June 16, 2008, when they become available. The parties apparently agreed, and the Commissions accepted, that the spot quotes for West Coast VGO reported by OPIS were the best available market data to value the Gas Oil component for purposes of the Quality Bank. There is no logical reason to believe that the parties or the Commissions would come to a different conclusion just because, due to increased liquidity of the West Coast spot market, OPIS is now able to report spot quotes on a daily basis. Whether prices are reported on a weekly or daily basis, the market being assessed is the same. In fact, the availability of additional data that makes more frequent price quotes possible should make OPIS’s reports more reliable. The QBA has therefore concluded, based on his best understanding of the intent of the Commissions, that the Quality Bank should continue to value the Gas Oil component using OPIS’s West Coast spot quotes for High Sulfur VGO, including OPIS’s daily spot quotes when they become available on June 16, 2008.

The unit value of the Gas Oil component for the month of June 2008 will be calculated using a mix of daily and weekly spot quotes. The weekly quotes for the weeks beginning on June 2 and June 9 will be averaged and used for each quote day from June 1-15. The daily quotes will be used effective June 16, when they become available. The spot quotes applicable to each quote day in June will then be averaged to obtain an average for the month. This is consistent with the approach used for the Gas Oil component for the month of October 2002, as described in the August 15, 2006 Basis for Retroactive Calculation at Tab 6, page 1.

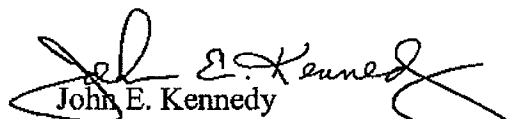
Pursuant to Section 6(3) of the Interstate Commerce Act and 18 C.F.R. § 341.14, the TAPS Carriers request permission for the enclosed tariffs to be effective June 16, 2008, which is 26 days' notice. As explained above, the QBA only recently became aware that OPIS would switch from weekly to daily spot quotes for High Sulfur VGO on the West Coast. The tariff should become effective on June 16, 2008 so that the Quality Bank can continue to rely on the available current market data to value the Gas Oil component.

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.,  
ConocoPhillips Transportation Alaska, Inc.,  
ExxonMobil Pipeline Company, and  
Unocal Pipeline Company

HAND DELIVERED AND RECEIPT  
REQUESTED

Enclosures



May 7, 2008

Dear OPIS International Feedstocks Intelligence Report Customer,

OPIS is pleased to announce that it will soon offer expanded and enhanced coverage of the U.S. West Coast feedstocks market in the OPIS International Feedstocks Intelligence (IFI) report.

The liquidity of the West Coast spot feedstocks market has grown to the point that it now merits more than once-a-week coverage. So starting June 16, 2008, OPIS will publish daily assessments instead of weekly assessments of West Coast low sulfur VGO, West Coast high sulfur VGO, and West Coast light cycle oil.

Furthermore, given that some oil companies factor in West Coast VGO values as part of their formulae for pricing certain crude grades, there is a growing interest in the value of West Coast VGO relative to West Texas Intermediate (WTI) and Alaska North Slope (ANS) crude. So, also starting June 16, 2008, the IFI report will show the values of West Coast low sulfur VGO and high sulfur VGO as differentials to *both WTI and ANS crude*. This will be done on a daily basis and will be in addition to VGO values expressed as differentials to the OPIS Los Angeles 70/30 split, which are already an integral part of the IFI report.

Like many improvements to OPIS reports, these enhancements stem in large part from the suggestions of subscribers like you. Openness to such feedback is just one way that OPIS stays on top of ever-evolving markets and maintains its leading position as a provider of intelligent, analytical, up-to-the-minute and comprehensive spot market coverage.

These changes will automatically appear in the OPIS International Feedstocks Intelligence Report on Monday, June 16<sup>th</sup>. If you have a custom file and would like to have the daily assessments with the additional differentials, you will need to call us at 1-888-301-2645.

I hope that you enjoy and benefit from these improvements to the IFI report.

Sincerely,  
Brad Addington  
Editor, OPIS International Feedstocks Intelligence  
[baddington@opisnet.com](mailto:baddington@opisnet.com)  
509-624-1012

Exhibit A

Supplement No. 5 to F.E.R.C. No. 33 (BP)  
Supplement No. 5 to F.E.R.C. No. 10 (ConocoPhillips)  
Supplement No. 5 to F.E.R.C. No. 274 (ExxonMobil)  
Supplement No. 5 to F.E.R.C. No. 7 (Koch)  
Supplement No. 5 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 change noted in Attachment [W] 2E is made pursuant to Item III.J of the TAPS Quality Bank Methodology Tariff.

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 26 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 MAY 20, 2008

EFFECTIVE JUNE 16, 2008

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ISSUED BY

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**ATTACHMENT 2E CANCELS ATTACHMENT 2D**

**ATTACHMENT 2E**

**COMPONENT UNIT VALUE PRICING BASIS**

**Effective 6/16/08**

**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 2E CANCELS ATTACHMENT 2D**

**ATTACHMENT 2E**

**COMPONENT UNIT VALUE PRICING BASIS**

**Effective 6/16/08**

**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[U] 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[W] 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 2E CANCELS ATTACHMENT 2D**

**ATTACHMENT 2E**

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

**Effective 6/16/08**

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

