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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners

Robert M. Pickett, Chairman
Kate Giard
Paul F. Lisankie
T.W. Patch
Janis W. Wilson

In the Matter of the Depreciation Study)
Filed by Kuparuk Transportation Company) Docket No. P-08-5

In the Matter of the Formal Complaint)
Filed by the State of Alaska Against) Docket No. P-08-11
Kuparuk Transportation Company)

In the Matter of the Tariff Revision, Designated as)
TL45-307, Filed by Kuparuk Transportation) Docket No. P-10-6
Company for a Rate Revision)

**JOINT APPLICATION BY
KUPARUK TRANSPORTATION COMPANY, THE STATE OF ALASKA
AND ANADARKO PETROLEUM CORPORATION
FOR APPROVAL OR ACCEPTANCE OF SETTLEMENT AGREEMENT**

Pursuant to 3 AAC 48.090(d)(2) and 3 AAC 48.166, the State of Alaska (“the State”) and Anadarko Petroleum Corporation (“Anadarko”) (collectively, the “Non-Kuparuk Parties”) and Kuparuk Transportation Company (“Kuparuk”)¹ jointly request the Commission’s approval or acceptance of the Agreement between the Settling Parties dated May 13, 2011 (“Agreement”).

The Agreement is attached hereto at Exhibit 1. As discussed further below, in accordance with 3 AAC 48.166, the Parties respectfully request that the Commission approve or accept the

¹ The State, Anadarko and Kuparuk are referred to herein collectively as the “Settling Parties” or “Parties” and individually as a “Settling Party” or “Party.”

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1 Agreement as soon as possible after the comment period has run, but in any event, no later than
2 October 31, 2011.
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4 BACKGROUND

5 Kuparuk owns and operates a pipeline on the North Slope of Alaska that transports crude
6 petroleum in interstate and intrastate commerce from its Kuparuk River Unit and Milne Point
7 origins to the interconnection with the Trans Alaska Pipeline system ("TAPS") at Prudhoe Bay,
8 Alaska.² For several years, Kuparuk's interstate and intrastate rates were established consistent
9 with a settlement agreement entered into between Kuparuk and the State and approved by the
10 Commission and the Federal Energy Regulatory Commission ("FERC"). *See Kuparuk Transp.*
11 *Co.*, Order No. P-85-2(20) (Oct. 29, 1993); *Kuparuk Transp. Co.*, Order No. P-85-2(22) (Nov. 8,
12 1995); *Kuparuk Transp. Co.*, 57 FERC ¶ 61,381 (1991). The settlement agreement remained in
13 place until the State exercised its right to terminate the agreement in July 2008.
14

15
16 On December 1, 2008, the State filed a complaint against Kuparuk's existing intrastate
17 rates. The complaint was docketed as Docket No. P-08-11 and consolidated with Kuparuk's
18 pending request to change depreciation rates in Docket No. P-08-5. *Kuparuk Transp. Co.*, Order
19 No. P-08-11(1) (Dec. 10, 2008); *Kuparuk Transp. Co.*, Order No. P-08-11(4) (April 1, 2009).
20 Pursuant to a stipulation entered into between the State, Kuparuk and Anadarko and approved by
21 this Commission, the existing intrastate rates became interim and refundable (down to a
22 stipulated refund floor) on April 1, 2009. Order No. P-08-11(4) at 3. The stipulation provided
23 that Kuparuk would file new forward-looking rates on April 15, 2010, and that the existing rates
24

25
26 ² Kuparuk is a partnership of Kuparuk Pipeline Company (a wholly-owned subsidiary of
27 ConocoPhillips), BP Transportation (Alaska) Inc. and Unocal Pipeline Company.
28

1 would remain interim and refundable until the date immediately prior to the date when the new
2 forward-looking rates were suspended and the Commission established new temporary rates
3 equal to the filed rates. The stipulation further provided that on April 15, 2010, Kuparuk would
4 submit revenue requirements pursuant to 3 AAC 48.275(a) ("Section 275(a)") defending its
5 existing rates for the interim period and supporting the new forward-looking rates.
6

7 On April 15, 2010, Kuparuk filed the required Section 275(a) filings and submitted
8 revised tariff rates for the forward-looking period to take effect May 16, 2010. *See Kuparuk*
9 *Trans. Co.*, Order No. P-08-11(8) (May 12, 2010). The State protested the April 15, 2010
10 intrastate rate filing, and Anadarko filed comments. *Id.* at 5. The Commission suspended the
11 April 15, 2010 intrastate rate filing; established temporary rates equal to the filed rates, which
12 took effect May 16, 2010, subject to refund and investigation; and consolidated the proceeding
13 (Docket No. P-10-6) with the existing Docket Nos. P-08-11 and P-08-5. *Id.*
14

15 On April 15, 2010, Kuparuk also filed new interstate rates at the FERC. On April 30,
16 2010, the State protested Kuparuk's interstate tariff filing. On May 14, 2010, the FERC accepted
17 Kuparuk's new interstate rates effective May 16, 2010, subject to refund and investigation.
18 *Kuparuk Transportation Company*, 131 FERC ¶ 61,138 (2010). On May 14, 2010, Anadarko
19 moved to intervene in Docket No. IS10-209-000, which motion was granted. *Kuparuk Transp.*
20 *Co.*, Order of Chief Judge Granting Motion to Intervene Out of Time, Docket No. IS10-209-000
21 (June 3, 2010). The FERC referred the case to a Settlement Judge.
22

23 Kuparuk, the State and Anadarko engaged in negotiations under the auspices of the
24 FERC settlement judge. The attached Agreement is the culmination of those negotiations. A
25 summary of terms of the Agreement is set forth below. As described below, the Agreement is
26 intended to settle both the interstate and intrastate proceedings; however, the Agreement operates
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1 independently with respect to both the interstate and intrastate rates and only this Commission's
2 approval or acceptance is necessary for the intrastate portion of the Agreement to take effect.
3

4 **DISCUSSION**

5 The Commission has accepted settlement agreements in cases in which the economically-
6 interested parties are in agreement, finding in such circumstances that the public interest is
7 served by accepting the parties' agreement. See P-00-15(11) (December 5, 2001) (concerning
8 Alpine Transportation Company); P-85-1(42) (November 9, 1995) (concerning Kenai Pipe Line
9 Company); P-85-3(9)/P-90-3(12) (August 1, 1994) (concerning Kuparuk Transportation
10 Company); P-87-3(6) (November 17, 1993) (concerning Endicott Pipeline Company); P-82-
11 6(28) (September 1, 1993) (concerning Cook Inlet Pipeline Company); P-85-3(9) (December 27,
12 1990) (concerning Milne Point Pipe Line Company). Absent objection from any economically-
13 interested party, the Commission should approve or accept the Agreement, consistent with its
14 established practice concerning oil pipeline settlement agreements.
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17 The Agreement is similar to other settlement agreements that the Commission has
18 previously accepted. The Agreement represents an acceptable accommodation of the interests of
19 the parties to the agreement. The Agreement provides a rational and predictable basis for setting
20 maximum rates in the future, while providing an opportunity for the pipeline owners to recover
21 their investment and to earn a fair return on that investment. The Agreement also provides for
22 the payment of refunds to shippers for the period from April 1, 2009 through December 31,
23 2010. With respect to rates for 2011 and future years, differences in revenues received by
24 Kuparuk and the revenues that would have been received under the settlement rates will be
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1 trued-up in future years through the Net Carryover provision of the Kuparuk Settlement
2 Methodology (“KSM”).

3 Procedurally, the Agreement does not become effective unless and until it is approved or
4 accepted, without modification or condition, by the Commission in an order that is final and no
5 longer subject to review on or before December 1, 2011. If the Commission has not approved or
6 accepted this Agreement, without modification or condition, in an order that is final and no
7 longer subject to judicial review on or before December 1, 2011, or if, before that date, the
8 Commission or a reviewing court rejects the Agreement or modifies or imposes conditions on the
9 Agreement, then, unless the Parties agree otherwise in writing, the Agreement shall immediately
10 terminate insofar as it relates to intrastate rates and intrastate refunds. Upon approval or
11 acceptance, the Agreement would resolve all aspects of the intrastate disputes currently pending
12 in the above-referenced dockets.

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14
15 Pursuant to 3 AAC 48.166, the Parties respectfully request that the Commission approve
16 or accept the Agreement as soon as possible after the comment period has run, but in any event,
17 no later than October 31, 2011. Given the 30-day deadline for seeking judicial review of
18 Commission orders, October 31, 2011, is the latest date on which a Commission order could be
19 issued without the Agreement terminating.

20
21 A more detailed summary of the Agreement is set forth below. This Joint Application is
22 not part of the Agreement and is not intended in any respect to supersede, modify, amend or
23 qualify the Agreement, which is controlling. Until the Agreement is approved, this Joint
24 Application is not admissible in evidence over any objection, and may not be used by the Parties
25 as evidence in a dispute over the meaning or interpretation of the Agreement.

1 **SUMMARY OF SETTLEMENT AGREEMENT**

2 **ARTICLE I**

3 Article I sets forth certain general provisions regarding the proceedings settled and the
4 nature of the Agreement. Exhibit A contains an index of the Agreement's defined terms.

5 Section I-1. This section states that the Agreement resolves all aspects of the proceedings
6 pending before the Commission in Docket Nos. P-08-5, P-08-11 and P-10-6. The section further
7 provides that upon approval or acceptance of the Agreement by the Commission in an order that
8 is final and no longer subject to judicial review, the State's complaint in Docket No. P-08-11 and
9 its protest in Docket No. P-10-6 shall be dismissed with prejudice and Kuparuk's depreciation
10 study and request for approval of new depreciation rates filed in Docket No. P-08-5 shall be
11 dismissed with prejudice and this Agreement shall be deemed to resolve the depreciation rate
12 issues pending before the Commission in that docket. The section further states that if approved
13 by the FERC the Agreement would also resolve all aspects of the interstate disputes that are
14 currently pending in the referenced FERC docket.

15 Section I-2. This section defines the Kuparuk Pipeline and describes its facilities.

16 Section I-3. This section provides that the Parties shall cooperate, each at its own
17 expense, in securing all necessary approvals and acceptances for the Agreement.

18 Section I-4. Subsection (a) sets forth the years for which maximum rates are to be
19 calculated and identifies when the Net Carryover provision shall begin.

20 Subsection (b) states that if the FERC approves the Agreement, without modification or
21 condition, in an order that is final and no longer subject to judicial review on or before December
22 1, 2011, then Kuparuk will file tariff rates for the transportation of petroleum through the
23 Kuparuk Pipeline in interstate commerce to be effective January 1, 2012, which shall be no
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1 higher than the applicable Maximum 2012 Rates calculated using the KSM. The subsection
2 further explains that if the FERC has not approved the Agreement, without modification or
3 condition, in an order that is final and no longer subject to judicial review on or before December
4 1, 2011, or if, before that date, the FERC or a reviewing court rejects the Agreement or modifies
5 or imposes conditions on the Agreement, then, unless the Parties agree otherwise in writing, this
6 Agreement shall immediately terminate insofar as it relates to Interstate Rates and interstate
7 refunds, and Kuparuk shall have no obligation to pay interstate refunds or file or maintain its
8 Interstate Rates in conformance with the Maximum Rates determined under the KSM, and the
9 Parties shall not be bound by this Agreement as it relates to interstate issues. The subsection
10 further explains that termination of the interstate portion of the Agreement shall not affect
11 implementation of the intrastate portion of the Agreement to the extent approved or accepted by
12 the Commission as set forth in subsection I-4(c).
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15 Subsection (c) provides that if the Commission approves or accepts this Agreement,
16 without modification or condition, in an order that is final and no longer subject to judicial
17 review on or before December 1, 2011, then Kuparuk will file tariff rates for the transportation of
18 petroleum through the Kuparuk Pipeline in intrastate commerce to be effective January 1, 2012,
19 which shall be no higher than the applicable Maximum 2012 Rates calculated using the KSM.
20 The subsection further explains that if the Commission has not approved or accepted the
21 Agreement, without modification or condition, in an order that is final and no longer subject to
22 judicial review on or before December 1, 2011, or if, before that date, the Commission or a
23 reviewing court rejects the Agreement or modifies or imposes conditions on the Agreement,
24 then, unless the Parties agree otherwise in writing, this Agreement shall immediately terminate
25 insofar as it relates to Intrastate Rates and intrastate refunds, Kuparuk shall have no obligation to
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1 pay intrastate refunds or file or maintain its Intrastate Rates in conformance with the Maximum
2 Rates determined under the KSM, and the Parties shall not be bound by this Agreement as it
3 relates to intrastate issues. The subsection further explains that termination of the intrastate
4 portion of the Agreement shall not affect implementation of the interstate portion of the
5 Agreement to the extent approved by the FERC as set forth in subsection I-4(b).
6

7 Subsection (d) describes the payment of refunds for interstate and intrastate rates.

8 Subsection (e) provides that during the term of the Agreement, Kuparuk shall file by
9 December 1 of each year its interstate and intrastate rates for the following calendar year, which
10 rates may not exceed the Maximum Rates calculated under the KSM. The subsection states that
11 Kuparuk may file rates below the Maximum Rates.

12 Subsection (f) describes what occurs if during the term of the Agreement rates for
13 transportation of crude oil through Kuparuk are no longer subject to regulation by the
14 Commission or the FERC.
15

16 Subsection (g) describes the limits on the Non-Kuparuk Parties under the Agreement with
17 respect to challenges to Kuparuk's interstate and intrastate rates. The subsection states that
18 except as provided in this subsection (g), subsection I-5(a), subsection II-3(c), Section II-5,
19 subsection II-6(b), subsection II-11(g), or Section II-18, the Non-Kuparuk Parties shall at no
20 time, whether during the term of the Agreement or afterwards, file with the FERC, the RCA, or
21 their respective successors, or any other agency or court, any protest, petition or complaint
22 concerning Kuparuk's Interstate Rates or Intrastate Rates in effect during the term of the
23 Agreement to the extent those rates are in compliance with this Agreement. The Non-Kuparuk
24 Parties may protest or contest before the FERC, the RCA or any other agency or court with
25 jurisdiction any Interstate Rate or Intrastate Rate that is not in compliance with the terms and
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1 conditions of this Agreement or that is otherwise inconsistent with law, except as to issues
2 resolved by this Agreement. In no event, however, whether during the term of this Agreement or
3 afterwards, shall the Non-Kuparuk Parties challenge the justness and reasonableness of the
4 Interstate Rates or Intrastate Rates in effect during the term of the Agreement to the extent those
5 rates do not exceed the rate level generated by the KSM.
6

7 Section I-5. Subsection (a) outlines the process through which Kuparuk will
8 provide to the Non-Kuparuk Parties data supporting the annual KSM calculations prior to
9 Kuparuk's annual interstate and intrastate tariff filings, and will also provide data relating to the
10 relevant entries in FERC Form 6. Included in that process, the Non-Kuparuk Parties shall be
11 permitted to verify all data used in or relevant to the new Maximum Rates.
12

13 Subsection (b) provides that Kuparuk shall use the best information available to
14 implement the Agreement.

15 Subsection (c) sets forth the confidentiality provisions that will govern the information
16 provided by Kuparuk to the Non-Kuparuk Parties.

17 Section I-6. This section states that the parties do not intend that this Agreement shall
18 have any precedential effect, constitute an admission or constitute evidence in other ratemaking
19 proceedings, or represent the position of any Party regarding pipeline regulation in general.
20 Notwithstanding the foregoing, this section also provides that all year end account balances
21 established or resulting from the application of the terms of the Agreement shall be used by
22 Kuparuk following the termination of the Agreement in determining future rates.
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ARTICLE II

Article II describes in detail the operation of the KSM.

Section II-1. This section defines the Maximum Rate for particular types of transportation. Subsection (a) provides that rates may be established for different types of transportation, including separate rates for interstate and intrastate transportation, as well as different rates for different movements between Kuparuk's current receipt and delivery points or if Kuparuk ever adds any new receipt or delivery points.

Subsection (b) defines the interstate and intrastate transportation portions of the total cost of service.

Subsection (c) provides for the calculation of the Maximum Rates to each origin and destination.

Subsection (d) provides that the Settling Parties intend the interstate and intrastate rates for particular types of transportation to be equivalent as long as Maximum Rates for both kinds of transportation are determined under the KSM. This subsection also provides that all charges and entries to accounts used to calculate the Interstate and Intrastate Rates shall meet the applicable standards set forth in the Uniform System of Accounts Prescribed for Oil Pipeline Companies Subject to the Provisions of the Interstate Commerce Act, 18 C.F.R. Part 352 ("USOA").

Section II-2. This section defines Throughput for purposes of the Maximum Rate calculation.

Section II-3. Subsection (a) defines the elements included in the Total Cost of Service calculation for purposes of applying the KSM. These elements are individually defined in subsequent sections.

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Subsection (b) provides that the cost of service for a particular type of transportation can be adjusted for additional costs or savings associated with that particular service.

Subsection (c) clarifies that the adjustments in subsection (b) do not include adjustments based on the physical characteristics of the petroleum being transported, nor does the Agreement supersede or affect Kuparuk's Quality Bank Methodology.

Section II-4. Subsection (a) defines Operating Expense for purposes of calculating the KSM.

Subsection (b) further defines certain categories of Operating Expense to be included if prudently incurred and appropriate under applicable ratemaking policy and precedent.

Subsection (c) stipulates the amount for the management fee paid by Kuparuk to its managing partner Kuparuk Pipeline Company for the years 2009, 2010 and 2011 and the method for determining the management fee for future years.

Section II-5. This section sets forth how the allowance for Dismantling, Removal, and Restoration of the pipeline is calculated.

Section II-6. Subsection (a) states the formula for calculating Depreciation using a depreciation factor and a depreciation base.

Subsection (b) states that the stipulated annual Depreciation Factor for calendar year 2009 shall be 12.0 percent and that the Depreciation Factor for each year after 2009 shall be calculated using straightline depreciation based upon a stipulated remaining life of the Kuparuk pipeline ending on December 31, 2034, provided that if the FERC determines an end-life for the Trans Alaska Pipeline System ("TAPS") (or approves a settlement determining an end-life for TAPS) that is different from December 31, 2034, that the Depreciation Factor for Kuparuk will

1 be recalculated using the remaining life method based on the most-recent end-life of TAPS
2 determined by the FERC.

3
4 Subsection (c) sets forth how the Depreciation Base is calculated.

5 Subsection (d) describes the calculation of Accumulated Depreciation and stipulates an
6 Accumulated Depreciation balance as of December 31, 2008.

7 Subsection (e) provides that after the expiration or termination of the Agreement,
8 Kuparuk agrees not to seek recovery in its Interstate or Intrastate Rates of any depreciation
9 amount that was included in Depreciation within the meaning of the Agreement during the time
10 the Agreement was in effect.

11
12 Section II-7. Subsection (a) sets forth the method of determining Carrier Property for a
13 given year and stipulates Carrier Property and Construction Work in Progress balances as of
14 December 31, 2008.

15 Subsection (b) defines additions, retirements and adjustments to Carrier Property.

16
17 Section II-8. This section describes the amortization of Interest During Construction
18 (“IDC”) and stipulates the IDC base and IDC balance as of December 31, 2008.

19
20 Section II-9. This section describes the amortization of the equity portion of the
21 Allowance for Funds Used During Construction (“Equity AFUDC”) and stipulates the Equity
22 AFUDC base and Equity AFUDC balance as of December 31, 2008.

23 Section II-10. This section sets forth the formula for calculating the Rate Base for a year.

24
25 Section II-11. This section describes the calculation of return on Rate Base. The section
26 stipulates that for the initial term the Equity Ratio is 46.11 percent, the rate of return on equity is
27 10.72 percent, the Debt Ratio is 53.89 percent, and the rate of return on debt is 5.97 percent. The
28 section further provides that each Party shall have the right to request adjustment to the capital

1 structure, rate of return on equity or rate of return on debt to be used in subsequent terms by
2 giving the required notice. The section sets forth the standards to be used for determining the
3 capital structure, rate of return on equity or rate of return on debt in subsequent terms.
4

5 Section II-12. This section describes the calculation of the Federal and State Income Tax
6 Allowance.

7 Section II-13. This section provides for a Net Carryover which trues up past estimated
8 results to actual data.

9 Section II-14. This section describes the calculation of the Accumulated Deferred
10 Income Tax ("ADIT") balance and stipulates federal and state ADIT balances as of December
11 31, 2008.
12

13 Section II-15. Subsection (a) provides that, in the event of an amendment to the Federal
14 or State Income Tax laws, the Income Tax Allowance and the ADIT Balance may continue to be
15 calculated as described in Sections II-12 and II-14. However, the section further provides for
16 negotiation of new calculation methods if a Party objects.
17

18 Subsection (b) provides for the determination of a new method of determining the
19 Income Tax Allowance and the ADIT Balance by an independent expert in the absence of a new
20 negotiated agreement within 60 days.

21 Section II-16. This section states that references in the Agreement to specific accounts
22 are to the FERC Uniform System of Accounts, 18 C.F.R. Part 352.
23

24 Section II-17. This section provides for the crediting of rental revenue received by
25 Kuparuk against Kuparuk's Total Cost of Service under the Agreement.
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1 and Exhibit F and Exhibit G to be consistent and that the parties shall resolve any alleged
2 inconsistency in good faith consistent with their original understanding.
3

4 Subsection (c) provides that the Agreement, together with Exhibit F and Exhibit G,
5 control over all other computer programs, documents or explanations.

6 Section III-5. This section provides that the Agreement may be modified, amended or
7 supplemented only in writing, upon execution by all parties.

8 Section III-6. This section sets forth the procedure for notification under the Agreement.

9 Section III-7. This section expresses the intent that the Agreement be enforceable by the
10 courts of the State of Alaska or any other available court or tribunal.
11

12 Section III-8. This section provides that failure or delay in acting by one of the parties
13 shall not be construed as a waiver of any right or remedy under the agreement.

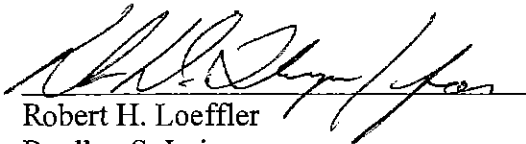
14 Section III-9. This section provides that the Agreement may be executed in counterparts
15 that will be considered originals but constitute the same document.
16

17 CONCLUSION

18
19 For the reasons stated above, and consistent with the Commission's statutes, rules and
20 regulatory precedent, Kuparuk, the State and Anadarko respectfully request that the Commission
21 enter an order approving or accepting the Agreement within 30 days of the filing of the
22 Agreement, but in any event by no later than October 31, 2011.
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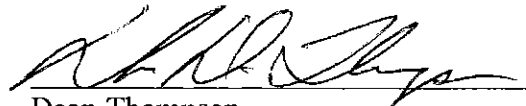
1 DATED this 20th day of May, 2011.

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3 Respectfully submitted,

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5 

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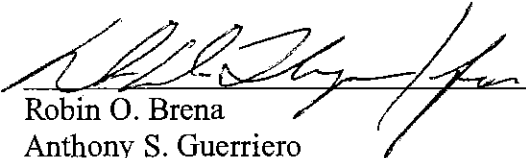
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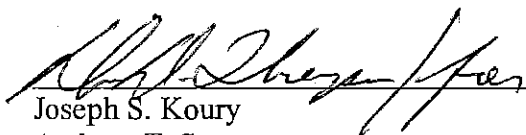
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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Kuparuk Transportation Company

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Docket No. IS10-209-000

STATE OF ALASKA
THE REGULATORY COMMISSION OF ALASKA

In the Matter of the Depreciation Study
Filed by Kuparuk Transportation Company

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Docket No. P-08-5

In the Matter of the Formal Complaint
Filed by the State of Alaska Against
Kuparuk Transportation Company

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Docket No. P-08-11

In the Matter of the Tariff Revision TL45-307
Filed by Kuparuk Transportation Company

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Docket No. P-10-6

SETTLEMENT AGREEMENT
KUPARUK TRANSPORTATION COMPANY

May 13, 2011

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EXHIBITS

EXHIBIT A

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**SETTLEMENT AGREEMENT
KUPARUK TRANSPORTATION COMPANY**

This Settlement Agreement (“Agreement”) is executed as of this 13th day of May, 2011, between the State of Alaska (“the State”) and Anadarko Petroleum Corporation (“Anadarko”) (collectively, the “Non-Kuparuk Parties”) and Kuparuk Transportation Company (“Kuparuk”), a partnership of Kuparuk Pipeline Company (a wholly-owned subsidiary of ConocoPhillips), BP Transportation (Alaska) Inc. and Unocal Pipeline Company. In consideration of the provisions set forth in this Agreement, the State, Anadarko and Kuparuk (hereafter referred to individually as “Party” or collectively as “Parties”) hereby agree as follows:¹

**ARTICLE I.
GENERAL TERMS**

Section I-1. Proceedings Settled

(a) If approved by the Federal Energy Regulatory Commission (“FERC”) without modification as provided herein, this Agreement shall settle with prejudice all aspects of the interstate tariff dispute that is currently pending in FERC Docket No. IS10-209-000. Upon approval of this Agreement by the FERC in an order that is final and no longer subject to judicial review, the State’s protest in FERC Docket No. IS10-209-000 shall be dismissed with prejudice.

(b) If approved or accepted by the Regulatory Commission of Alaska (“RCA”) without modification as provided herein, this Agreement shall settle with prejudice all aspects of

¹ All capitalized terms that appear in this Agreement are either proper names or are defined in the text of this Agreement. An index of these terms is attached as Exhibit A.

the intrastate disputes that are currently pending before the RCA in Docket Nos. P-08-5, P-08-11, and P-10-06. Upon approval or acceptance of this Agreement by the RCA in an order that is final and no longer subject to judicial review, the State's complaint in RCA Docket No. P-08-11 and its protest in RCA Docket No. P-10-06 shall be dismissed with prejudice and Kuparuk's depreciation study and request for approval of new depreciation rates filed in RCA Docket No. P-08-5 shall be dismissed with prejudice and this Agreement shall be deemed to resolve the depreciation rate issues pending before the RCA in that docket.

Section I-2. Definition of the Pipeline

The "Kuparuk Pipeline" is an approximately 37-mile long pipeline that originates at the Kuparuk River Unit ("KRU") oil field on the North Slope of Alaska and connects to Pump Station 1 of the Trans Alaska Pipeline System ("TAPS"), with an interconnection to the Milne Point Pipeline between the KRU and Pump Station 1 of TAPS. The Kuparuk Pipeline has two pump stations located on the first ten miles of the system. A ten-mile section of the western portion of the system consists of 18-inch diameter pipe, while the remainder of the pipeline system is 24 inches in diameter. Nearly the entire length of the pipeline is elevated above the permafrost on vertical support members ("VSMs"). The Kuparuk Pipeline further consists of a cathodic protection system, pig launchers and receivers, shipping pumps and modules, and other associated equipment and facilities required for the metering and transportation of petroleum; easements and rights-of-way; property to be acquired or constructed in the future relating to the transportation of petroleum between the KRU and the TAPS interconnection; and property which at any time was part of the Kuparuk Pipeline and continues to serve substantially the same

purpose at substantially the same location at which it was used during the time that it was part of the Kuparuk Pipeline.

Section I-3. Cooperation For Approval and Acceptance of Agreement

The Parties shall cooperate, each at its own expense, in securing all necessary governmental approvals and acceptances for this Agreement.

Section I-4. Tariff Rates

(a) On or before October 1, 2011, whether or not this Agreement has been approved or accepted by the FERC and/or the RCA, Kuparuk shall calculate the Maximum Rates for the transportation of petroleum through the Kuparuk Pipeline for calendar year 2009 ("Maximum 2009 Rates"); calendar year 2010 ("Maximum 2010 Rates"); calendar year 2011 ("Maximum 2011 Rates"); and calendar year 2012 ("Maximum 2012 Rates") in each instance using the Kuparuk Settlement Methodology ("KSM") set forth in Article II of this Agreement. Kuparuk agrees to provide the Non-Kuparuk Parties with all necessary supporting data to calculate the Maximum 2009 Rates, the Maximum 2010 Rates, the Maximum 2011 Rates and the Maximum 2012 Rates on or before October 1, 2011, in accordance with Section I-5 of this Agreement. The Maximum 2012 Rates shall include a Net Carryover pursuant to Section II-13 of this Agreement to adjust for the difference between the revenues received (or, pursuant to Section II-18, projected to be received) by Kuparuk from January 1, 2011 through December 31, 2011, and the revenues that would have been received using the Maximum 2011 Rates. All Maximum Rates for years after 2012 shall also include a Net Carryover pursuant to Section II-13. The Maximum 2009 Rates, the Maximum 2010 Rates and the Maximum 2011 Rates shall not include any Net

Carryover, nor shall Kuparuk be required to pay any refunds under this Agreement except as provided in subsection I-4(d).

(b) If the FERC approves this Agreement, without modification or condition, in an order that is final and no longer subject to judicial review on or before December 1, 2011, then Kuparuk will file tariff rates for the transportation of petroleum through the Kuparuk Pipeline in interstate commerce ("Interstate Rates") to be effective January 1, 2012, which shall be no higher than the applicable Maximum 2012 Rates calculated using the KSM and previously provided to the Parties as set forth in subsection (a) of this section. If the FERC has not approved this Agreement, without modification or condition, in an order that is final and no longer subject to judicial review on or before December 1, 2011, or if, before that date, FERC or a reviewing court rejects the Agreement or modifies or imposes conditions on the Agreement, then, unless the Parties agree otherwise in writing, this Agreement shall immediately terminate insofar as it relates to Interstate Rates and interstate refunds, and Kuparuk shall have no obligation to pay interstate refunds or file or maintain its Interstate Rates in conformance with the Maximum Rates determined under the KSM, and the Parties shall not be bound by this Agreement as it relates to interstate issues. Termination of the interstate portion of the Agreement shall not affect implementation of the intrastate portion of the Agreement to the extent approved or accepted by the RCA as set forth in subsection I-4(c).

(c) If the RCA approves or accepts this Agreement, without modification or condition, in an order that is final and no longer subject to judicial review on or before December 1, 2011, then Kuparuk will file tariff rates for the transportation of petroleum through the Kuparuk Pipeline in intrastate commerce ("Intrastate Rates") to be effective January 1, 2012, which shall be no higher than the applicable Maximum 2012 Rates calculated using the KSM

and previously provided to the Parties as set forth in subsection (a) of this section. If the RCA has not approved or accepted this Agreement, without modification or condition, in an order that is final and no longer subject to judicial review on or before December 1, 2011, or if, before that date, the RCA or a reviewing court rejects the Agreement or modifies or imposes conditions on the Agreement, then, unless the Parties agree otherwise in writing, this Agreement shall immediately terminate insofar as it relates to Intrastate Rates and intrastate refunds, and Kuparuk shall have no obligation to pay intrastate refunds or file or maintain its Intrastate Rates in conformance with the Maximum Rates determined under the KSM, and the Parties shall not be bound by this Agreement as it relates to intrastate issues. Termination of the intrastate portion of the Agreement shall not affect implementation of the interstate portion of the Agreement to the extent approved by the FERC as set forth in subsection I-4(b).

(d) To the extent Kuparuk's intrastate filed rates from the period April 1, 2009, through December 31, 2010, exceed the applicable Maximum Rates for that period, Kuparuk shall pay refunds based on the difference between its filed rates and the applicable Maximum Rates for that period; however, Kuparuk shall not be required to pay refunds below the refund floor of \$0.105 per barrel with respect to the Kuparuk River Unit rate and \$0.075 per barrel with respect to the Milne Point rate, as established by the Regulatory Commission of Alaska for the period from April 1, 2009 through May 15, 2010. To the extent Kuparuk's interstate filed rates for the period from May 16, 2010, through December 31, 2010, exceed the Maximum 2010 Rates, Kuparuk shall pay refunds based on the difference between its filed rates and the Maximum 2010 Rates. Kuparuk shall pay intrastate refunds within thirty days after approval or acceptance of the settlement by the RCA with interest at the applicable rate under Alaska law for intrastate refunds. Kuparuk shall pay interstate refunds within thirty days after approval of the

settlement by the FERC with interest at the applicable rate under federal law for interstate refunds.

(e) Throughout the Term of this Agreement, Kuparuk shall file by December 1 of each year its Interstate and Intrastate Rates for the following calendar year, which may not exceed the Maximum Rate for each type of transportation for that year as calculated using the KSM. Nothing in this Agreement prohibits Kuparuk from filing an Interstate or Intrastate Rate that is less than the Maximum Rate for the year.

(f) If at any time during the Term of this Agreement, rates for transportation of crude petroleum through the Kuparuk Pipeline are no longer subject to regulation by the FERC or the RCA, or their respective successors, this Agreement shall remain in force for its Term and shall be deemed a binding contract between the Parties. In such case, Kuparuk shall continue to submit its Maximum Rates, Interstate Rates and Intrastate Rates to the Non-Kuparuk Parties and the Attorney General of Alaska. The Attorney General of Alaska shall make the submissions of the Interstate Rates and Intrastate Rates publicly available.

(g) Except as provided in this subsection (g), subsection I-5 (a), subsection II-3(c), Section II-5, subsection II-6(b), subsection II-11(g), or Section II-18, the Non-Kuparuk Parties shall at no time, whether during the term of this Agreement or afterwards, file with the FERC, the RCA, or their respective successors, or any other agency or court, any protest, petition or complaint concerning Kuparuk's Interstate Rates or Intrastate Rates in effect during the term of the Agreement to the extent those rates are in compliance with this Agreement. The Non-Kuparuk Parties may protest or contest before the FERC, the RCA or any other agency or court with jurisdiction any Interstate Rate or Intrastate Rate that is not in compliance with the terms and conditions of this Agreement or that is otherwise inconsistent with law, except as to issues

resolved by this Agreement. In no event, however, whether during the term of this Agreement or afterwards, shall the Non-Kuparuk Parties challenge the justness and reasonableness of the Interstate Rates or Intrastate Rates in effect during the term of the Agreement to the extent those rates do not exceed the rate level generated by the KSM.

Section I-5. Provision of Information

(a) (i) Kuparuk agrees to provide the Non-Kuparuk Parties with all supporting data to calculate the Maximum Rates 60 days prior to Kuparuk's filing of a new Interstate Rate or Intrastate Rate during the Term of this Agreement. The Non-Kuparuk Parties shall be permitted to verify all data used in or relevant to the new Maximum Rates, provided that the Non-Kuparuk Parties coordinate their requests among themselves and submit them to Kuparuk in writing through a designated representative and using any additional procedures agreed upon by the Parties, which shall include, if necessary, direct examination of original source data identified by Kuparuk as being all of the data relied upon in calculating the Maximum Rates. The Non-Kuparuk Parties shall, through their designated representative, communicate to Kuparuk any question about, or disagreement with, the data used by Kuparuk or the manner in which such data was used to calculate the Maximum Rates, and the Parties shall seek in good faith to resolve the questions or disagreements raised by the Non-Kuparuk Parties prior to the rate filing. If the Parties do not resolve the questions or disagreements raised by the Non-Kuparuk Parties prior to the rate filing, each of the Non-Kuparuk Parties may protest or challenge the rate filing in accordance with subsection I-4(g).

(ii) Kuparuk shall provide the Non-Kuparuk Parties with a copy of Kuparuk's Form 6 and any amendments or restatements thereto at the time that form is filed with the FERC.

Upon written request from the Non-Kuparuk Parties through their designated representative, Kuparuk agrees to provide the Non-Kuparuk Parties with all supporting data for the Form 6 entries that are used in or relevant to the calculation of Maximum Rates under this Agreement. The Non-Kuparuk Parties, upon written request to Kuparuk through their designated representative, shall be permitted to verify the data by a procedure agreed upon by the Parties which shall include, if requested by the Non-Kuparuk Parties through their designated representative, direct examination of original source data, including all of the data relied upon by Kuparuk in completing the entries in Form 6 that are used in or relevant to the calculation of Maximum Rates under this Agreement. The Parties shall make a good faith effort to complete the process of verification of the Form 6 data within sixty days of receipt of the Form 6. The Parties may agree to an extension of the verification period but, in any event, the Non-Kuparuk Parties may resume the process of verification of the relevant Form 6 data during the sixty-day period provided in subsection (a)(i) above. The Non-Kuparuk Parties shall, through their designated representative, communicate to Kuparuk any question about, or disagreement with, the data used by Kuparuk or the manner in which such data was used to complete its Form 6, and the Parties shall seek in good faith to resolve these questions or disagreements prior to the next annual tariff filing with the FERC. If the Parties do not resolve the questions or disagreements raised by the Non-Kuparuk Parties prior to the tariff filing with the FERC, each of the Non-Kuparuk Parties may protest or challenge such tariff filing.

(b) Kuparuk shall use the best information available for the implementation of this Agreement, including but not limited to information in its own records, non-proprietary information provided to it by the other Parties, and public records.

(c) The Non-Kuparuk Parties shall keep all documents supplied pursuant to subsection (a) of this section confidential until Kuparuk has filed its Interstate Rates and/or Intrastate Rates for the following year. The Non-Kuparuk Parties shall not be required to maintain the confidentiality of the documents after Kuparuk files its Interstate Rates and/or Intrastate Rates for the following year unless the documents (i) include information which constitutes trade secrets, or (ii) otherwise include information which, if publicly disclosed, would likely result in substantial competitive or other economic harm to Kuparuk or any Kuparuk partner. Kuparuk shall mark each document page that contains information Kuparuk claims to be confidential as "Confidential Pursuant to Kuparuk Settlement Agreement Section I-5." Except as provided in this subsection (c), documents so marked, which fall within the second sentence of this subsection, will be kept confidential by the Non-Kuparuk Parties unless (1) the information is or becomes public knowledge other than through the fault of, or unauthorized disclosure by, an officer or employee of one of the Non-Kuparuk Parties, (2) the information is or becomes available to one or more of the Non-Kuparuk Parties from a source (other than Kuparuk) having the legal right to disclose the information to the Party and the source did not request that the Party keep the information confidential, or (3) Kuparuk notifies the other Parties that the information no longer need be kept confidential. The Parties' obligation to maintain the confidentiality of any document marked as confidential by Kuparuk shall cease three years after the Party receives the document. Any Non-Kuparuk Party may contest Kuparuk's designation of any document as confidential. If the Parties cannot resolve among themselves a dispute concerning confidentiality of documents, any Non-Kuparuk Party may challenge Kuparuk's confidential designations through an appropriate filing at the FERC or the RCA. The burden to

support any confidential designation shall be upon the Party asserting the confidential designation.

Section I-6. Precedential Effect

The Parties do not intend that this Agreement, its Term, or the methodology it employs, should have any precedential effect on tariff ratemaking for any other pipeline or for any other matter not settled by this Agreement. This Agreement shall not constitute an admission by the Parties concerning any question of fact or law, and this Agreement does not represent in any way the position of any Party regarding pipeline regulation in general. Notwithstanding anything herein to the contrary, all year end and account balances established by, or resulting from the application of the terms of this Agreement, including without limitation, rate base, accrued DR&R, and accrued depreciation (trued up to actual as of the end of any applicable calendar year), shall be used by Kugaruk following the termination of this Agreement in determining future rates.

ARTICLE II. KUPARUK SETTLEMENT METHODOLOGY

Section II-1. Maximum Rates

(a) Transportation may consist of one or more types of transportation depending upon (i) whether the transportation is in interstate commerce or intrastate commerce and (ii) depending upon the specific point at which petroleum is received into or delivered out of the Kugaruk Pipeline (*e.g.*, whether transportation occurs between Kugaruk's current Kugaruk River Unit and

Milne Point origins and the interconnection with TAPS or between any other future origins or destinations).

(b) Intrastate Transportation is the transportation of petroleum through the Kuparuk Pipeline in intrastate commerce. Interstate Transportation is the transportation of all petroleum through the Kuparuk Pipeline except Intrastate Transportation. Total Cost of Service is allocated to each origin and destination pair based on a barrel and barrel mile rate design. Non-Distance related costs are allocated based on barrels transported for each origin and destination, and Distance related costs are allocated based on barrel miles for each origin and destination in a year. Distance related costs equal Operating Expense as defined in Section II-4 less Non-Distance related costs. Non-Distance related costs equal amounts included in Accounts 610.500 through 610.590 of the Uniform System of Accounts as defined in Section II-4, excluding amounts related to depreciation, DR&R, and pipeline taxes.

(c) The Maximum Rate for Interstate and Intrastate Transportation for each origin and destination equals the ratio, of the projected Distance portion of Total Cost of Service plus the projected Non-Distance portion of Total Cost of Service, over the net deliveries of petroleum projected for each origin and destination rounded to the nearest tenth of a cent.

(d) The intent of the Parties is that the Maximum Rate for each particular type of Interstate Transportation should be equal to the Maximum Rate for each comparable type of Intrastate Transportation, so long as the Maximum Rates for Interstate Transportation and Intrastate Transportation are both calculated under the KSM set forth in this Article II. If this Agreement is approved by only the FERC or approved or accepted by only the RCA and therefore applies only to Interstate Transportation or only to Intrastate Transportation, no Party shall challenge the difference in interstate and intrastate rates as discriminatory. All charges and

entries to accounts used to calculate the Interstate Rates and the Intrastate Rates pursuant to this Agreement shall meet the applicable standards set forth in the Uniform System of Accounts Prescribed for Oil Pipeline Companies Subject to the Provisions of the Interstate Commerce Act, 18 C.F.R. Part 352 ("USOA").

Section II-2. Throughput

Throughput for a particular type of transportation for a period of time means the total number of barrels of petroleum projected to pass or passing through the metering facility used for custody transfer purposes for that type of transportation during that period of time, adjusted for changes in line fill and any other differences in the amounts Kugaruk delivers at the delivery point for such type of transportation as required to be reported on FERC Form 6.

Section II-3. Total Cost of Service

(a) "Total Cost of Service" equals the sum of:

- Operating Expense,
- DR&R Allowance,
- Depreciation,
- Equity AFUDC Amortization,
- IDC Amortization,
- Return on Rate Base,
- Income Tax Allowance, and
- Net Carryover,

minus:

- Rental Revenue.

(b) The Interstate Transportation Portion, or Intrastate Transportation Portion, as applicable, of the Total Cost of Service for a particular type of transportation shall be adjusted, if necessary, to reflect additional costs or cost savings directly attributable to that type of transportation. One barrel of petroleum is equal to 42 U.S. gallons. A Barrel Mile is the transportation of a barrel of petroleum for one mile.

(c) The adjustments contemplated by subsection (b) of this section do not include adjustments based upon the physical characteristics of petroleum being transported, including but not limited to density and viscosity, nor does anything in the Agreement supersede or affect Kuparuk's Quality Bank Methodology. If in the future Kuparuk believes adjustments based upon the physical characteristics of petroleum beyond what are contained in its Quality Bank Methodology are appropriate, it shall provide prior notice to the other Parties regarding the proposed adjustments and their manner of calculation. Upon the request of any Party, the Parties shall meet and confer regarding the proposed adjustments with a view to developing adjustments that are satisfactory to the Parties. If the Parties are unable to develop such adjustments, each Party may thereafter take such actions with respect to such adjustments as are available under the Interstate Commerce Act, the Alaska Pipeline Act, and other applicable law.

Section II-4. Operating Expense

(a) Operating Expense means those expenses properly includable in Account 610 of the USOA but excluding: (i) any expense, actual or accrued, for the dismantling, removal and restoration of the Kuparuk Pipeline, and (ii) any provision for the depreciation or amortization of a capitalized cost.

(b) Operating Expense will also include an expense that is properly includable in USOA Accounts 665 or 680, 18 C.F.R. Part 352, if prudently incurred and if recovery of the expense is appropriate under FERC ratemaking policy and precedent. Notwithstanding other provisions of this Agreement, an expense properly includable in USOA Accounts 665 or 680 that is an Operating Expense under this subsection (b) shall be amortized over five (5) years or the Remaining Life of the Kuparuk Pipeline (as defined in subsection II-6(b) of this Agreement), whichever is shorter.

(c) The portion of Operating Expense related to the management fee paid by Kuparuk to its managing partner Kuparuk Pipeline Company shall, for the years 2009 and 2010, be equal to the actual management fee for those years (\$1,227,600 for 2009 and \$1,341,000 for 2010). For the years after 2010, the management fee shall be the lower of (a) Kuparuk's actual management fee for the year in question or (b) a ceiling equal to \$1,040,705 for 2011, and then increased by the prior year's annual Consumer Price Index for each following year, provided that if the Consumer Price Index is negative, the Management Fee Ceiling shall not be lowered but shall remain equal to the Management Fee Ceiling for the prior year.

Section II-5. DR&R Allowance

The DR&R Allowance for a year shall equal the unfunded balance of Kuparuk's ultimate DR&R liability as of the end of that year divided by the number of years remaining in its economic life as of the start of that year as defined in subsection II-6(b). The unfunded balance of ultimate DR&R liability at the end of a year will be the most recent DR&R cost study of the ultimate DR&R liability minus the Accumulated DR&R Allowance at the end of the prior year. The stipulated balance for Accumulated DR&R Allowance is \$10,659,000 as of December 31,

2008. For the initial term, the ultimate DR&R liability as of December 31, 2008 is stipulated to be \$31,905,528.

For the purpose of determining Rate Base (Section II.10), the balance of Accumulated DR&R Allowance for prior periods will be adjusted to account for the effect of timing differences relating to DR&R on accumulated deferred income taxes ("ADIT"). The DR&R State ADIT Balance as of December 31, 2008 is stipulated to be \$1,001,946. The DR&R Federal ADIT Balance as of December 31, 2008 is stipulated to be \$3,382,325. The DR&R FASB 96/109 Adjustment Balance as of December 31, 2008 is stipulated to be \$2,356. The DR&R Cumulative Federal Tax Timing Difference as of December 31, 2008 is stipulated to be \$9,657,054.

Each party may request a new DR&R cost study to be performed no later than 180 days prior to the end of the applicable term. The cost of any DR&R cost study undertaken by Kuparuk is includable in the annual operating expenses (Account 610) for the year(s) in which the cost is recorded in the Form 6 Annual Report. If the Parties agree on the ultimate DR&R liability estimated in such study, that amount shall be binding for the subsequent term. If the Parties are unable to reach agreement prior to December 1 of the last year of the applicable term, Kuparuk shall file new Maximum Rates for the next term using the DR&R liability amount that Kuparuk considers appropriate, and each of the Non-Kuparuk Parties may challenge before the FERC or the RCA the amount of the DR&R liability relied on for determining the DR&R Allowance included in Kuparuk's rate filing in accordance with Section I-4(g).

Section II-6. Depreciation

- (a) Depreciation for a year equals the Depreciation Factor multiplied by the Depreciation Base for that year.
- (b) The Depreciation Factor for calendar year 2009 shall be 12.0 percent. The Depreciation Factor for each year after 2009 shall be calculated using straightline depreciation based upon a stipulated Remaining Life of the Kuparuk Pipeline ending on December 31, 2034. The December 31, 2034 end-life shall be in effect during the initial five-year term (2009-2013), subject to the condition that, if the FERC determines an end-life of TAPS (or approves a settlement determining an end-life of TAPS) that is either earlier or later than December 31, 2034, the Depreciation Factor for a year will be recalculated using the remaining life method based on the most recent end-life of TAPS determined by the FERC, as of the effective date of the change in end-life of TAPS. Any changes (positive or negative) in Total Cost of Service for past periods after 2009 resulting from the recalculation of the Depreciation Factor for such periods shall be reflected in the Net Carryover for the Maximum Rate calculation in the year immediately following the FERC determination of TAPS Remaining Life other than December 31, 2034. Rates after the initial five-year period shall be based upon the remaining life method based on the end-life of TAPS determined by the FERC. Each party may reopen the Remaining Life issue at the end of the initial five-year term or at the end of any following three-year term by giving notice 90 days prior to the end of the applicable term. If the Parties are unable to reach agreement prior to December 1 of the last year of the applicable term, each of the Non-Kuparuk Parties may protest or challenge the Remaining Life used to calculate Maximum Rates in accordance with subsection I-4(g).

(c) The Depreciation Base for a year equals the average of the Carrier Property balance at the end of the prior year and the Carrier Property balance at the end of that year, less Accumulated Depreciation at the end of the prior year.

(d) Accumulated Depreciation at the end of a year equals Accumulated Depreciation at the end of the previous year plus Depreciation for that year, net of Depreciation retirements and other adjustments for that year. Accumulated Depreciation as of December 31, 2008 is stipulated to be \$129,995,042.

(e) After the expiration or termination of this Agreement pursuant to its terms, Kuparuk agrees not to seek recovery in its Interstate or Intrastate Rates of any depreciation amount that was included in Depreciation within the meaning of this Agreement during the time that this Agreement was in effect.

Section II-7. Carrier Property

(a) Carrier Property at the end of a year equals Carrier Property at the end of the previous year plus Carrier Property Additions, Retirements and Adjustments for that year. Carrier Property as of December 31, 2008 is stipulated to be \$135,359,789. CWIP as of December 31, 2008 is stipulated to be \$15,420,262.

(b) Carrier Property Additions, Retirements and Adjustments for a year equal the amounts in USOA carrier property accounts 101 through 186 excluding any imputed or actual interest during construction ("IDC") or actual allowance for funds used during construction ("AFUDC") associated with those additions.

Section II-8. IDC Amortization

(a) IDC Amortization for a year equals:

- the IDC Amortization Base for that year

multiplied by:

- the Depreciation Factor for that year.

(b) IDC Amortization Base for a year equals:

- IDC Balance at the end of the prior year

plus:

- $\frac{1}{2}$ IDC Additions to Rate Base for that year

(c) IDC Additions to Rate Base for a year equal:

- IDC Base at the end of the prior year

plus:

- Additions to IDC Base for that year

the sum of which is multiplied by:

- In Service Ratio for that year

(d) IDC Base for a year equals:

- IDC Base at the end of the prior year

plus:

- Additions to IDC Base for that year

minus:

- IDC Additions to Rate Base for that year

(e) Additions to IDC Base for a year equals the product of

- Average CWIP for that year

multiplied by

- the Debt Ratio plus:

IDC Base at the end of the prior year

multiplied by:

- the Rate of Return on Debt.

(f) In Service Ratio of a year equals:

- Carrier Property Additions for that year,

divided by:

- the sum of CWIP at the end of the prior year and CWIP Additions for the year.

(g) Average CWIP for a year is the average of CWIP at the end of that year and CWIP at the end of the prior year.

(h) The IDC Base as of December 31, 2008 is stipulated to be \$285,534.

(i) The IDC Balance as of December 31, 2008 is stipulated to be \$161,192.

Section II-9. Equity AFUDC Amortization

(a) Equity AFUDC Amortization for a year equals:

- the Equity AFUDC Amortization Base for that year

multiplied by:

- the Depreciation Factor for that year.

(b) Equity AFUDC Amortization Base for a year equals:

- Equity AFUDC Balance at the end of the prior year

plus:

- $\frac{1}{2}$ Equity AFUDC Additions to Rate Base for that year

(c) Equity AFUDC Additions to Rate Base for a year equal:

- Equity AFUDC Base at the end of the prior year

plus:

- Additions to Equity AFUDC Base for that year

the sum of which is multiplied by:

- In Service Ratio for that year

(d) Equity AFUDC Base for a year equals:

- Equity AFUDC Base at the end of the prior year

plus:

Additions to Equity AFUDC Base for that year

minus:

- Equity AFUDC Additions to Rate Base for that year

(e) Additions to Equity AFUDC Base for a year equals the product of

- Average CWIP for that year

multiplied by

- the Equity Ratio plus:

Equity AFUDC Base at the end of the prior year

multiplied by:

- the Rate of Return on Equity.

(f) The Equity AFUDC Base as of December 31, 2008 is stipulated to be \$481,482.

(g) The Equity AFUDC Balance as of December 31, 2008 is stipulated to be \$392,916.

Section II-10. Rate Base

The Rate Base as of the end of a year shall equal:

- the Carrier Property at the end of that year

plus:

- the AFUDC Balance at the end of that year

minus:

- the Accumulated Depreciation at the end of that year,

plus:

- the Working Capital at the end of that year,

minus:

- the Accumulated Deferred Income Taxes at the end of that year,

minus:

- the Accumulated DR&R Allowance Adjusted for ADIT at the end of that year.

The AFUDC Balance at the end of a year is the sum of Equity AFUDC Balance and IDC Balance as of the end of that year.

The Working Capital as of December 31, 2008 is stipulated to be \$689,196.

Section II-11. Return on Rate Base

- (a) The Return on Rate Base for a year shall equal the Average Rate Base multiplied by the Weighted Cost of Capital;
- (b) Average Rate Base equals Rate Base at the end of the prior year plus Rate Base at the end of the current year divided by 2.
- (c) The Weighted Cost of Capital is equal to the Equity Ratio multiplied by the Rate of Return on Equity plus the Debt Ratio multiplied by the Rate of Return on Debt.
- (d) For the Initial Term the Equity Ratio is stipulated to be 46.11%, the Rate of Return on Equity is stipulated to be 10.72%. For the Initial Term the Debt Ratio is stipulated to be 53.89% and the Rate of Return on Debt is stipulated to be 5.97%.
- (e) The Debt Portion of Return on Rate Base equals:
 - the Average Rate Base for that yearmultiplied by:
 - the Debt Ratio,multiplied by:
 - the Rate of Return on Debt.
- (f) The Equity Portion of the Return on Rate Base equals:

- the Average Rate Base for that year

multiplied by:

- the Equity Ratio,

multiplied by:

- the Rate of Return on Equity.

(g) Each Party shall have the right to request an adjustment of the capital structure, rate of return on debt or rate of return on equity, to be effective upon commencement of the immediately following term, at the end of the Initial Term or at the end of any following three-year term by giving notice to the other Parties 90 days prior to the end of the applicable term.

(i) If any party makes an election to request an adjustment of the capital structure, to be effective upon commencement of the immediately following term, the capital structure for the next three-year period will be based on the average capital structure of the proxy group that FERC would use to calculate rate of return on equity for an oil pipeline. The capital structure for the proxy group shall be determined as of the end of the last calendar year of the applicable term in which notice to reopen was given (and accounted for in the true-up mechanism during the subsequent term). Since the rates for the new term must be filed by December 1 of the last calendar year of the term in which notice to reopen was given, Kuparuk shall file rates for the first year of the new term using the capital structure from the prior term and account for any difference using the Net Carryover during the subsequent years of the new term.

(ii) If any party makes an election to request an adjustment of the cost of debt, to be effective upon commencement of the immediately following term, the cost of debt will be based on the average embedded cost of debt of the proxy group referenced in subsection II-

11(g)(i). The embedded cost of debt for the proxy group shall be determined as of the end of the last calendar year of the applicable term in which notice to reopen was given (and accounted for in the true-up mechanism during the subsequent term). Since the rates for the new term must be filed by December 1 of the last calendar year of the term in which notice to reopen was given, Kuparuk shall file rates for the first year of the new term using the cost of debt from the prior term and account for any difference using the Net Carryover during the subsequent years of the new term.

(iii) If any party makes an election to request an adjustment of the Rate of Return on Equity ("ROE"), to be effective upon commencement of the immediately following term, the ROE will be set in accordance with the methodology used by the FERC for computing ROE for an oil pipeline, except that the nominal equity return shall be used, since the KSM uses a Depreciated Original Cost methodology. The ROE shall be based on financial data as of the end of the month of the last calendar year of the applicable term in which notice to reopen was given (and accounted for in the true-up mechanism during the subsequent term). Since the rates for the new term must be filed by December 1 of the last calendar year of the term in which notice to reopen was given, Kuparuk shall file rates for the first year of the new term using the ROE from the prior term and account for any difference using the Net Carryover during the subsequent years of the new term.

(iv) If the Parties are unable to reach agreement prior to December 1 of the first year of the new term regarding the appropriate capital structure, rate of return on debt, or rate of return on equity to use during that term, Kuparuk shall file Maximum Rates using a capital structure, rate of return on debt and rate of return on equity amounts calculated consistent with the requirements of subsection II-11(g)(i)-(iii), and each of the Non-Kuparuk Parties may

protest or challenge the disputed capital structure, rate of return on debt or rate of return on equity included in the rate filing in accordance with subsection I-4(g).

Section II-12. Income Tax Allowance

(a) The Income Tax Allowance for a year equals the sum of the Federal Income Tax Allowance plus the State Income Tax Allowance for that year.

(b) The Federal Income Tax Allowance for a year equals (1) the product of the Federal Income Tax Factor multiplied by the Federal Income Tax Base for that year less (2) Amortization of FASB 96/109 Adjustment for that year.

(i) The Federal Income Tax Factor equals the ratio of the Federal Income Tax Rate to the difference of one minus the Federal Income Tax Rate.

(ii) The Federal Income Tax Rate equals the maximum rate of tax applied by the United States Government to net income derived by a corporation from the operation of a common carrier petroleum pipeline within the United States.

(iii) The Federal Income Tax Base for a year equals:

- the Equity Portion of Return on Rate Base for that year,

plus:

- the Equity AFUDC Amortization for that year,

plus:

- Amortization of TEFRA Adjustment for that year,

minus:

- Amortization of FASB 96/109 Adjustment for that year.

(c) The State Income Tax Allowance for a year equals the State Income Tax Factor multiplied by the State Income Tax Base for that year.

(i) The State Income Tax Factor means the ratio of the State Income Tax Rate to the difference of one minus the State Income Tax Rate.

(ii) The State Income Tax Rate means the maximum rate of tax applied by the State of Alaska to net income derived by a corporation from the operation of a common carrier petroleum pipeline within Alaska.

(iii) The State Income Tax Base for a year equals:

- the Equity Portion of Return on Rate Base for that year,

plus:

- the Equity AFUDC Amortization for that year,

plus:

- the Federal Income Tax Allowance for that year.

Section II-13. Net Carryover

(a) The Net Carryover for a year equals the sum of the Carryover Base plus Interest on the Carryover Base for that year.

(i) The Carryover Base for a year equals the arithmetic total (positive or negative) of:

- the Total Cost of Service for the previous year,

minus:

- the Voluntary Revenue Reduction (if any) for the previous year,

minus:

- the Revenue Received for the previous year.
 - (ii) Interest on the Carryover Base for a year equals the product of the Interest Rate for the current year multiplied by the Carryover Base for that year.
- (b) The Interest Rate for a year is the rate of interest obtained by: (i) taking the arithmetic average of the rates for three month commercial paper as published in the Federal Reserve Bulletin for the twelve months starting with July of the previous year and ending with June of the current year; (ii) converting that arithmetic average from a bank-discount to an investment-yield basis; and (iii) increasing the annual interest rate resulting from the previous steps to reflect a quarterly compounding of interest.
- (c) The Revenue Received for a year is the sum of (i) the filed rate for each type of transportation for that year multiplied by (ii) the Throughput for each such type of transportation for that year.
- (d) The Voluntary Revenue Reduction for a year equals the reduction in Revenue Received, if any, for a year that resulted from rates filed voluntarily by Kugaruk that were less than the Maximum Rates permitted by this Agreement.

Section II-14. ADIT Balance

- (a) The Accumulated Deferred Income Tax ("ADIT") Balance at the end of a year equals the Federal ADIT Balance at the end of that year plus the State ADIT Balance at the end of that year.
- (b) The State ADIT Balance at the end of a year equals the State ADIT Balance at the end of the previous year plus the Tax Effect of State Timing Difference for the year. The State ADIT Balance as of December 31, 2008, is stipulated to be \$293,998.

- (i) The Tax Effect of State Timing Difference for a year equals the State Income Tax Rate for that year multiplied by the State Tax Timing Difference (positive or negative) for that year.
- (ii) The State Tax Timing Difference for a year equals:
- State Tax Depreciation for that year,
- minus:
- the Depreciation for that year,
- minus:
- IDC Amortization for that year.
- (iii) State Tax Depreciation for a year equals the sum of State Tax Depreciation for Carrier Property Additions for the current and all previous years. State Tax Depreciation for Carrier Property Additions equals the appropriate State Tax Depreciation Factor multiplied by the sum of Carrier Property Additions and IDC Additions. The stipulated amounts of State Tax Depreciation for Carrier Property Additions prior to 2009 are presented in Exhibit B. The appropriate State Tax Depreciation Factor varies with the time elapsed between the year of the Carrier Property Additions and the year for which State Tax Depreciation is being calculated, as shown in Exhibit D. If Federal or State income tax laws are amended after the date of this Agreement, the State Tax Depreciation Factor Schedule in Exhibit D may be renegotiated pursuant to Section II-15.

(c) The Federal ADIT Balance at the end of a year equals the Federal ADIT Balance at the end of the previous year plus the Tax Effect of Federal Timing Difference for the year minus the Amortization of FAS 96 / 109 Adjustment for the year. The Federal ADIT Balance as of December 31, 2008, is stipulated to be \$1,111,708. The Federal Tax Timing Difference as of December 31, 2008 is stipulated to be \$2,314,180. The FAS 96 / 109 Adjustment Balance as of December 31, 2008 is stipulated to be \$301,745.

(i) The Tax Effect of Federal Timing Difference for a year equals the Federal Income Tax Rate for that year multiplied by the Federal Tax Timing Difference (positive or negative) for that year.

(ii) The Federal Tax Timing Difference for a year equals:

- Federal Tax Depreciation for that year,

minus:

- the Depreciation for that year,

minus:

- Tax Effect of State Timing Differences for that year,

minus:

- IDC Amortization for that year.

plus:

- Amortization of TEFRA Adjustment

The TEFRA Adjustment Balance as of December 31, 2008 is stipulated to be \$100,176.

(iii) Federal Tax Depreciation for a year equals the sum of Federal Tax Depreciation for Carrier Property Additions for the year. Federal Tax

Depreciation for Carrier Property Additions for the year equals the appropriate Federal Tax Depreciation Factor multiplied by the sum of Carrier Property Additions and IDC Additions for that year. The stipulated amounts of Federal Tax Depreciation for Carrier Property Additions prior to 2009 are presented in Exhibit C. The appropriate Federal Tax Depreciation Factor varies with the time elapsed between the year of the Carrier Property Additions and the year for which Federal Tax Depreciation is being calculated, as shown in Exhibit E. If Federal or State income tax laws are amended after the date of this Agreement, the Federal Tax Depreciation Factor Schedule in Exhibit E may be renegotiated pursuant to Section II-15.

Section II-15. Effect of Income Tax Amendments

(a) If Federal or State income tax laws are amended after the date of this Agreement, the Income Tax Allowance and the ADIT Balance will continue to be calculated as described in Sections II-12 and II-14, respectively, unless a Party to this Agreement objects to the manner of computation within one year of such amendment. Upon written notice by a Party of an objection, the Parties have 60 days in which to negotiate a new method of determining the Income Tax Allowance and the ADIT Balance. This method will be consistent with the following requirements:

- (i) State and Federal income tax shall be calculated as if all income derived from the operation of the Kuparuk Pipeline was earned by a single corporation with substantial income from sources other than operation of

the Kuparuk Pipeline. For tax calculation purposes, the financing assumptions underlying this Agreement shall continue and payment of dividends shall be assumed;

- (ii) It shall be assumed that the most accelerated methods of depreciation allowed under State or Federal income tax laws will be used and that other elections under State or Federal income tax laws will be made in a manner that will minimize or defer the total income tax liability to the maximum extent possible;
- (iii) Any imbalance in the ADIT Balance (positive or negative) arising from a change in tax rates shall be amortized using the Depreciation Factors set forth in subsection II-6(b);
- (iv) State and Federal Tax Timing Differences shall be reflected in the ADIT Balance, not in the Income Tax Allowance;
- (v) Applicable provisions of State or Federal income tax law shall be taken into account consistent with Federal regulatory policy;
- (vi) Irrespective of any provisions of State or Federal income tax law, the DR&R Allowance shall be excluded from the Federal Income Tax Base, State Income Tax Base, Federal Tax Timing Difference and State Tax Timing Difference.

(b) If the Parties are unable to agree on a new method of determining the Income Tax Allowance and the ADIT Balance within 60 days after written notice by a Party pursuant to subsection (a) of this section, the method for calculating these amounts will be determined by a

mutually agreed-upon independent expert who shall apply the requirements above to the extent consistent with the then-applicable State and Federal tax laws.

Section II-16. Accounts and Calculations

All references in this Agreement to specific accounts are to the USOA (18 C.F.R. pt. 352). Only those amounts attributable to the construction, operation, maintenance and the eventual DR&R of the Kuparuk Pipeline shall be reflected in the calculations and accounts referred to in this Agreement; provided, however, that, since pursuant to Section II-17 all Rental Revenue (including the Rental Revenue obtained by Kuparuk from Oliktok Pipeline Company for the rental of space on Kuparuk's VSMs) is credited against Kuparuk's cost of service, no additional deduction from the Total Cost of Service shall be made for any portion of the VSMs or the cathodic protection system that is used for the support, in whole or in part, of non-jurisdictional facilities.

Section II-17. Rental Revenue

Kuparuk rents space on Kuparuk's VSMs to the Oliktok Pipeline Company to support Oliktok's natural gas liquids pipeline. The Rental Revenue for the calendar year beginning January 1, 2009 and for each subsequent year is stipulated to be \$980,880. The greater of such stipulated Rental Revenue or the actual revenue due to Kuparuk from Oliktok Pipeline Company, plus any other rental revenue properly accounted for under Account 250 and any incidental revenue properly accounted for under Account 260, shall be reflected as a credit in the calculation of Kuparuk's Total Cost of Service under this Agreement.

Section II-18. Determination of Throughput and Cost of Service on a Current, Prospective and Historic Basis

Under the KSM, the Throughput and the Cost of Service for any given year will need to be determined, at various times, on a current, prospective and historic basis. In making such determinations, actual values shall be used whenever possible, and estimated values shall be used when actual values are not yet available. Estimates for each upcoming year shall be based on the monthly average of the available actual data for the most recent calendar year multiplied by twelve. Under the following circumstances, actual values for the elements of the KSM for prior years shall be restated in order to recalculate the Net Carryover from those prior years: (1) Kuparuk's filing of an amended Form 6 with the FERC; (2) Kuparuk's filing of a Form 6 with the FERC that includes a prior period adjustment relating to events or transactions which occurred in a prior year, as reflected in USOA Account 705; (3) a FERC audit adjustment for a prior year; and (4) resolution of a dispute among the Parties relating to a prior year. In no case shall any such restatement apply to a period that is more than three years prior to the date of such restatement. Parties have the right to review and challenge before FERC any such amendments and restatements.

**ARTICLE III.
ADDITIONAL PROVISIONS**

Section III-1. Term of the Agreement

The Initial Term of this Agreement shall end on December 31, 2013. The Agreement shall automatically renew for additional three-year terms, subject to the right of any Party to withdraw from this Agreement with notice at least 90 days prior to the commencement of the

second renewal period and any subsequent renewal period, and further subject to the ability of each Party to reopen or challenge the following issues, as described further in subsection I-4(g), subsection I-5(a), subsection II-3(c), Section II-5, subsection II-6(b), subsection II-11(g), and Section II-18, which referenced sections and subsections relate to (i) information used by Kuparuk to support its Maximum Rate calculations, including any confidentiality designations, (ii) any adjustments provided for in subsection II-3(b); (iii) remaining life of Kuparuk for depreciation purposes, (iv) capital structure, (v) cost of capital, (vi) DR&R, and/or (vii) any amendments or restatements of actual values made pursuant to Section II-18.

Section III-2. Approval and Acceptance of the Agreement

(a) Following the execution of this Agreement, the Parties shall jointly and simultaneously submit it to the FERC for approval as an Offer of Settlement and to the RCA for approval or acceptance and shall cooperate fully, each at its own expense, to seek such approval and acceptance.

(b) Once approved by the FERC, the standard of review for any modifications to the Agreement by the FERC acting *sua sponte*, the Parties acting unanimously, or third parties shall be the ordinary just and reasonable standard (not the “most stringent” or “public interest” standard). The standard of review for any modification of the Agreement at the request of one or more but less than all Parties shall be the most stringent standard permissible under applicable law. Nothing in this Agreement is meant to limit the Commission’s authority to approve uncontested settlements under 18 C.F.R. § 385.602(g)(3).

Section III-3. Parties in Interest

(a) This Agreement shall be binding upon and inure solely to the benefit of the Parties and their respective successors and assigns, including lessees. No obligation under this Agreement shall be for the benefit of or be enforceable by any third party.

(b) Any Kugaruk shipper that is not a Party to this Agreement may become a Party by executing the Agreement and agreeing to be bound by its terms.

Section III-4. Construction of Agreement

(a) The language of this Agreement shall, in all cases, be construed according to its fair meaning and not strictly for or against any Party. Headings of articles and sections of this Agreement are solely for the convenience of the Parties and are not a part of this Agreement. This Agreement shall be governed by and construed in accordance with applicable federal and state law.

(b) Attached hereto as Exhibit F illustrating the KSM is a printout of a computer program based on actual data through calendar year 2010. Also attached as Exhibit G is a list of the Stipulated Amounts to be used in calculating the KSM. It is the understanding of the Parties that the language of this Agreement and the calculations shown in Exhibit F and the Stipulated Amounts shown in Exhibit G are consistent. If any question shall arise as to the consistency of the language of this Agreement and the calculations shown in Exhibit F or the Stipulated Amounts shown in Exhibit G, the Parties shall resolve the question in good faith consistent with their original understanding.

(c) The language of this Agreement, together with the calculations shown in Exhibit F and the Stipulated Amounts shown in Exhibit G, shall control over any other computer

program or other document prepared by the Parties, or either of them, describing or explaining this Agreement or the KSM.

Section III-5. Amendment

This Agreement may be modified, amended or supplemented only by a written instrument executed by all Parties.

Section III-6. Notices

All notices under this Agreement shall be effective when deposited in the mails, postage prepaid, certified mail, return receipt requested, or when dispatched by overnight delivery service or by telefacsimile, addressed to the respective Party at the address set forth below:

State of Alaska:

Attorney General
State of Alaska
Department of Law
123 Fourth Street
Juneau, Alaska 99801
Telefacsimile No. (907) 463-5295

Robert H. Loeffler
Bradley S. Lui
Morrison & Foerster LLP
2000 Pennsylvania Ave., N.W.
Suite 5500
Washington, D.C. 20006
Telefacsimile No. (202) 887-0763

Kuparuk Transportation
Company:

Rita H. Lovett
Kuparuk Transportation Company
550 W. 7th Ave.
Suite 1850
Anchorage, AK 99501
Telefacsimile No. (907) 265-6998

Steven H. Brose
Steven Reed
Daniel J. Poynor
Steptoe & Johnson LLP
1330 Connecticut Ave., N.W.
Washington, D.C. 20036
Telefacsimile No. (202) 429-3902

Dean Thompson
Kempel, Huffman & Ellis, P.C.
255 E. Fireweed Lane, Suite 200
Anchorage, Alaska 99503
Telefacsimile No. (907) 276-2493

Anadarko Petroleum
Corporation:

Robin O. Brena
Anthony S. Guerriero
Brena, Bell & Clarkson, PC
810 N Street, Suite 100
Anchorage, Alaska 99501
Telefacsimile No. (907) 258-2001

Joseph S. Koury
Andrew T. Swers
Wright & Talisman, P.C.
1200 G Street, N.W., Suite 600
Washington, D.C. 20005
Telefacsimile No. (202) 393-1240

A Party may, at any time, substitute a different person or address for that shown in the previous sentence by giving written notice to the other Parties.

Section III-7. Enforceability

It is the intent of the Parties that this Agreement shall be enforceable in an action for specific performance, for damages for the breach thereof, or for other appropriate remedy, before the courts of the State of Alaska or before any other available court or administrative tribunal having jurisdiction. The Parties hereby consent to the jurisdiction of the courts of the State of

Alaska with respect to actions enforcing and construing this Agreement, but this consent shall not be construed to confer exclusive jurisdiction upon the courts of the State of Alaska.

Section III-8. No Waiver


Unless otherwise specifically provided in this Agreement, no failure to exercise, and no delay in exercising, any right, power, or remedy under this Agreement shall impair or be construed as a waiver of this right, power, or remedy of a Party, nor shall any failure to exercise or delay in exercising any right, power, or remedy be construed to be an acquiescence in any breach or default under this Agreement. The rights and remedies specified for the enforcement of this Agreement are cumulative and are not exclusive of any rights or remedies which a party would otherwise have.

Section III-9. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Being duly authorized, the Parties execute this Agreement as of the date first written above.

Kuparuk Transportation Company

By: 
Title: Vice President and Controller

State of Alaska

By: _____

Title: _____

Anadarko Petroleum Corporation

By: _____

Title: _____

Being duly authorized, the Parties execute this Agreement as of the date first written above.

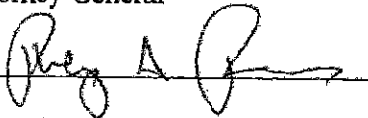
Kuparuk Transportation Company

By: _____

Title: _____

State of Alaska

John J. Burns
Attorney General

By:  _____

Title: Senior Assistant Attorney General

Anadarko Petroleum Corporation

By: _____

Title: _____

Being duly authorized, the Parties execute this Agreement as of the date first written above.

Kuparuk Transportation Company

By: _____

Title: _____

State of Alaska

By: _____

Title: _____

Anadarko Petroleum Corporation

By: *John P. [Signature]*

Title: GM

Crude & NGL Marketing



Exhibit A

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Exhibit B
State Tax Depreciation for Pre-2009 Carrier Property Additions

Year	Pre-2009 State Tax Depreciation 1/
2009	\$431,513
2010	\$367,563
2011	\$309,674
2012	\$273,693
2013	\$237,713
2014	\$202,849
2015	\$170,460
2016	\$138,069
2017	\$105,679
2018	\$73,292
2019	\$40,899
2020	\$27,638
2021	\$15,400
2022	\$3,302
2023	\$559

1/ Amounts for subsequent years are equal to "0".

Exhibit C
Federal Tax Depreciation for Pre-2009 Carrier Property Additions

Year	Pre-2009 Federal Tax Depreciation 1/
2009	\$356,259
2010	\$342,723
2011	\$323,662
2012	\$311,473
2013	\$311,474
2014	\$311,474
2015	\$311,474
2016	\$219,502
2017	\$122,612
2018	\$117,015
2019	\$71,356
2020	\$15,874
2021	\$2,686

1/ Amounts for subsequent years are equal to "0".

Exhibit D

State Tax Depreciation Factors²

Year 1	5.7143%
Year 2	10.7755%
Year 3	9.8247%
Year 4	9.2107%
Year 5	8.5966%
Year 6	7.9826%
Year 7	7.3685%
Year 8	6.7545%
Year 9	6.1405%
Year 10	5.5264%
Year 11	4.9124%
Year 12	4.2983%
Year 13	3.6843%
Year 14	3.0702%
Year 15	2.4562%
Year 16	1.8421%
Year 17	1.2281%
Year 18	0.6141%

² AK Stat. § 43.20

Exhibit E

Federal Tax Depreciation Factors³

Year 1	5.00000%
Year 2	9.50000%
Year 3	8.55000%
Year 4	7.69500%
Year 5	6.92550%
Year 6	6.23295%
Year 7	5.90490%
Year 8	5.90490%
Year 9	5.90490%
Year 10	5.90490%
Year 11	5.90490%
Year 12	5.90490%
Year 13	5.90490%
Year 14	5.90490%
Year 15	5.90490%
Year 16	2.95245%

³ IRC § 168

**Kuparuk Transportation Company
Settlement Model**

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**Kuparuk Transportation Company
Settlement Model
Summary**

Current Year Summary

Line No.	Description	Source	2010
1	Operating Expense	Schedule 2, Ln. 1	\$11,468,361
2	DR&R Allowance	Schedule 2, Ln. 2	\$817,174
3	Depreciation	Schedule 2, Ln. 3	\$2,495,816
4	Equity AFUDC Amortization	Schedule 2, Ln. 4	\$62,503
5	IDC Amortization	Schedule 2, Ln. 5	\$35,676
6	Return on Rate Base	Schedule 2, Ln. 6	\$4,511,398
7	Income Tax Allowance	Schedule 2, Ln. 7	\$1,934,267
8	Net Carryover	Schedule 2, Ln. 8	\$0
9	Rental Revenue	Schedule 2, Ln. 9	\$980,880
10	Total Cost of Service	Sum Lns. (1 to 8) - Ln. 9	\$20,344,315
11	MPU Intrastate Rate (\$/Bbl)	Schedule 1, Ln. 17	\$0.164
12	KRU Intrastate Rate (\$/Bbl)	Schedule 1, Ln. 18	\$0.228
13	MPU Interstate Rate (\$/Bbl)	Schedule 1, Ln. 19	\$0.164
14	KRU Interstate Rate (\$/Bbl)	Schedule 1, Ln. 20	\$0.228

**Kuparuk Transportation Company
Settlement Model
Maximum Tariff Rates**

Line No.	Description	Source	2009	2010	2011	2012	2013	2014	2015	2016
1	Total Cost of Service	Schedule 2, Line 10	\$17,920,089	\$20,344,315	\$11,885,653	\$16,033,487	\$20,181,321	\$24,329,155	\$28,476,989	\$32,624,823
<u>Throughput by Jurisdiction by Origin</u>										
2	MPU Intrastate Deliveries in Bbls	Worksheet 1, Ln.30	1,583,495	474,500	-	-	-	-	-	-
3	KRU Intrastate Deliveries in Bbls	Worksheet 1, Ln.31	13,517,689	6,752,500	-	-	-	-	-	-
4	MPU Interstate Deliveries in Bbls	Worksheet 1, Ln. 32	8,973,137	6,095,500	-	-	-	-	-	-
5	KRU Interstate Deliveries in Bbls	Worksheet 1, Ln. 33	78,035,460	77,604,475	-	-	-	-	-	-
6	MPU Total Deliveries in Bbls	Sum Lines (2 and 4)	10,556,632	6,570,000	-	-	-	-	-	-
7	KRU Total Deliveries in Bbls	Sum Lines (3 and 5)	91,553,149	84,356,975	-	-	-	-	-	-
8	Total Deliveries in Bbls	Sum Lines (6 and 7)	102,109,781	90,926,975	-	-	-	-	-	-
9	MPU Deliveries in Thousand Bbl-Miles	Ln.6**Worksheet 1, Ln.42/1,000	233,692	145,440	-	-	-	-	-	-
10	KRU Deliveries in Thousand Bbl-Miles	Ln.7*Worksheet 1, Ln.43/1,000	2,976,988	2,742,994	-	-	-	-	-	-
11	Total Deliveries in Thousand Bbl-Miles	Sum Lines (9 and 10)	3,210,680	2,888,434	-	-	-	-	-	-
<u>Non-Distance Related Costs</u>										
12	Non-Distance Related Costs	Worksheet 1, Ln. 20	\$1,935,723	\$2,561,668	\$0	\$0	\$0	\$0	\$0	\$0
13	Non-Distance Related Costs per Bbl	Lines (12 / 8)	\$0.019	\$0.028	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Distance Related Costs</u>										
14	Distance Related Costs	Lines (1 - 12)	\$15,984,366	\$17,782,647	\$11,885,653	\$16,033,487	\$20,181,321	\$24,329,155	\$28,476,989	\$32,624,823
15	MPU Distance Related Costs per Bbl	Lines (14 / 11 * 9 / 6)	\$0.110	\$0.136	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
16	KRU Distance Related Costs per Bbl	Lines (14 / 11 * 10 / 7)	\$0.162	\$0.200	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Cost of Service Rates by Jurisdiction by Origin</u>										
17	MPU Intrastate Rate (\$/Bbl)	Lines (13 + 15)	\$0.129	\$0.164	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
18	KRU Intrastate Rate (\$/Bbl)	Lines (13 + 16)	\$0.181	\$0.228	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
19	MPU Interstate Rate (\$/Bbl)	Lines (13 + 15)	\$0.129	\$0.164	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
20	KRU Interstate Rate (\$/Bbl)	Lines (13 + 16)	\$0.181	\$0.228	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

Kuparuk Transportation Company
Settlement Model
Maximum Tariff Rates

Line No.	Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Total Cost of Service	Schedule 2, Line 10	\$36,772,657	\$40,920,490	\$45,068,324	\$49,216,158	\$53,363,992	\$57,511,826	\$61,659,660	\$65,807,494	\$69,955,328
<u>Throughput by Jurisdiction by Origin</u>											
2	MPU Intrastate Deliveries in Bbls	Worksheet 1, Ln.30	-	-	-	-	-	-	-	-	-
3	KRU Intrastate Deliveries in Bbls	Worksheet 1, Ln.31	-	-	-	-	-	-	-	-	-
4	MPU Interstate Deliveries in Bbls	Worksheet 1, Ln. 32	-	-	-	-	-	-	-	-	-
5	KRU Interstate Deliveries in Bbls	Worksheet 1, Ln. 33	-	-	-	-	-	-	-	-	-
6	MPU Total Deliveries in Bbls	Sum Lines (2 and 4)	-	-	-	-	-	-	-	-	-
7	KRU Total Deliveries in Bbls	Sum Lines (3 and 5)	-	-	-	-	-	-	-	-	-
8	Total Deliveries in Bbls	Sum Lines (6 and 7)	-	-	-	-	-	-	-	-	-
9	MPU Deliveries in Thousand Bbl-Miles	Ln.6*Worksheet 1, Ln.42/1,000	-	-	-	-	-	-	-	-	-
10	KRU Deliveries in Thousand Bbl-Miles	Ln.7*Worksheet 1, Ln.43/1,000	-	-	-	-	-	-	-	-	-
11	Total Deliveries in Thousand Bbl-Miles	Sum Lines (9 and 10)	-	-	-	-	-	-	-	-	-
<u>Non-Distance Related Costs</u>											
12	Non-Distance Related Costs	Worksheet 1, Ln. 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Non-Distance Related Costs per Bbl	Lines (12 / 8)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Distance Related Costs</u>											
14	Distance Related Costs	Lines (1 - 12)	\$36,772,657	\$40,920,490	\$45,068,324	\$49,216,158	\$53,363,992	\$57,511,826	\$61,659,660	\$65,807,494	\$69,955,328
15	MPU Distance Related Costs per Bbl	Lines (14 / 11 * 9 / 6)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
16	KRU Distance Related Costs per Bbl	Lines (14 / 11 * 10 / 7)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Cost of Service Rates by Jurisdiction by Origin</u>											
17	MPU Intrastate Rate (\$/Bbl)	Lines (13 + 15)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
18	KRU Intrastate Rate (\$/Bbl)	Lines (13 + 16)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
19	MPU Interstate Rate (\$/Bbl)	Lines (13 + 15)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
20	KRU Interstate Rate (\$/Bbl)	Lines (13 + 16)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

**Kuparuk Transportation Company
Settlement Model
Maximum Tariff Rates**

Schedule 1

Line No.	Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Total Cost of Service	Schedule 2, Line 10	\$74,103,161	\$78,250,995	\$82,398,829	\$86,546,663	\$90,694,497	\$94,842,331	\$98,990,165	\$103,137,999	\$107,285,832
<u>Throughput by Jurisdiction by Origin</u>											
2	MPU Intrastate Deliveries in Bbls	Worksheet 1, Ln.30	-	-	-	-	-	-	-	-	-
3	KRU Intrastate Deliveries in Bbls	Worksheet 1, Ln.31	-	-	-	-	-	-	-	-	-
4	MPU Interstate Deliveries in Bbls	Worksheet 1, Ln. 32	-	-	-	-	-	-	-	-	-
5	KRU Interstate Deliveries in Bbls	Worksheet 1, Ln. 33	-	-	-	-	-	-	-	-	-
6	MPU Total Deliveries in Bbls	Sum Lines (2 and 4)	-	-	-	-	-	-	-	-	-
7	KRU Total Deliveries in Bbls	Sum Lines (3 and 5)	-	-	-	-	-	-	-	-	-
8	Total Deliveries in Bbls	Sum Lines (6 and 7)	-	-	-	-	-	-	-	-	-
9	MPU Deliveries in Thousand Bbl-Miles	Ln.6*Worksheet 1, Ln.42/1,000	-	-	-	-	-	-	-	-	-
10	KRU Deliveries in Thousand Bbl-Miles	Ln.7*Worksheet 1, Ln.43/1,000	-	-	-	-	-	-	-	-	-
11	Total Deliveries in Thousand Bbl-Miles	Sum Lines (9 and 10)	-	-	-	-	-	-	-	-	-
<u>Non-Distance Related Costs</u>											
12	Non-Distance Related Costs	Worksheet 1, Ln. 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Non-Distance Related Costs per Bbl	Lines (12 / 8)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Distance Related Costs</u>											
14	Distance Related Costs	Lines (1 - 12)	\$74,103,161	\$78,250,995	\$82,398,829	\$86,546,663	\$90,694,497	\$94,842,331	\$98,990,165	\$103,137,999	\$107,285,832
15	MPU Distance Related Costs per Bbl	Lines (14 / 11 * 9 / 6)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
16	KRU Distance Related Costs per Bbl	Lines (14 / 11 * 10 / 7)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Cost of Service Rates by Jurisdiction by Origin</u>											
17	MPU Intrastate Rate (\$/Bbl)	Lines (13 + 15)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
18	KRU Intrastate Rate (\$/Bbl)	Lines (13 + 16)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
19	MPU Interstate Rate (\$/Bbl)	Lines (13 + 15)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
20	KRU Interstate Rate (\$/Bbl)	Lines (13 + 16)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

Kuparuk Transportation Company
Settlement Model
Total Cost of Service

Line	No. Description	Source	2009	2010	2011	2012	2013	2014	2015	2016
1	Operating Expense	Schedule 4, Ln. 36	\$12,337,670	\$11,468,361	\$0	\$0	\$0	\$0	\$0	\$0
2	DR&R Allowance	Workpaper 8, Ln. 4	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
3	Depreciation	Workpaper 3, Ln. 11	\$3,262,438	\$2,495,816	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883
4	Equity AFUDC Amortization	Workpaper 5, Ln. 4	\$104,397	\$62,503	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834
5	IDC Amortization	Workpaper 5, Ln. 8	\$54,552	\$35,676	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945
6	Return on Rate Base	Schedule 5, Ln. 10	\$1,621,102	\$4,511,398	\$5,439,160	\$0	\$0	\$0	\$0	\$0
7	Income Tax Allowance	Schedule 6, Ln. 13	\$703,635	\$1,934,267	\$2,335,657	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998
8	Net Carryover	Schedule 3, Prior Ln. 15	\$0	\$0	\$0	\$11,885,653	\$16,033,487	\$20,181,321	\$24,329,155	\$28,476,989
9	Rental Revenue	Workpaper 1, Ln. 21	\$980,880	\$980,880	\$0	\$0	\$0	\$0	\$0	\$0
10	Total Cost of Service	Sum Lns. (1 to 8) - Ln. 9	\$17,920,089	\$20,344,315	\$11,885,653	\$16,033,487	\$20,181,321	\$24,329,155	\$28,476,989	\$32,624,823

Kuparuk Transportation Company
Settlement Model
Total Cost of Service

Line No.	Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Operating Expense	Schedule 4, Ln. 36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	DR&R Allowance	Worksheet 8, Ln. 4	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
3	Depreciation	Worksheet 3, Ln. 11	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883
4	Equity AFUDC Amortization	Worksheet 5, Ln. 4	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834
5	IDC Amortization	Worksheet 5, Ln. 8	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945
6	Return on Rate Base	Schedule 5, Ln. 10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Income Tax Allowance	Schedule 6, Ln. 13	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998
8	Net Carryover	Schedule 3, Prior Ln. 15	\$32,624,823	\$36,772,657	\$40,920,490	\$45,068,324	\$49,216,158	\$53,363,992	\$57,511,826	\$61,659,660	\$65,807,494
9	Rental Revenue	Worksheet 1, Ln. 21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Total Cost of Service	Sum Lns. (1 to 8) - Ln. 9	\$36,772,657	\$40,920,490	\$45,068,324	\$49,216,158	\$53,363,992	\$57,511,826	\$61,659,660	\$65,807,494	\$69,955,328

Kuparuk Transportation Company
Settlement Model
Total Cost of Service

Line	No. Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Operating Expense	Schedule 4, Ln. 36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	DR&R Allowance	Worksheet 8, Ln. 4	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
3	Depreciation	Worksheet 3, Ln. 11	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883
4	Equity AFUDC Amortization	Worksheet 5, Ln. 4	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834
5	IDC Amortization	Worksheet 5, Ln. 8	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945
6	Return on Rate Base	Schedule 5, Ln. 10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Income Tax Allowance	Schedule 6, Ln. 13	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998
8	Net Carryover	Schedule 3, Prior Ln. 15	\$69,955,328	\$74,103,161	\$78,250,995	\$82,398,829	\$86,546,663	\$90,694,497	\$94,842,331	\$98,990,165	\$103,137,999
9	Rental Revenue	Worksheet 1, Ln. 21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Total Cost of Service	Sum Lns. (1 to 8) - Ln. 9	\$74,103,161	\$78,250,995	\$82,398,829	\$86,546,663	\$90,694,497	\$94,842,331	\$98,990,165	\$103,137,999	\$107,285,832

**Koparuk Transportation Company
Settlement Model
Net Carryover**

Schedule 3

Line No.	Description	Source	2011	2012	2013	2014	2015	2016
1	Total Cost of Service	Schedule 2, Ln. 10	\$11,885,653	\$16,033,487	\$20,181,321	\$24,329,155	\$28,476,989	\$32,624,823
	<u>Actual Throughput</u>							
2	MPU Intrastate Deliveries	Worksheet 1, Ln.34	-	-	-	-	-	-
3	KRU Intrastate Deliveries	Worksheet 1, Ln.35	-	-	-	-	-	-
4	MPU Interstate Deliveries	Worksheet 1, Ln.36	-	-	-	-	-	-
5	KRU Interstate Deliveries	Worksheet 1, Ln.37	-	-	-	-	-	-
	<u>Effective Tariff Rates</u>							
6	MPU Intrastate Rate (\$/Bbl)	Worksheet 1, Ln. 38	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
7	KRU Intrastate Rate (\$/Bbl)	Worksheet 1, Ln. 39	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
8	MPU Interstate Rate (\$/Bbl)	Worksheet 1, Ln. 40	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
9	KRU Interstate Rate (\$/Bbl)	Worksheet 1, Ln. 41	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
10	Revenue Received	Lns. 2 * 6 + 3 * 7 + 4 * 8 + 5 * 9	\$0	\$0	\$0	\$0	\$0	\$0
11	Voluntary Revenue Reduction	Worksheet 1, Ln. 22	\$0	\$0	\$0	\$0	\$0	\$0
12	Carryover Base	Lns. 1 - 10 - 11	\$11,885,653	\$16,033,487	\$20,181,321	\$24,329,155	\$28,476,989	\$32,624,823
13	Interest Rate	Worksheet 1, Ln. 5	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Interest on Net Carryover	Lns. 12 * 13	\$0	\$0	\$0	\$0	\$0	\$0
15	Net Carryover	Lns.(12 + 14)	\$11,885,653	\$16,033,487	\$20,181,321	\$24,329,155	\$28,476,989	\$32,624,823

**Kuparuk Transportation Company
Settlement Model
Net Carryover**

Schedule 3

Line	No. Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Total Cost of Service	Schedule 2, Ln. 10	\$36,772,657	\$40,920,490	\$45,068,324	\$49,216,158	\$53,363,992	\$57,511,826	\$61,659,660	\$65,807,494	\$69,955,328
Actual Throughput											
2	MPU Intrastate Deliveries	Worksheet 1, Ln. 34	-	-	-	-	-	-	-	-	-
3	KRU Intrastate Deliveries	Worksheet 1, Ln. 35	-	-	-	-	-	-	-	-	-
4	MPU Interstate Deliveries	Worksheet 1, Ln. 36	-	-	-	-	-	-	-	-	-
5	KRU Interstate Deliveries	Worksheet 1, Ln. 37	-	-	-	-	-	-	-	-	-
Effective Tariff Rates											
6	MPU Intrastate Rate (\$/Bbl)	Worksheet 1, Ln. 38	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
7	KRU Intrastate Rate (\$/Bbl)	Worksheet 1, Ln. 39	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
8	MPU Interstate Rate (\$/Bbl)	Worksheet 1, Ln. 40	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
9	KRU Interstate Rate (\$/Bbl)	Worksheet 1, Ln. 41	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
10	Revenue Received	Lns. 2 * 6 + 3 * 7 + 4 * 8 + 5 * 9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Voluntary Revenue Reduction	Worksheet 1, Ln. 22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Carryover Base	Lns. 1 - 10 - 11	\$36,772,657	\$40,920,490	\$45,068,324	\$49,216,158	\$53,363,992	\$57,511,826	\$61,659,660	\$65,807,494	\$69,955,328
13	Interest Rate	Worksheet 1, Ln. 5	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Interest on Net Carryover	Lns. 12 * 13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Net Carryover	Lns. (12 + 14)	\$36,772,657	\$40,920,490	\$45,068,324	\$49,216,158	\$53,363,992	\$57,511,826	\$61,659,660	\$65,807,494	\$69,955,328

**Knapruk Transportation Company
Settlement Model
Net Carryover**

Schedule 3

Line No.	Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Total Cost of Service	Schedule 2, Ln. 10	\$74,103,161	\$78,250,995	\$82,398,829	\$86,546,663	\$90,694,497	\$94,842,331	\$98,990,165	\$103,137,999	\$107,285,832
Actual Throughput											
2	MPU Interstate Deliveries	Workpaper 1, Ln.34	-	-	-	-	-	-	-	-	-
3	KRU Interstate Deliveries	Workpaper 1, Ln.35	-	-	-	-	-	-	-	-	-
4	MPU Interstate Deliveries	Workpaper 1, Ln.36	-	-	-	-	-	-	-	-	-
5	KRU Interstate Deliveries	Workpaper 1, Ln.37	-	-	-	-	-	-	-	-	-
Effective Tariff Rates											
6	MPU Intrastate Rate (\$/Bbl)	Workpaper 1, Ln. 38	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
7	KRU Intrastate Rate (\$/Bbl)	Workpaper 1, Ln. 39	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
8	MPU Interstate Rate (\$/Bbl)	Workpaper 1, Ln. 40	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
9	KRU Interstate Rate (\$/Bbl)	Workpaper 1, Ln. 41	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
10	Revenue Received	Lns. 2 * 6 + 3 * 7 + 4 * 8 + 5 * 9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Voluntary Revenue Reduction	Workpaper 1, Ln. 22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Carryover Base	Lns. 1 - 10 - 11	\$74,103,161	\$78,250,995	\$82,398,829	\$86,546,663	\$90,694,497	\$94,842,331	\$98,990,165	\$103,137,999	\$107,285,832
13	Interest Rate	Workpaper 1, Ln. 5	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Interest on Net Carryover	Lns. 12 * 13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Net Carryover	Lns (12 + 14)	\$74,103,161	\$78,250,995	\$82,398,829	\$86,546,663	\$90,694,497	\$94,842,331	\$98,990,165	\$103,137,999	\$107,285,832

**Kaparuk Transportation Company
Settlement Model
Operating Expense**

Line No.	Description	Source	2009	2010	2011	2012	2013	2014	2015	2016
1	Operating Expense (Account 610) net of Depreciation, DR&R and Management Fees	Workpaper 1, Line 15	\$11,110,070	\$10,127,361	\$0	\$0	\$0	\$0	\$0	\$0
2	Management Fees - Actual	Workpaper 1, Line 16	\$1,227,600	\$1,341,000	\$0	\$0	\$0	\$0	\$0	\$0
3	CPI-U Inflation Rate	Workpaper 1, Line 4			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Management Fee Ceiling 1/	Prior Ln.4*(1+Prior Ln.3)		\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705
5	Management Fees - Included in Cost of Service	Min Lines (2 or 4)	\$1,227,600	\$1,341,000	\$0	\$0	\$0	\$0	\$0	\$0
6	Unusual or Infrequent Items (Account 665)	Workpaper 1, Line 17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Extraordinary Items (Account 680)	Workpaper 1, Line 18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Amortization Period for Infrequent and Extraordinary Items	Workpaper 1, Line 24	5	5	5	5	5	5	5	5
<u>Amortization of Infrequent and Extraordinary Items by Vintage</u>										
9		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
35	Total Amort. of Infrequent and Extraordinary Items	Sum Lns. (9 to 34)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36	Operating Expense net of Depreciation and DR&R	Lines (1 + 5 + 35)	\$12,337,670	\$11,468,361	\$0	\$0	\$0	\$0	\$0	\$0

1/ 2011 Amount from Workpaper 2, Line 51

Kuparuk Transportation Company
Settlement Model
Operating Expense

Schedule 4

Line	No. Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Operating Expense (Account 610) net of Depreciation, DR&R and Management Fees	Workpaper 1, Line 15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Management Fees - Actual	Workpaper 1, Line 16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	CPLU Inflation Rate	Workpaper 1, Line 4	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Management Fee Ceiling 1/	Prior Ln. 4*(1+Prior Ln.3)	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705
5	Management Fees - Included in Cost of Service	Min Lines (2 or 4)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Unusual or Infrequent Items (Account 665)	Workpaper 1, Line 17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Extraordinary Items (Account 680)	Workpaper 1, Line 18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Amortization Period for Infrequent and Extraordinary Items	Workpaper 1, Line 24	5	5	5	5	5	5	5	5	5
<u>Amortization of Infrequent and Extraordinary Items by Vintage</u>											
9	2009	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	2010	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	2011	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	2012	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2013	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2014	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2015	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	2016	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	2017	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	2018	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	2019	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	2020	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	2021	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	2022	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	2023	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	2024	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	2025	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	2026	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	2027	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	2028	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	2029	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30	2030	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31	2031	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32	2032	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	2033	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34	2034	Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
35	Total Amort. of Infrequent and Extraordinary Items	Sum Lns. (9 to 34)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36	Operating Expense net of Depreciation and DR&R	Lines (1 + 5 + 35)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1/	2011 Amount from Workpaper 2, Line 51										

**Kuparuk Transportation Company
Settlement Model
Operating Expense**

Schedule 4

Line No.	Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Operating Expense (Account 610) net of Depreciation, DR&R and Management Fees	Worksheet 1, Line 15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Management Fees - Actual	Worksheet 1, Line 16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	CPI-U Inflation Rate	Worksheet 1, Line 4	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Management Fee Ceiling 1/	Prior Ln.4*(1+Prior Ln.3)	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705	\$1,040,705
5	Management Fees - Included in Cost of Service	Min Lines (2 or 4)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Unusual or Infrequent Items (Account 665)	Worksheet 1, Line 17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Extraordinary Items (Account 680)	Worksheet 1, Line 18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Amortization Period for Infrequent and Extraordinary Items	Worksheet 1, Line 24	5	5	5	5	5	4	3	2	1
Amortization of Infrequent and Extraordinary Items by Vintage											
9		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34		Vintage Lns ((6+7)/8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
35	Total Amort. of Infrequent and Extraordinary Items	Sum Lns (9 to 34)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36	Operating Expense net of Depreciation and DR&R	Lines (1 + 5 + 35)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

1/ 2011 Amount from Worksheet 2, Line 51

Kuparuk Transportation Company
Settlement Model

Weighted Cost of Capital and Return on Rate Base

Line	No. Description	Source	2009	2010	2011	2012	2013	2014	2015	2016
Weighted Cost of Capital (%)										
1	Equity Ratio	Workpaper 1 Ln. 1	46.11%	46.11%	46.11%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Debt Ratio	1.0 - Ln. 1	53.89%	53.89%	53.89%	100.00%	100.00%	100.00%	100.00%	100.00%
3	Rate of Return on Equity	Workpaper 1 Ln. 2	10.72%	10.72%	10.72%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Rate of Return on Debt	Workpaper 1 Ln. 3	5.97%	5.97%	5.97%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Equity Portion of Weighted Cost of Capital	Lns. (1 * 3)	4.94%	4.94%	4.94%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Debt Portion of Weighted Cost of Capital	Lns. (2 * 4)	3.22%	3.22%	3.22%	0.00%	0.00%	0.00%	0.00%	0.00%
7	Weighted Cost of Capital	Lns. (5 + 6)	8.16%	8.16%	8.16%	0.00%	0.00%	0.00%	0.00%	0.00%
Return on Rate Base (\$ MM)										
8	Average Rate Base	Schedule 7, Ln. 8	\$19,866,452	\$55,286,739	\$66,656,376	\$60,948,421	\$55,880,572	\$51,050,666	\$46,415,061	\$41,910,717
9	Weighted Cost of Capital	Ln. 7	8.16%	8.16%	8.16%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Return on Rate Base	Lns. (8 * 9)	\$1,621,102	\$4,511,398	\$5,439,160	\$0	\$0	\$0	\$0	\$0
11	Rate of Return on Debt	Ln. 4	5.97%	5.97%	5.97%	0.00%	0.00%	0.00%	0.00%	0.00%
12	Debt Ratio	Ln. 2	53.89%	53.89%	53.89%	100.00%	100.00%	100.00%	100.00%	100.00%
13	Debt Portion of Return on Rate Base	Lns. (8 * 11 * 12)	\$639,700	\$1,780,233	\$2,146,335	\$0	\$0	\$0	\$0	\$0
14	Rate of Return on Equity	Ln. 3	10.72%	10.72%	10.72%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity Ratio	Ln. 1	46.11%	46.11%	46.11%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Equity Portion of Return on Rate Base	Lns. (8 * 14 * 15)	\$981,403	\$2,731,165	\$3,292,825	\$0	\$0	\$0	\$0	\$0

Kaparak Transportation Company
Settlement Model
Weighted Cost of Capital and Return on Rate Base

Line	No. Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
Weighted Cost of Capital (%)											
1	Equity Ratio	Workpaper 1 Ln. 1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Debt Ratio	1.0 - Ln. 1	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3	Rate of Return on Equity	Workpaper 1 Ln. 2	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Rate of Return on Debt	Workpaper 1 Ln. 3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Equity Portion of Weighted Cost of Capital	Lns. (1 * 3)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Debt Portion of Weighted Cost of Capital	Lns. (2 * 4)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	Weighted Cost of Capital	Lns. (5 + 6)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Return on Rate Base (\$ MM)											
8	Average Rate Base	Schedule 7, Ln. 8	\$37,489,269	\$33,116,690	\$28,784,014	\$24,499,387	\$20,256,512	\$16,046,114	\$11,865,594	\$7,942,663	\$4,675,987
9	Weighted Cost of Capital	Ln. 7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Return on Rate Base	Lns. (8 * 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Rate of Return on Debt	Ln. 4	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	Debt Ratio	Ln. 2	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
13	Debt Portion of Return on Rate Base	Lns. (8 * 11 * 12)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Rate of Return on Equity	Ln. 3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity Ratio	Ln. 1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Equity Portion of Return on Rate Base	Lns. (8 * 14 * 15)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Kuparuk Transportation Company
Settlement Model
Weighted Cost of Capital and Return on Rate Base

Line	No. Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
Weighted Cost of Capital (%)											
1	Equity Ratio	Workpaper 1 Ln. 1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Debt Ratio	1.0 - Ln. 1	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3	Rate of Return on Equity	Workpaper 1 Ln. 2	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Rate of Return on Debt	Workpaper 1 Ln. 3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Equity Portion of Weighted Cost of Capital	Lns. (1 * 3)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Debt Portion of Weighted Cost of Capital	Lns. (2 * 4)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	Weighted Cost of Capital	Lns. (5 + 6)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Return on Rate Base (\$ MM)											
8	Average Rate Base	Schedule 7, Ln. 8	\$2,007,229	(\$462,360)	(\$2,911,290)	(\$5,354,040)	(\$7,796,791)	(\$10,239,540)	(\$12,682,290)	(\$15,125,040)	(\$8,173,208)
9	Weighted Cost of Capital	Ln. 7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Return on Rate Base	Lns. (8 * 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Rate of Return on Debt	Ln. 4	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	Debt Ratio	Ln. 2	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
13	Debt Portion of Return on Rate Base	Lns. (8 * 11 * 12)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Rate of Return on Equity	Ln. 3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity Ratio	Ln. 1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Equity Portion of Return on Rate Base	Lns. (8 * 14 * 15)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Kuparuk Transportation Company
Settlement Model
Income Tax Allowance

Schedule 6

Line No.	Description	Source	2009	2010	2011	2012	2013	2014	2015	2016
1	Equity Portion of Return on Rate Base	Schedule 5, Ln. 16	\$981,403	\$2,731,165	\$3,292,825	\$0	\$0	\$0	\$0	\$0
2	Equity AFUDC Amortization	Worksheet 5 Ln. 4	\$104,397	\$62,503	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834
3	Amortization of TEFRA Adjustment	Worksheet 7 Ln. 5	\$12,021	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526
4	Amortization of FASB 96/109 Adjustment	Worksheet 7 Ln. 11	\$36,209	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621
5	Federal Income Tax Base	Sum Lns. (1 to 3) - Line 4	\$1,061,612	\$2,786,573	\$3,361,564	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739
6	Federal Income Tax Rate	Worksheet 1 Ln. 26	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
7	Federal Income Tax Factor	Lns. (6 / (1.0 - 6))	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%
8	Federal Income Tax Allowance	Lns. (5 * 7 - 4)	\$535,428	\$1,489,841	\$1,799,451	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392
9	State Income Tax Base	Lns. (5 + 8)	\$1,621,228	\$4,283,509	\$5,168,111	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226
10	State Income Tax Rate	Worksheet 1 Ln. 25	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
11	State Income Tax Factor	Lns. (10 / (1.0 - 10))	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%
12	State Income Tax Allowance	Lns. (9 * 11)	\$168,207	\$444,426	\$536,206	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606
13	Income Tax Allowance	Lns. (8 + 12)	\$703,635	\$1,934,267	\$2,335,657	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998

Kuparuk Transportation Company
Settlement Model
Income Tax Allowance

Schedule 6

Line No.	Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Equity Portion of Return on Rate Base	Schedule 5, Ln. 16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Equity AFUDC Amortization	Worksheet 5 Ln. 4	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834
3	Amortization of TEFRA Adjustment	Worksheet 7 Ln. 5	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526
4	Amortization of FASB 96/109 Adjustment	Worksheet 7 Ln. 11	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621
5	Federal Income Tax Base	Sum Lns. (1 to 3) - Line 4	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739
6	Federal Income Tax Rate	Worksheet 1 Ln. 26	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
7	Federal Income Tax Factor	Lns. (6 / (1.0 - 6))	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%
8	Federal Income Tax Allowance	Lns. (5 * 7 - 4)	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392
9	State Income Tax Base	Lns. (5 + 8)	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226
10	State Income Tax Rate	Worksheet 1 Ln. 25	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
11	State Income Tax Factor	Lns. (10 / (1.0 - 10))	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%
12	State Income Tax Allowance	Lns. (9 * 11)	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606
13	Income Tax Allowance	Lns. (8 + 12)	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998

**Kuparuk Transportation Company
Settlement Model
Income Tax Allowance**

Schedule 6

Line	No.	Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
1		Equity Portion of Return on Rate Base	Schedule 5, Ln. 16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2		Equity AFUDC Amortization	Worksheet 5 Ln. 4	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834
3		Amortization of TEFR A Adjustment	Worksheet 7 Ln. 5	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526
4		Amortization of FASB 96/109 Adjustment	Worksheet 7 Ln. 11	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621
5		Federal Income Tax Base	Sum Lns. (1 to 3) - Line 4	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739	\$68,739
6		Federal Income Tax Rate	Worksheet 1 Ln. 26	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
7		Federal Income Tax Factor	Lns. (6 / (1.0 - 6))	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%	53.85%
8		Federal Income Tax Allowance	Lns. (5 * 7 - 4)	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392	\$26,392
9		State Income Tax Base	Lns. (5 + 8)	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226	\$102,226
10		State Income Tax Rate	Worksheet 1 Ln. 25	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
11		State Income Tax Factor	Lns. (10 / (1.0 - 10))	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%
12		State Income Tax Allowance	Lns. (9 * 11)	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606	\$10,606
13		Income Tax Allowance	Lns. (8 + 12)	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998	\$36,998

Kuparuk Transportation Company
Settlement Model
Rate Base

Line	No. Description	Source	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	Carrier Property Balance	Workpaper 3, Ln. 8	\$135,359,789	\$179,004,259	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489
2	Accumulated Depreciation	Workpaper 3, Ln. 14	\$129,995,042	\$132,882,480	\$135,378,296	\$138,552,179	\$141,726,062	\$144,899,945	\$148,073,828	\$151,247,711	\$154,421,594
3	AFUDC Balance	Workpaper 5, Ln. 10	\$554,108	\$1,936,099	\$2,874,687	\$2,754,909	\$2,635,130	\$2,515,351	\$2,395,573	\$2,275,794	\$2,156,016
4	Working Capital	Workpaper 1, Ln. 14 1/	\$689,196	\$747,248	\$747,248	\$0	\$0	\$0	\$0	\$0	\$0
5	ADIT Balance	Workpaper 6, Ln. 19	\$1,405,706	\$1,243,786	\$2,789,560	\$4,490,954	\$5,908,250	\$7,076,681	\$8,018,088	\$8,797,920	\$9,476,803
6	Accumulated DR&R Allowance Adjusted for ADIT	Workpaper 8, Ln. 29	\$6,274,729	\$6,756,053	\$7,237,378	\$7,718,702	\$8,200,027	\$8,681,351	\$9,162,676	\$9,644,000	\$10,125,325
7	Rate Base	Lns. (1 - 2 + 3 + 4 - 5 - 6)	(\$1,072,384)	\$40,805,287	\$69,768,191	\$63,544,562	\$58,352,280	\$53,408,863	\$48,692,470	\$44,137,652	\$39,683,783
8	Average Rate Base	(Ln. 7 + Prior Ln. 7) / 2.0		\$19,866,452	\$55,286,739	\$66,656,376	\$60,948,421	\$55,880,572	\$51,050,666	\$46,415,061	\$41,910,717

1/ 2008 amount based on Workpaper 2, Line 50

Kaparak Transportation Company
Settlement Model
Rate Base

Line No.	Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Carrier Property Balance	Workpaper 3, Ln. 8	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489
2	Accumulated Depreciation	Workpaper 3, Ln. 14	\$157,595,477	\$160,769,360	\$163,943,243	\$167,117,126	\$170,291,009	\$173,464,892	\$176,638,775	\$179,812,658	\$182,986,541
3	AFUDC Balance	Workpaper 5, Ln. 10	\$2,036,237	\$1,916,458	\$1,796,680	\$1,676,901	\$1,557,122	\$1,437,344	\$1,317,565	\$1,197,786	\$1,078,008
4	Working Capital	Workpaper 1, Ln. 14 1/	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	ADIT Balance	Workpaper 6, Ln. 19	\$10,090,843	\$10,671,990	\$11,206,223	\$11,691,271	\$12,142,000	\$12,562,095	\$12,953,068	\$12,857,984	\$11,936,448
6	Accumulated DR&R Allowance Adjusted for ADIT	Workpaper 8, Ln. 29	\$10,606,649	\$11,087,974	\$11,569,298	\$12,050,623	\$12,531,947	\$13,013,272	\$13,494,596	\$13,975,921	\$14,457,245
7	Rate Base	Lns. (1 - 2 + 3 + 4 - 5 - 6)	\$35,294,756	\$30,938,623	\$26,629,404	\$22,369,370	\$18,143,655	\$13,948,574	\$9,782,614	\$6,102,712	\$3,249,262
8	Average Rate Base	(Ln. 7 + Prior Ln. 7) / 2.0	\$37,489,269	\$33,116,690	\$28,784,014	\$24,499,387	\$20,256,512	\$16,046,114	\$11,865,594	\$7,942,663	\$4,675,987

1/ 2008 amount based on Workpaper 2, Line 50

Kuparuk Transportation Company
Settlement Model
Rate Base

Line	No. Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Carrier Property Balance	Worksheet 3, Ln. 8	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489
2	Accumulated Depreciation	Worksheet 3, Ln. 14	\$186,160,424	\$189,334,307	\$192,508,190	\$195,682,073	\$198,855,957	\$202,029,840	\$205,203,723	\$208,377,606	\$211,551,489
3	AFUDC Balance	Worksheet 5, Ln. 10	\$938,229	\$838,450	\$718,672	\$598,893	\$479,115	\$359,336	\$239,557	\$119,779	\$0
4	Working Capital	Worksheet 1, Ln. 14 1/	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	ADIT Balance	Worksheet 6, Ln. 19	\$10,645,528	\$9,325,653	\$7,993,417	\$6,661,181	\$5,328,945	\$3,996,708	\$2,664,472	\$1,332,236	\$0
6	Accumulated DR&R Allowance Adjusted for ADIT	Worksheet 8, Ln. 29	\$14,938,570	\$15,419,894	\$15,901,218	\$16,382,543	\$16,863,867	\$17,345,192	\$17,826,516	\$18,307,841	(\$0)
7	Rate Base	Lns. (1 - 2 + 3 + 4 - 5 - 6)	\$765,196	(\$1,689,915)	(\$4,132,665)	(\$6,575,416)	(\$9,018,166)	(\$11,460,915)	(\$13,903,665)	(\$16,346,415)	\$0
8	Average Rate Base	(Ln. 7 + Prior Ln. 7) / 2.0	\$2,007,229	(\$462,360)	(\$2,911,290)	(\$5,354,040)	(\$7,796,791)	(\$10,239,540)	(\$12,682,290)	(\$15,125,040)	(\$8,173,208)

1/ 2008 amount based on Worksheet 2, Line 50

Kuparuk Transportation Company
Settlement Model
Input

Current Year

2010

Worksheet 1

Line No.	Description	Source	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest Rates (%)											
1	Equity Ratio	Worksheet 2, Line 47		46.11%	46.11%	46.11%					
2	Rate of Return on Equity	Worksheet 2, Line 48		10.72%	10.72%	10.72%					
3	Rate of Return on Debt	Worksheet 2, Line 49		5.97%	5.97%	5.97%					
4	CPI-U Inflation Rate	Bureau of Labor Statistics		2.72%	2.14%	0.00%					
5	Interest Rate	Input									
Costs and Revenues (\$)											
6	CWIP Additions	Input		\$41,730,622	\$19,455,110						
7	CWIP Retirements	Input		\$0	\$0						
8	CWIP Adjustments and Transfers	Input		(\$44,019,470)	(\$32,547,229)						
9	Carrier Property Additions	Input		\$44,019,470	\$32,547,229						
10	Carrier Property Retirements	Input		(\$375,000)	\$0						
11	Carrier Property Adjustments	Input		\$0	\$0						
12	Depreciation Retirements	Input		(\$375,000)	\$0						
13	Depreciation Adjustments	Input		\$0	\$0						
14	Working Capital	Input		\$747,248	\$747,248						
15	Operating Expense (Account 610) net of Depreciation, DR&R and Management Fees	Input		\$11,110,070	\$10,127,361						
16	Management Fees	Input		\$1,227,600	\$1,341,000						
17	Unusual or Infrequent Items (Account 665)	Input		\$0	\$0						
18	Extraordinary Items (Account 680)	Input		\$0	\$0						
19	DR&R Liability	Input		\$31,905,528	\$0						
20	Non-Distance Related Costs	Input		\$1,935,723	\$2,561,668						
21	Rental Revenue	Input		\$980,880	\$980,880						
22	Voluntary Revenue Reduction	Input		\$0	\$0						
Depreciation and Amortization Periods (Years)											
23	Remaining Life for Depreciation	Input		26	25	24	23	22	21	20	19
24	Amortization Period for Infrequent and Extraordinary Items	Input		5	5	5	5	5	5	5	5

Kuparuk Transportation Company
Settlement Model
Input

Current Year
2010

Worksheet I

Line No.	Description	Source	2008	2009	2010	2011	2012	2013	2014	2015	2016
Tax Rates (%)											
25	State Income Tax Rate	AK Stat. §43.20		9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
26	Federal Income Tax Rate	IRC §11		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
27	State Tax Depreciation Factor	AK Stat. §43.20	35.00%	5.7143%	10.7755%	9.8247%	9.2107%	8.5966%	7.9826%	7.3685%	6.7545%
28	Federal Tax Depreciation Factor	IRC §168		5.0000%	9.5000%	8.5500%	7.6950%	6.9255%	6.2330%	5.9049%	5.9049%
29	Tax Basis Reduction	IRC §48		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Throughput (Million Bbls)											
30	MPU Intrastate Deliveries - Projected	Input		1,583,495	474,500	-	-	-	-	-	-
31	KRU Intrastate Deliveries - Projected	Input		13,517,689	6,752,500	-	-	-	-	-	-
32	MPU Interstate Deliveries - Projected	Input		8,973,137	6,095,500	-	-	-	-	-	-
33	KRU Interstate Deliveries - Projected	Input		78,035,460	77,604,475	-	-	-	-	-	-
34	MPU Intrastate Deliveries - Actual	Input		-	-	-	-	-	-	-	-
35	KRU Intrastate Deliveries - Actual	Input		-	-	-	-	-	-	-	-
36	MPU Interstate Deliveries - Actual	Input		-	-	-	-	-	-	-	-
37	KRU Interstate Deliveries - Actual	Input		-	-	-	-	-	-	-	-
Effective Tariff Rates (\$/Bbl)											
38	MPU Intrastate Rate	Input									
39	KRU Intrastate Rate	Input									
40	MPU Interstate Rate	Input									
41	KRU Interstate Rate	Input									
Pipeline Distances (Miles)											
42	MPU Distance to PS#1	Input		22.137	22.137						
43	KRU Distance to PS#1 (CPI1 / CPI2 Avg)	Input		32.517	32.517						

**Kuparuk Transportation Company
Settlement Model
Input**

Current Year

2010

Worksheet 1

Line No. Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
Interest Rates (%)										
1 Equity Ratio	Worksheet 2, Line 47									
2 Rate of Return on Equity	Worksheet 2, Line 48									
3 Rate of Return on Debt	Worksheet 2, Line 49									
4 CPI-U Inflation Rate	Bureau of Labor Statistics									
5 Interest Rate	Input									
Costs and Revenues (\$)										
6 CWIP Additions	Input									
7 CWIP Retirements	Input									
8 CWIP Adjustments and Transfers	Input									
9 Carrier Property Additions	Input									
10 Carrier Property Retirements	Input									
11 Carrier Property Adjustments	Input									
12 Depreciation Retirements	Input									
13 Depreciation Adjustments	Input									
14 Working Capital	Input									
15 Operating Expense (Account 610) net of Depreciation, DR&R and Management Fees	Input									
16 Management Fees	Input									
17 Unusual or Infrequent Items (Account 665)	Input									
18 Extraordinary Items (Account 680)	Input									
19 DR&R Liability	Input									
20 Non-Distance Related Costs	Input									
21 Rental Revenue	Input									
22 Voluntary Revenue Reduction	Input									
Depreciation and Amortization Periods (Years)										
23 Remaining Life for Depreciation	Input	18	17	16	15	14	13	12	11	10
24 Amortization Period for Infrequent and Extraordinary Items	Input	5	5	5	5	5	5	5	5	5

Kuparuk Transportation Company
Settlement Model
Input

Current Year
2010

Line No. Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
Tax Rates (%)										
25 State Income Tax Rate	AK Stat. §43.20	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
26 Federal Income Tax Rate	IRC §11	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
27 State Tax Depreciation Factor	AK Stat. §43.20	6.1405%	5.5264%	4.9124%	4.2983%	3.6863%	3.0702%	2.4562%	1.8421%	1.2281%
28 Federal Tax Depreciation Factor	IRC §168	5.9049%	5.9049%	5.9049%	5.9049%	5.9049%	5.9049%	5.9049%	5.9049%	5.9049%
29 Tax Basis Reduction	IRC §48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Throughput (Million Bbls)										
30 MPU Intrastate Deliveries - Projected	Input	-	-	-	-	-	-	-	-	-
31 KRU Intrastate Deliveries - Projected	Input	-	-	-	-	-	-	-	-	-
32 MPU Interstate Deliveries - Projected	Input	-	-	-	-	-	-	-	-	-
33 KRU Interstate Deliveries - Projected	Input	-	-	-	-	-	-	-	-	-
34 MPU Intrastate Deliveries - Actual	Input	-	-	-	-	-	-	-	-	-
35 KRU Intrastate Deliveries - Actual	Input	-	-	-	-	-	-	-	-	-
36 MPU Interstate Deliveries - Actual	Input	-	-	-	-	-	-	-	-	-
37 KRU Interstate Deliveries - Actual	Input	-	-	-	-	-	-	-	-	-
Effective Tariff Rates (\$/Bbl)										
38 MPU Intrastate Rate	Input	-	-	-	-	-	-	-	-	-
39 KRU Intrastate Rate	Input	-	-	-	-	-	-	-	-	-
40 MPU Interstate Rate	Input	-	-	-	-	-	-	-	-	-
41 KRU Interstate Rate	Input	-	-	-	-	-	-	-	-	-
Pipeline Distances (Miles)										
42 MPU Distance to PS#1	Input	-	-	-	-	-	-	-	-	-
43 KRU Distance to PS#1 (CPF1 / CPF2 Avg)	Input	-	-	-	-	-	-	-	-	-

Kuparuk Transportation Company
Settlement Model
Input

Current Year

2010

Line	No. Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Interest Rates (%)										
1	Equity Ratio	Worksheet 2, Line 47									
2	Rate of Return on Equity	Worksheet 2, Line 48									
3	Rate of Return on Debt	Worksheet 2, Line 49									
4	CPI-U Inflation Rate	Bureau of Labor Statistics									
5	Interest Rate	Input									
	Costs and Revenues (\$)										
6	CWIP Additions	Input									
7	CWIP Retirements	Input									
8	CWIP Adjustments and Transfers	Input									
9	Carrier Property Additions	Input									
10	Carrier Property Retirements	Input									
11	Carrier Property Adjustments	Input									
12	Depreciation Retirements	Input									
13	Depreciation Adjustments	Input									
14	Working Capital	Input									
15	Operating Expense (Account 610) net of Leptivation, Losses and Management Fees	Input									
16	Management Fees	Input									
17	Unusual or Infrequent Items (Account 665)	Input									
18	Extraordinary Items (Account 680)	Input									
19	DR&R Liability	Input									
20	Non-Distance Related Costs	Input									
21	Rental Revenue	Input									
22	Voluntary Revenue Reduction	Input									
	Depreciation and Amortization Periods (Years)										
23	Remaining Life for Depreciation	Input	9	8	7	6	5	4	3	2	1
24	Amortization Period for Infrequent and Extraordinary Items	Input	5	5	5	5	5	4	3	2	1

Knaruk Transportation Company
Settlement Model
Input

Current Year
2010

Line No. Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
Tax Rates (%)										
25 State Income Tax Rate	AK Stat \$43.20	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
26 Federal Income Tax Rate	IRC §11	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
27 State Tax Depreciation Factor	AK Stat \$43.20	0.6141%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
28 Federal Tax Depreciation Factor	IRC §168	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
29 Tax Basis Reduction	IRC §48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Throughput (Million Bbls)										
30 MPU Intrastate Deliveries - Projected	Input	-	-	-	-	-	-	-	-	-
31 KRU Intrastate Deliveries - Projected	Input	-	-	-	-	-	-	-	-	-
32 MPU Interstate Deliveries - Projected	Input	-	-	-	-	-	-	-	-	-
33 KRU Interstate Deliveries - Projected	Input	-	-	-	-	-	-	-	-	-
34 MPU Intrastate Deliveries - Actual	Input	-	-	-	-	-	-	-	-	-
35 KRU Intrastate Deliveries - Actual	Input	-	-	-	-	-	-	-	-	-
36 MPU Interstate Deliveries - Actual	Input	-	-	-	-	-	-	-	-	-
37 KRU Interstate Deliveries - Actual	Input	-	-	-	-	-	-	-	-	-
Effective Tariff Rates (\$/Bbl)										
38 MPU Intrastate Rate	Input	-	-	-	-	-	-	-	-	-
39 KRU Intrastate Rate	Input	-	-	-	-	-	-	-	-	-
40 MPU Interstate Rate	Input	-	-	-	-	-	-	-	-	-
41 KRU Interstate Rate	Input	-	-	-	-	-	-	-	-	-
Pipeline Distances (Miles)										
42 MPU Distance to PS#1	Input	-	-	-	-	-	-	-	-	-
43 KRU Distance to PS#1 (CPF1 / CPF2 Avg)	Input	-	-	-	-	-	-	-	-	-

**Kuparuk Transportation Company
Settlement Model
Stipulated Amounts**

Workpaper 2

Line	Data Element		Time Period	Amount	Reference in Settlement
1	Carrier Property	CWIP Balance	December 31, 2008 Balance	\$15,420,262	II-7
2		Carrier Property Balance	December 31, 2008 Balance	\$135,359,789	II-7
3		Accumulated Depreciation	December 31, 2008 Balance	\$129,995,042	II-6
4	AFUDC	Equity AFUDC Base	December 31, 2008 Balance	\$481,482	II-9
5		IDC Base	December 31, 2008 Balance	\$285,534	II-8
6		Equity AFUDC Balance	December 31, 2008 Balance	\$392,916	II-9
7		IDC Balance	December 31, 2008 Balance	\$161,192	II-8
8	ADIT	State ADIT Balance	December 31, 2008 Balance	\$293,998	II-14
9		Federal ADIT Balance	December 31, 2008 Balance	\$1,111,708	II-14
10		Federal Tax Timing Difference	December 31, 2008 Balance	\$2,314,180	II-14
11		TEFRA Adjustment Balance	December 31, 2008 Balance	\$100,176	II-14
12		FASB 96/109 Adjustment Balance	December 31, 2008 Balance	\$301,745	II-14
13	DR&R	DR&R Liability	2008 Amount	\$31,905,528	II-5
14		Accumulated DR&R Allowance	December 31, 2008 Balance	\$10,659,000	II-5
15		DR&R State ADIT Balance	December 31, 2008 Balance	\$1,001,946	II-5
16		DR&R Federal ADIT Balance	December 31, 2008 Balance	\$3,382,325	II-5
17		DR&R FASB 96/109 Adjustment Balance	December 31, 2008 Balance	\$2,356	II-5
18		DR&R Cumulative Federal Tax Timing Difference	December 31, 2008 Balance	\$9,657,054	II-5
19	Tax Depreciation	Pre-2009 Federal Tax Depreciation 1/	2009 Amount	\$356,259	Exhibit C
20			2010 Amount	\$342,723	Exhibit C
21			2011 Amount	\$323,662	Exhibit C
22			2012 Amount	\$311,473	Exhibit C
23			2013 Amount	\$311,474	Exhibit C
24			2014 Amount	\$311,474	Exhibit C
25			2015 Amount	\$311,474	Exhibit C
26			2016 Amount	\$219,502	Exhibit C
27			2017 Amount	\$122,612	Exhibit C
28			2018 Amount	\$117,015	Exhibit C
29			2019 Amount	\$71,356	Exhibit C
30		2020 Amount	\$15,874	Exhibit C	
31		2021 Amount	\$2,686	Exhibit C	
32		Pre-2009 State Tax Depreciation 1/	2009 Amount	\$431,513	Exhibit B
33			2010 Amount	\$367,563	Exhibit B
34			2011 Amount	\$309,674	Exhibit B
35			2012 Amount	\$273,693	Exhibit B
36			2013 Amount	\$237,713	Exhibit B
37			2014 Amount	\$202,849	Exhibit B
38			2015 Amount	\$170,460	Exhibit B
39			2016 Amount	\$138,069	Exhibit B
40			2017 Amount	\$105,679	Exhibit B
41			2018 Amount	\$73,292	Exhibit B
42	2019 Amount		\$40,899	Exhibit B	
43	2020 Amount		\$27,638	Exhibit B	
44	2021 Amount	\$15,400	Exhibit B		
45	2022 Amount	\$3,302	Exhibit B		
46	2023 Amount	\$559	Exhibit B		
47	Cost of Capital	Equity Ratio	2009 - 2013	46.11%	II-11
48		Rate of Return on Equity	2009 - 2013	10.72%	II-11
49		Rate of Return on Debt	2009 - 2013	5.97%	II-11
50	Working Capital	2008 Amount	\$689,196	II-10	
51	Management Fee Ceiling	2011 Amount	\$1,040,705	II-4	
52	Depreciation Factor	2009 Rate	12.00%	II-6	

1/ Amounts for subsequent years are equal to "0".

Kuparuk Transportation Company
Settlement Model
Carrier Property and Depreciation

Worksheet 3

Line	No. Description	Source	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	CWIP Additions	Worksheet 1, Ln.6		\$41,730,622	\$19,455,110	\$0	\$0	\$0	\$0	\$0	\$0
2	CWIP Retirements	Worksheet 1, Ln.7		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	CWIP Adjustments and Transfers	Worksheet 1, Ln.8		(\$44,019,470)	(\$32,547,229)	\$0	\$0	\$0	\$0	\$0	\$0
4	CWIP Balance	Lns. (1+2+3+Prior 4) 1/	\$15,420,262	\$13,131,414	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294
5	Carrier Property Additions	Worksheet 1, Ln.9		\$44,019,470	\$32,547,229	\$0	\$0	\$0	\$0	\$0	\$0
6	Carrier Property Retirements	Worksheet 1, Ln.10		(\$375,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Carrier Property Adjustments	Worksheet 1, Ln.11		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Carrier Property Balance	Lns. (5+6+7+Prior 8) 2/	\$135,359,789	\$179,004,259	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489
9	Depreciation Base	Lns. ((8+Prior 8)/2,0.-Prior 14)		27,186,982	62,395,394	76,173,193	72,999,310	69,825,427	66,651,544	63,477,661	60,303,778
10	Depreciation Factor	1.0 / Worksheet 1, Ln.23 3/		12.00000%	4.00000%	4.1667%	4.3478%	4.5455%	4.7619%	5.0000%	5.2632%
11	Depreciation	Lns. (9 * 10)		\$3,262,438	\$2,495,816	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883
12	Depreciation Retirements	Worksheet 1, Ln.12		(\$375,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Depreciation Adjustments	Worksheet 1, Ln.13		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Accumulated Depreciation	Lns (11+12+13+Prior 14) 4/	\$129,995,042	\$132,882,480	\$135,378,296	\$138,552,179	\$141,726,062	\$144,899,945	\$148,073,828	\$151,247,711	\$154,421,594

1/ 2008 amount based on Worksheet 2, Line 1
 2/ 2008 amount based on Worksheet 2, Line 2
 3/ 2009 rate based on Worksheet 2, Line 52
 4/ 2008 amount based on Worksheet 2, Line 3

Kuparuk Transportation Company
Settlement Model
Carrier Property and Depreciation

Worksheet 3

Line No.	Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	CWIP Additions	Worksheet 1, Ln.6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	CWIP Retirements	Worksheet 1, Ln.7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	CWIP Adjustments and Transfers	Worksheet 1, Ln.8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	CWIP Balance	Lns. (1+2+3+Prior 4) 1/	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294
5	Carrier Property Additions	Worksheet 1, Ln.9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Carrier Property Retirements	Worksheet 1, Ln.10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Carrier Property Adjustments	Worksheet 1, Ln.11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Carrier Property Balance	Lns. (5+6+7+Prior 8) 2/	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489
9	Depreciation Base	Lns. ((8+Prior 8)/2,0-Prior 14) 1.0 /	57,129,895	53,956,012	50,782,129	47,608,246	44,434,363	41,260,480	38,086,597	34,912,714	31,738,830
10	Depreciation Factor	Worksheet 1, Ln.23 3/	5.5556%	5.8824%	6.2500%	6.6667%	7.1429%	7.6923%	8.3333%	9.0909%	10.0000%
11	Depreciation	Lns. (9 * 10)	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883
12	Depreciation Retirements	Worksheet 1, Ln.12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Depreciation Adjustments	Worksheet 1, Ln.13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Accumulated Depreciation	Lns (11+12+13+Prior 14) 4/	\$157,595,477	\$160,769,360	\$163,943,243	\$167,117,126	\$170,291,009	\$173,464,892	\$176,638,775	\$179,812,658	\$182,986,541

1/ 2008 amount based on Worksheet 2, Line 1
 2/ 2008 amount based on Worksheet 2, Line 2
 3/ 2009 rate based on Worksheet 2, Line 52
 4/ 2008 amount based on Worksheet 2, Line 3

**Kuparuk Transportation Company
Settlement Model
Carrier Property and Depreciation**

Worksheet 3

Line No.	Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034	
1	CWIP Additions	Worksheet 1, Ln.6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2	CWIP Retirements	Worksheet 1, Ln.7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3	CWIP Adjustments and Transfers	Worksheet 1, Ln.8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
4	CWIP Balance	Lns. (1+2+3+Prior 4) 1/	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	
5	Carrier Property Additions	Worksheet 1, Ln.9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6	Carrier Property Retirements	Worksheet 1, Ln.10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7	Carrier Property Adjustments	Worksheet 1, Ln.11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
8	Carrier Property Balance	Lns. (5+6+7+Prior 8) 2/	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	\$211,551,489	
9	Depreciation Base	Lns. ((8+Prior 8)/2.0-Prior 14)	28,564,947	25,391,064	22,217,181	19,043,298	15,869,415	12,695,532	9,521,649	6,347,766	3,173,883	
10	Depreciation Factor	1.0 / Worksheet 1, Ln.23 3/	11.1111%	12.5000%	14.2857%	16.6667%	20.0000%	25.0000%	33.3333%	50.0000%	100.0000%	
11	Depreciation	Lns. (9 * 10)	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	
12	Depreciation Retirements	Worksheet 1, Ln.12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
13	Depreciation Adjustments	Worksheet 1, Ln.13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
14	Accumulated Depreciation	Lns (11+12+13+Prior 14) 4/	\$186,160,424	\$189,334,307	\$192,508,190	\$195,682,073	\$198,855,957	\$202,029,840	\$205,203,723	\$208,377,606	\$211,551,489	
1/	2008 amount based on Worksheet 2, Line 1											
2/	2008 amount based on Worksheet 2, Line 2											
3/	2009 rate based on Worksheet 2, Line 52											
4/	2008 amount based on Worksheet 2, Line 3											

**Kuparuk Transportation Company
Settlement Model
AFUDC Base**

Worksheet 4

Line No.	Description	Source	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	Equity Ratio	Worksheet 1, Ln. 1		46.11%	46.11%	46.11%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Debt Ratio	1.0 - Ln. 1		53.89%	53.89%	53.89%	100.00%	100.00%	100.00%	100.00%	100.00%
3	Rate of Return on Equity	Worksheet 1, Ln. 2		10.72%	10.72%	10.72%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Rate of Return on Debt	Worksheet 1, Ln. 3		5.97%	5.97%	5.97%	0.00%	0.00%	0.00%	0.00%	0.00%
5	CWIP Additions	Worksheet 3, Ln. 1		\$41,730,622	\$19,455,110	\$0	\$0	\$0	\$0	\$0	\$0
6	CWIP Retirements	Worksheet 3, Ln. 2		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	CWIP Adjustments and Transfers	Worksheet 3, Ln. 3		(\$44,019,470)	(\$32,547,229)	\$0	\$0	\$0	\$0	\$0	\$0
8	CWIP Balance	Worksheet 3, Ln. 4	\$15,420,262	\$13,131,414	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294
9	Average CWIP	Average Ln. 8		\$14,275,838	\$6,585,354	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294
10	Carrier Property Additions	Worksheet 3, Ln. 5		\$44,019,470	\$32,547,229	\$0	\$0	\$0	\$0	\$0	\$0
11	In Service Ratio	Lns. (10 / (5 + Prior 8))		77.02%	99.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	Additions to Equity AFUDC Base	Lns. ((1 * 9 + Prior 14) * 3)		\$757,268	\$356,025	\$2,025	\$0	\$0	\$0	\$0	\$0
13	Equity AFUDC Additions to Rate Base	Lns. (11 * (12 + Prior 14))		\$954,126	\$639,877	\$0	\$0	\$0	\$0	\$0	\$0
14	Equity AFUDC Base	Lns. (Prior 14 + 12 - 13) 1/	\$481,482	\$284,625	\$773	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798
15	Additions to IDC Base	Lns. ((2 * 9 + Prior 17) * 4)		\$476,333	\$222,317	\$1,293	\$0	\$0	\$0	\$0	\$0
16	IDC Additions to Rate Base	Lns. (11 * (15 + Prior 17))		\$586,815	\$396,890	\$0	\$0	\$0	\$0	\$0	\$0
17	IDC Base	Lns. (Prior 17 + 15 - 16) 2/	\$285,534	\$175,052	\$479	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772

1/ 2008 amount based on Worksheet 2, Line 4

2/ 2008 amount based on Worksheet 2, Line 5

**Kuparuk Transportation Company
Settlement Model
AFUDC Base**

Worksheet 4

Line No.	Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Equity Ratio	Worksheet 1, Ln. 1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Debt Ratio	1.0 - Ln. 1	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3	Rate of Return on Equity	Worksheet 1, Ln. 2	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Rate of Return on Debt	Worksheet 1, Ln. 3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	CWIP Additions	Worksheet 3, Ln. 1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	CWIP Retirements	Worksheet 3, Ln. 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	CWIP Adjustments and Transfers	Worksheet 3, Ln. 3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	CWIP Balance	Worksheet 3, Ln. 4	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294
9	Average CWIP	Average Ln. 8	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294
10	Carrier Property Additions	Worksheet 3, Ln. 5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	In Service Ratio	Lns. (10 / (5 + Prior 8))	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	Additions to Equity AFUDC Base	Lns. ((1 * 9 + Prior 14) * 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Equity AFUDC Additions to Rate Base	Lns. (11 * (12 + Prior 14))	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Equity AFUDC Base	Lns. (Prior 14 + 12 - 13) 1/	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798
15	Additions to IDC Base	Lns. ((2 * 9 + Prior 17) * 4)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	IDC Additions to Rate Base	Lns. (11 * (15 + Prior 17))	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	IDC Base	Lns. (Prior 17 + 15 - 16) 2/	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772

1/ 2008 amount based on Worksheet 2, Line 4
2/ 2008 amount based on Worksheet 2, Line 5

**Knaparak Transportation Company
Settlement Model
AFUDC Base**

Worksheet 4

Line No.	Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Equity Ratio	Worksheet 1, Ln. 1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Debt Ratio	1.0 - Ln. 1	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3	Rate of Return on Equity	Worksheet 1, Ln. 2	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Rate of Return on Debt	Worksheet 1, Ln. 3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	CWIP Additions	Worksheet 3, Ln. 1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	CWIP Retirements	Worksheet 3, Ln. 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	CWIP Adjustments and Transfers	Worksheet 3, Ln. 3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	CWIP Balance	Worksheet 3, Ln. 4	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294
9	Average CWIP	Average Ln. 8	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294	\$39,294
10	Carrier Property Additions	Worksheet 3, Ln. 5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	In Service Ratio	Lns. (10 / (5 + Prior 8))	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	Additions to Equity AFUDC Base	Lns. ((1 * 9 + Prior 14) * 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Equity AFUDC Additions to Rate Base	Lns. (11 * (12 + Prior 14))	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Equity AFUDC Base	Lns. (Prior 14 + 12 - 13) 1/	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798	\$2,798
15	Additions to IDC Base	Lns. ((2 * 9 + Prior 17) * 4)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	IDC Additions to Rate Base	Lns. (11 * (15 + Prior 17))	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	IDC Base	Lns. (Prior 17 + 15 - 16) 2/	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772	\$1,772

1/ 2008 amount based on Worksheet 2, Line 4

2/ 2008 amount based on Worksheet 2, Line 5

Kuparuk Transportation Company
Settlement Model
AFUDC Amortization

Line No.	Description	Source	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	Depreciation Factor	Worksheet 3, Line 10		12.00%	4.00%	4.17%	4.35%	4.55%	4.76%	5.00%	5.26%
2	Equity AFUDC Additions to Rate Base	Worksheet 4, Line 13		\$954,126	\$639,877	\$0	\$0	\$0	\$0	\$0	\$0
3	Equity AFUDC Amortization Base	Lines (Prior 5 + 2 (2.0))		869,979	1,562,583	1,820,018	1,744,184	1,668,350	1,592,516	1,516,682	1,440,848
4	Equity AFUDC Amortization	Lns. (1 * 3)		\$104,397	\$62,503	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834
5	Equity AFUDC Balance	Lines (2 - 4 + Prior 5) 1/	\$392,916	\$1,242,644	\$1,820,018	\$1,744,184	\$1,668,350	\$1,592,516	\$1,516,682	\$1,440,848	\$1,365,014
6	IDC Additions to Rate Base	Worksheet 4, Line 16		\$586,815	\$396,890	\$0	\$0	\$0	\$0	\$0	\$0
7	IDC Amortization Base	Lines (Prior 9 + 6 (2.0))		\$454,600	\$891,900	\$1,054,669	\$1,010,725	\$966,780	\$922,835	\$878,891	\$834,946
8	IDC Amortization	Lns. (1 * 7)		\$54,552	\$35,676	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945
9	IDC Balance	Lines (6 - 8 + Prior 9) 2/	\$161,192	\$693,455	\$1,054,669	\$1,010,725	\$966,780	\$922,835	\$878,891	\$834,946	\$791,002
10	AFUDC Balance	Lns. (5 + 9)	\$554,108	\$1,936,099	\$2,874,687	\$2,754,909	\$2,635,130	\$2,515,351	\$2,395,573	\$2,275,794	\$2,156,016

1/ 2008 amount based on Worksheet 2, Line 6

2/ 2008 amount based on Worksheet 2, Line 7

**Kuparuk Transportation Company
Settlement Model
AFUDC Amortization**

Worksheet 5

Line No.	Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Depreciation Factor	Worksheet 3, Line 10	5.56%	5.88%	6.25%	6.67%	7.14%	7.69%	8.33%	9.09%	10.00%
2	Equity AFUDC Additions to Rate Base	Worksheet 4, Line 13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Equity AFUDC Amortization Base	Lines (Prior 5 + 2 (2.0))	1,365,014	1,289,180	1,213,346	1,137,511	1,061,677	985,843	910,009	834,175	758,341
4	Equity AFUDC Amortization	Lns (1 * 3)	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834
5	Equity AFUDC Balance	Lines (2 - 4 + Prior 5) 1/	\$1,289,180	\$1,213,346	\$1,137,511	\$1,061,677	\$985,843	\$910,009	\$834,175	\$758,341	\$682,507
6	IDC Additions to Rate Base	Worksheet 4, Line 16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	IDC Amortization Base	Lines (Prior 9 + 6 (2.0))	\$791,002	\$747,057	\$703,113	\$659,168	\$615,224	\$571,279	\$527,335	\$483,390	\$439,445
8	IDC Amortization	Lns. (1 * 7)	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945
9	IDC Balance	Lines (6 - 8 + Prior 9) 2/	\$747,057	\$703,113	\$659,168	\$615,224	\$571,279	\$527,335	\$483,390	\$439,445	\$395,501
10	AFUDC Balance	Lns. (5 + 9)	\$2,036,237	\$1,916,458	\$1,796,680	\$1,676,901	\$1,557,122	\$1,437,344	\$1,317,565	\$1,197,786	\$1,078,008

1/ 2008 amount based on Worksheet 2, Line 6

2/ 2008 amount based on Worksheet 2, Line 7

Kuparuk Transportation Company
Settlement Model
AFUDC Amortization

Line No.	Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Depreciation Factor	Worksheet 3, Line 10	11.11%	12.50%	14.29%	16.67%	20.00%	25.00%	33.33%	50.00%	100.00%
2	Equity AFUDC Additions to Rate Base	Worksheet 4, Line 13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Equity AFUDC Amortization Base	Lines (Prior 5 + 2 / 2.0)	682,507	606,673	530,839	455,005	379,170	303,336	227,502	151,668	75,834
4	Equity AFUDC Amortization	Lns. (1 * 3)	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834	\$75,834
5	Equity AFUDC Balance	Lines (2 - 4 + Prior 5) 1/	\$606,673	\$530,839	\$455,005	\$379,170	\$303,336	\$227,502	\$151,668	\$75,834	\$0
6	IDC Additions to Rate Base	Worksheet 4, Line 16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	IDC Amortization Base	Lines (Prior 9 + 6 / 2.0)	\$395,501	\$351,556	\$307,612	\$263,667	\$219,723	\$175,778	\$131,834	\$87,889	\$43,945
8	IDC Amortization	Lns. (1 * 7)	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945
9	IDC Balance	Lines (6 - 8 + Prior 9) 2/	\$351,556	\$307,612	\$263,667	\$219,723	\$175,778	\$131,834	\$87,889	\$43,945	\$0
10	AFUDC Balance	Lns. (5 + 9)	\$958,229	\$838,450	\$718,672	\$598,893	\$479,115	\$359,336	\$239,557	\$119,779	\$0

1/ 2008 amount based on Worksheet 2, Line 6

2/ 2008 amount based on Worksheet 2, Line 7

**Kaparak Transportation Company
Settlement Model
ADIT Balance**

Worksheet 6

Line	No. Description	Source	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	Depreciation	Worksheet 3, Lns. (11+12+13)		\$2,887,438	\$2,493,816	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883
2	IDC Amortization	Worksheet 5, Line 8		\$54,552	\$35,676	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945
3	Depreciation including IDC Amortization	Lines (1 + 2)		\$2,941,990	\$2,531,492	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828
4	State Tax Depreciation	Worksheet 10, Line 29		\$2,959,021	\$7,016,231	\$8,205,159	\$7,584,365	\$7,074,484	\$6,565,730	\$6,059,440	\$5,553,159
5	State Tax Timing Difference	Lines (4 - 3)		\$17,032	\$4,484,739	\$4,987,331	\$4,366,537	\$3,856,656	\$3,347,902	\$2,841,612	\$2,335,331
6	State Income Tax Rate	Worksheet 1, Lns. 25		9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
7	Tax Effect of State Timing Difference	Lines (5 * 6)		\$1,601	\$421,565	\$468,809	\$410,455	\$362,526	\$314,703	\$267,112	\$219,521
8	State ADIT Balance	Lines (7 + Prior 8) 1/		\$293,998	\$717,164	\$1,185,974	\$1,596,428	\$1,958,954	\$2,273,657	\$2,540,768	\$2,760,289
9	Depreciation including IDC Amortization	Line 3		\$2,941,990	\$2,531,492	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828
10	Amortization of TEFRA Adjustment	Worksheet 7, Line 5		\$12,021	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526
11	Depreciation after TEFRA Adjustment	Lines (9 - 10)		\$2,929,969	\$2,527,966	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301
12	Federal Tax Depreciation	Worksheet 9, Lns. 29		\$2,567,823	\$6,191,901	\$7,235,128	\$6,531,793	\$5,909,762	\$5,349,933	\$4,976,678	\$4,776,632
13	Tax Effect of State Timing Difference	Line 7		\$1,601	\$421,565	\$468,809	\$410,455	\$362,526	\$314,703	\$267,112	\$219,521
14	Federal Tax Timing Difference	Lns (12 - 11 - 13)		(\$363,746)	\$3,242,370	\$3,552,018	\$2,907,037	\$2,332,935	\$1,820,929	\$1,495,265	\$1,342,810
15	Federal Income Tax Rate	Worksheet 1, Lns. 26		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
16	Tax Effect of Federal Timing Difference	Lines (14 * 15)		(\$127,311)	\$1,134,830	\$1,243,206	\$1,017,463	\$816,527	\$637,325	\$523,343	\$469,983
17	Amortization of FASB 96/109 Adjustment	Worksheet 7, Lns. 11		\$36,209	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621
18	Federal ADIT Balance	Lines (16 - 17 + Prior 18) 2/		\$948,187	\$2,072,395	\$3,304,980	\$4,311,822	\$5,117,727	\$5,744,431	\$6,257,152	\$6,716,514
19	ADIT Balance	Lines (8 + 18)		\$1,405,706	\$2,789,560	\$4,490,954	\$5,908,250	\$7,076,681	\$8,018,088	\$8,797,920	\$9,476,803

1/ 2008 amount based on Worksheet 2, Line 8

2/ 2008 amount based on Worksheet 2, Line 9

**Kapuruk Transportation Company
Settlement Model
ADIT Balance**

Worksheet 6

Line	No. Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Depreciation	Worksheet 3, Lns. (11+12+13)	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883
2	IDC Amortization	Worksheet 5, Line 8	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945
3	Depreciation including IDC Amortization	Lines (1 + 2)	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828
4	State Tax Depreciation	Worksheet 10, Line 29	\$5,046,912	\$4,540,623	\$4,034,340	\$3,547,178	\$3,061,050	\$2,575,051	\$2,098,418	\$1,623,958	\$1,150,068
5	State Tax Timing Difference	Lines (4 - 3)	\$1,829,084	\$1,322,796	\$816,513	\$329,351	(\$156,777)	(\$642,776)	(\$1,119,409)	(\$1,593,870)	(\$2,067,760)
6	State Income Tax Rate	Worksheet 1, Ln.25	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
7	Tax Effect of State Timing Difference	Lines (5 * 6)	\$171,934	\$124,343	\$76,752	\$30,959	(\$14,737)	(\$60,421)	(\$105,224)	(\$149,824)	(\$194,369)
8	State ADIT Balance	Lines (7 + Prior 8) 1/	\$2,932,223	\$3,056,566	\$3,133,318	\$3,164,277	\$3,149,540	\$3,089,119	\$2,983,895	\$2,834,071	\$2,639,701
9	Depreciation including IDC Amortization	Line 3	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828
10	Amortization of TEFRA Adjustment	Worksheet 7, Line 5	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526
11	Depreciation after TEFRA Adjustment	Lines (9 - 10)	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301
12	Federal Tax Depreciation	Worksheet 9, Ln.29	\$4,679,742	\$4,674,145	\$4,628,486	\$4,573,004	\$4,559,816	\$4,557,130	\$4,557,130	\$3,251,224	\$972,659
13	Tax Effect of State Timing Difference	Line 7	\$171,934	\$124,343	\$76,752	\$30,959	(\$14,737)	(\$60,421)	(\$105,224)	(\$149,824)	(\$194,369)
14	Federal Tax Timing Difference	Lns (12 - 11 - 13)	\$1,293,507	\$1,335,501	\$1,337,433	\$1,327,744	\$1,360,252	\$1,403,250	\$1,448,054	\$186,746	(\$2,047,273)
15	Federal Income Tax Rate	Worksheet 1, Ln.26	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
16	Tax Effect of Federal Timing Difference	Lines (14 * 15)	\$452,728	\$467,425	\$468,102	\$464,710	\$476,088	\$491,138	\$506,819	\$65,361	(\$716,546)
17	Amortization of FASB 96/109 Adjustment	Worksheet 7, Ln.11	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621
18	Federal ADIT Balance	Lines (16 - 17 + Prior 18) 2/	\$7,158,620	\$7,615,424	\$8,072,904	\$8,526,993	\$8,992,460	\$9,472,976	\$9,969,174	\$10,023,913	\$9,296,746
19	ADIT Balance	Lines (8 + 18)	\$10,090,843	\$10,671,990	\$11,206,223	\$11,691,271	\$12,142,000	\$12,562,095	\$12,953,068	\$12,857,984	\$11,936,448

1/ 2008 amount based on Worksheet 2, Line 8

2/ 2008 amount based on Worksheet 2, Line 9

**Kuparuk Transportation Company
Settlement Model
ADIT Balance**

Worksheet 6

Line	No. Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Depreciation	Worksheet 3, Lns. (11+12+13)	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883	\$3,173,883
2	IDC Amortization	Worksheet 5, Line 8	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945	\$43,945
3	Depreciation including IDC Amortization	Lines (1 + 2)	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828
4	State Tax Depreciation	Worksheet 10, Line 29	\$676,211	\$202,310	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	State Tax Timing Difference	Lines (4 - 3)	(\$2,541,617)	(\$3,015,518)	(\$3,217,828)	(\$3,217,828)	(\$3,217,828)	(\$3,217,828)	(\$3,217,828)	(\$3,217,828)	(\$3,217,828)
6	State Income Tax Rate	Worksheet 1, Ln.25	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
7	Tax Effect of State Timing Difference	Lines (5 * 6)	(\$238,912)	(\$283,459)	(\$302,476)	(\$302,476)	(\$302,476)	(\$302,476)	(\$302,476)	(\$302,476)	(\$302,476)
8	State ADIT Balance	Lines (7 + Prior 8) 1/	\$2,400,789	\$2,117,331	\$1,814,855	\$1,512,379	\$1,209,903	\$907,428	\$604,952	\$302,476	\$0
9	Depreciation including IDC Amortization	Line 3	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828	\$3,217,828
10	Amortization of TEFRA Adjustment	Worksheet 7, Line 5	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526
11	Depreciation after TEFRA Adjustment	Lines (9 - 10)	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301	\$3,214,301
12	Federal Tax Depreciation	Worksheet 9, Ln.29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Tax Effect of State Timing Difference	Line 7	(\$238,912)	(\$283,459)	(\$302,476)	(\$302,476)	(\$302,476)	(\$302,476)	(\$302,476)	(\$302,476)	(\$302,476)
14	Federal Tax Timing Difference	Lns (12 - 11 - 13)	(\$2,975,389)	(\$2,930,843)	(\$2,911,826)	(\$2,911,826)	(\$2,911,826)	(\$2,911,826)	(\$2,911,826)	(\$2,911,826)	(\$2,911,826)
15	Federal Income Tax Rate	Worksheet 1, Ln.26	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
16	Tax Effect of Federal Timing Difference	Lines (14 * 15)	(\$1,041,386)	(\$1,025,795)	(\$1,019,139)	(\$1,019,139)	(\$1,019,139)	(\$1,019,139)	(\$1,019,139)	(\$1,019,139)	(\$1,019,139)
17	Amortization of FASB 96/109 Adjustment	Worksheet 7, Ln.11	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621
18	Federal ADIT Balance	Lines (16 - 17 + Prior 18) 2/	\$8,244,739	\$7,208,322	\$6,178,562	\$5,148,801	\$4,119,041	\$3,089,281	\$2,059,520	\$1,029,760	(\$0)
19	ADIT Balance	Lines (8 + 18)	\$10,645,528	\$9,325,653	\$7,993,417	\$6,661,181	\$5,328,945	\$3,996,708	\$2,664,472	\$1,332,236	\$0

1/ 2008 amount based on Worksheet 2, Line 8

2/ 2008 amount based on Worksheet 2, Line 9

Kuparuk Transportation Company
Settlement Model
ADIT Adjustments

Line No.	Description	Source	2008	2009	2010	2011	2012	2013	2014	2015	2016
TEFRA Adjustment											
1	Carrier Property Additions	Worksheet 3, Line 5									
2	Tax Basis Reduction	Worksheet 1, Line 29	\$44,019,470	\$32,547,229		\$0	\$0	\$0	\$0	\$0	\$0
3	TEFRA Adjustment	Lines (1 * 2)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Depreciation Factor	Worksheet 3, Line 10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Amortization of TEFRA Adjustment	Lns (Prior 6 + 3 / 2.0)*4	12.00%	4.00%	4.00%	4.17%	4.35%	4.55%	4.76%	5.00%	5.26%
6	TEFRA Adjustment Balance	Lines (3 - 5 + Prior 6) 1/	\$12,021	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526
			\$88,155	\$84,629	\$81,102	\$77,576	\$74,050	\$70,524	\$66,998	\$63,472	
FASB 96/109 Adjustment											
7	Federal Tax Timing Difference	Worksheet 6, Cum. Ln. 14 2/									
8	Federal Income Tax Rate	Worksheet 1, Line 26	(\$363,746)	\$2,878,624	\$6,430,641	\$9,337,678	\$11,670,613	\$13,491,541	\$14,986,806	\$16,329,616	
9	FASB 96/109 Adjustment	Prior Ln. 7 * Change in Ln. 8	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
10	Depreciation Factor	Worksheet 3, Line 10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Amortization of FASB 96/109 Adjustment	Lns (Prior 12 + 9 / 2.0)*10	12.00%	4.00%	4.00%	4.17%	4.35%	4.55%	4.76%	5.00%	5.26%
12	FASB 96/109 Adjustment Balance	Lines (9 - 11 + Prior 12) 3/	\$36,209	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621
			\$265,536	\$254,914	\$244,293	\$233,671	\$223,050	\$212,428	\$201,807	\$191,186	

1/ 2008 amount based on Worksheet 2, Line 11
2/ 2008 amount based on Worksheet 2, Line 10
3/ 2008 amount based on Worksheet 2, Line 12

Kaparak Transportation Company
Settlement Model
ADIT Adjustments

Line	No. Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
TEFRA Adjustment											
1	Carrier Property Additions	Worksheet 3, Line 5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Tax Basis Reduction	Worksheet 1, Line 29	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	TEFRA Adjustment	Lines (1 * 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Depreciation Factor	Worksheet 3, Line 10	5.56%	5.88%	6.25%	6.67%	7.14%	7.69%	8.33%	9.09%	10.00%
5	Amortization of TEFRA Adjustment	Lns (Prior 6 + 3 / 2.0)*4	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526
6	TEFRA Adjustment Balance	Lines (3 - 5 + Prior 6) 1/	\$59,945	\$56,419	\$52,893	\$49,367	\$45,841	\$42,314	\$38,788	\$35,262	\$31,736
FASB 96/109 Adjustment											
7	Federal Tax Timing Difference	Worksheet 6, Cum. Ln. 14 2/	\$17,623,123	\$18,958,625	\$20,296,057	\$21,623,801	\$22,984,054	\$24,387,304	\$25,835,357	\$26,022,103	\$23,974,830
8	Federal Income Tax Rate	Worksheet 1, Line 26	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
9	FASB 96/109 Adjustment	Prior Ln. 7 * Change in Ln. 8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Depreciation Factor	Worksheet 3, Line 10	5.56%	5.88%	6.25%	6.67%	7.14%	7.69%	8.33%	9.09%	10.00%
11	Amortization of FASB 96/109 Adjustment	Lns (Prior 12 + 9 / 2.0)*10	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621
12	FASB 96/109 Adjustment Balance	Lines (9 - 11 + Prior 12) 3/	\$180,564	\$169,943	\$159,321	\$148,700	\$138,079	\$127,457	\$116,836	\$106,214	\$95,593
1/	2008 amount based on Worksheet 2, Line 11										
2/	2008 amount based on Worksheet 2, Line 10										
3/	2008 amount based on Worksheet 2, Line 12										

Kaparuk Transportation Company
Settlement Model
ADIT Adjustments

Line	No. Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
TEFRA Adjustment											
1	Carrier Property Additions	Workpaper 3, Line 5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Tax Basis Reduction	Workpaper 1, Line 29	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	TEFRA Adjustment	Lines (1 * 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Depreciation Factor	Workpaper 3, Line 10	11.11%	12.50%	14.29%	16.67%	20.00%	25.00%	33.33%	50.00%	100.00%
5	Amortization of TEFRA Adjustment	Lns (Prior 6 + 3 / 2.0)*4	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526	\$3,526
6	TEFRA Adjustment Balance	Lines (3 - 5 + Prior 6) 1/	\$28,210	\$24,683	\$21,157	\$17,631	\$14,105	\$10,579	\$7,052	\$3,526	\$0
FASB 96/109 Adjustment											
7	Federal Tax Timing Difference	Workpaper 6, Cum. Ln. 14 2/	\$20,999,441	\$18,068,598	\$15,156,772	\$12,244,947	\$9,333,121	\$6,421,296	\$3,509,470	\$597,644	(\$2,314,181)
8	Federal Income Tax Rate	Workpaper 1, Line 26	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
9	FASB 96/109 Adjustment	Prior Ln. 7 * Change in Ln. 8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Depreciation Factor	Workpaper 3, Line 10	11.11%	12.50%	14.29%	16.67%	20.00%	25.00%	33.33%	50.00%	100.00%
11	Amortization of FASB 96/109 Adjustment	Lns (Prior 12 + 9 / 2.0)*10	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621	\$10,621
12	FASB 96/109 Adjustment Balance	Lines (9 - 11 + Prior 12) 3/	\$84,971	\$74,350	\$63,729	\$53,107	\$42,486	\$31,864	\$21,243	\$10,621	\$0

1/ 2008 amount based on Workpaper 2, Line 11
 2/ 2008 amount based on Workpaper 2, Line 10
 3/ 2008 amount based on Workpaper 2, Line 12

**Kuparuk Transportation Company
Settlement Model
DR&R Allowance**

Worksheet 8

Line No.	Description	Source	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	DR&R Liability	Worksheet 1, Ln. 19 1/									
2	Unfunded Balance of DR&R Liability	Lines (1 - Prior 7)	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528
3	Depreciation Factor	1.0 / Worksheet 1, Ln. 23	\$21,246,528	\$20,429,354	\$19,612,180	\$18,795,006	\$17,977,831	\$17,160,657	\$16,343,483	\$15,526,309	\$15,526,309
4	DR&R Allowance	Lines (2 * 3)	3.8462%	4.0000%	4.1667%	4.3478%	4.5455%	4.7619%	5.0000%	5.2632%	5.2632%
5	DR&R % Expenditure	100% in 2034	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
6	DR&R Expenditure	- Lines (5 * 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Accumulated DR&R Allowance	Lines (4 + 6 + Prior 7) 2/	\$10,659,000	\$11,476,174	\$12,293,348	\$13,110,522	\$13,927,697	\$14,744,871	\$15,562,045	\$16,379,219	\$17,196,393
State ADIT Relating to DR&R											
8	DR&R Allowance	Line 4	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
9	DR&R Expenditure	Line 6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	State Tax Timing Difference	Lines (8 + 9)	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
11	State Income Tax Rate	Worksheet 1, Ln. 25	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
12	Tax Effect of State Timing Difference	Lines (10 * 11)	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814
13	State ADIT Balance	Lines (12 + Prior 13) 3/	\$1,001,946	\$1,078,760	\$1,155,575	\$1,232,389	\$1,309,203	\$1,386,018	\$1,462,832	\$1,539,647	\$1,616,461
Federal ADIT Relating to DR&R											
14	DR&R Allowance	Line 4	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
15	Tax Effect of State Timing Differences	Line 12	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814
16	DR&R Expenditure	Line 6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Federal Tax Timing Difference	Lines (14 - 15 + 16)	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360
18	Federal Income Tax Rate	Worksheet 1, Ln. 26	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
19	Tax Effect of Federal Timing Difference	Lines (17 * 18)	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126
20	Amortization of FASB 96/109 Adjustment	Line 27	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91
21	Federal ADIT Balance	Lines (19 - 20 + Prior 21) 4/	\$3,382,325	\$3,641,360	\$3,900,396	\$4,159,431	\$4,418,466	\$4,677,502	\$4,936,537	\$5,195,572	\$5,454,607
22	ADIT Balance	Lines (13 + 21)	\$4,384,271	\$4,720,121	\$5,055,970	\$5,391,820	\$5,727,670	\$6,063,519	\$6,399,369	\$6,735,219	\$7,071,068
FASB 96/109 Adjustment											
23	Cumulative Federal Tax Timing Difference	Lines (17 + Prior 23) 5/	\$9,657,054	\$10,397,414	\$11,137,774	\$11,878,133	\$12,618,493	\$13,358,853	\$14,099,213	\$14,839,572	\$15,579,932
24	Change in Federal Tax Rate	Change in Line 18	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	FASB 96/109 Adjustment	- Lines (Prior 23 * 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Depreciation Factor	Line 3	3.85%	4.00%	4.17%	4.35%	4.55%	4.76%	5.00%	5.26%	5.26%
27	Amortization of FASB 96/109 Adjustment	Lns (Prior 28 + 25 / 2.0)*26	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91
28	FASB 96/109 Adjustment Balance	Lines (25 - 27 + Prior 28) 6/	\$2,356	\$2,265	\$2,175	\$2,084	\$1,994	\$1,903	\$1,812	\$1,722	\$1,631
29	Accumulated DR&R Allowance Adjusted for ADIT	Lines (7 - 22)	\$6,274,729	\$6,756,053	\$7,237,378	\$7,718,702	\$8,200,027	\$8,681,351	\$9,162,676	\$9,644,000	\$10,125,325

1/ 2008 amount based on Worksheet 2, Line 13, amounts for subsequent years based on prior year liability until a new estimate becomes available
 2/ 2008 amount based on Worksheet 2, Line 14
 3/ 2008 amount based on Worksheet 2, Line 15
 4/ 2008 amount based on Worksheet 2, Line 16
 5/ 2008 amount based on Worksheet 2, Line 18
 6/ 2008 amount based on Worksheet 2, Line 17

**Kuparuk Transportation Company
Settlement Model
DR&R Allowance**

Worksheet 8

Line No.	Description	Source	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	DR&R Liability	Worksheet 1, Ln.19 1/	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528
2	Unfunded Balance of DR&R Liability	Lines (1 - Prior 7)	\$14,709,135	\$13,891,961	\$13,074,786	\$12,257,612	\$11,440,438	\$10,623,264	\$9,806,090	\$8,988,916	\$8,171,742
3	Depreciation Factor	1.0 / Worksheet 1, Ln.23	5.5556%	5.8824%	6.2500%	6.6667%	7.1429%	7.6923%	8.3333%	9.0909%	10.0000%
4	DR&R Allowance	Lines (2 * 3)	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
5	DR&R % Expenditure	100% in 2034	0%	0%	0%	0%	0%	0%	0%	0%	0%
6	DR&R Expenditure	- Lines (5 * 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Accumulated DR&R Allowance	Lines (4 + 6 + Prior 7) 2/	\$18,013,567	\$18,830,742	\$19,647,916	\$20,465,090	\$21,282,264	\$22,099,438	\$22,916,612	\$23,733,786	\$24,550,961
State ADIT Relating to DR&R											
8	DR&R Allowance	Line 4	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
9	DR&R Expenditure	Line 6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	State Tax Timing Difference	Lines (8 + 9)	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
11	State Income Tax Rate	Worksheet 1, Ln.25	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
12	Tax Effect of State Timing Difference	Lines (10 * 11)	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814
13	State ADIT Balance	Lines (12 + Prior 13) 3/	\$1,693,275	\$1,770,090	\$1,846,904	\$1,923,718	\$2,000,533	\$2,077,347	\$2,154,162	\$2,230,976	\$2,307,790
Federal ADIT Relating to DR&R											
14	DR&R Allowance	Line 4	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
15	Tax Effect of State Timing Differences	Line 12	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814
16	DR&R Expenditure	Line 6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Federal Tax Timing Difference	Lines (14 - 15 + 16)	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360
18	Federal Income Tax Rate	Worksheet 1, Ln.26	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
19	Tax Effect of Federal Timing Difference	Lines (17 * 18)	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126
20	Amortization of FASB 96/109 Adjustment	Line 27	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91
21	Federal ADIT Balance	Lines (19 - 20 + Prior 21) 4/	\$5,713,643	\$5,972,678	\$6,231,713	\$6,490,749	\$6,749,784	\$7,008,819	\$7,267,855	\$7,526,890	\$7,785,925
22	ADIT Balance	Lines (13 + 21)	\$7,406,918	\$7,742,768	\$8,078,617	\$8,414,467	\$8,750,317	\$9,086,167	\$9,422,016	\$9,757,866	\$10,093,716
FASB 96/109 Adjustment											
23	Cumulative Federal Tax Timing Difference	Lines (17 + Prior 23) 5/	\$16,320,292	\$17,060,652	\$17,801,012	\$18,541,371	\$19,281,731	\$20,022,091	\$20,762,451	\$21,502,811	\$22,243,170
24	Change in Federal Tax Rate	Change in Line 18	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	FASB 96/109 Adjustment	- Lines (Prior 23 * 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Depreciation Factor	Line 3	5.56%	5.88%	6.25%	6.67%	7.14%	7.69%	8.33%	9.09%	10.00%
27	Amortization of FASB 96/109 Adjustment	Lns (Prior 28 + 25 / 2.0)*26	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91
28	FASB 96/109 Adjustment Balance	Lines (25 - 27 + Prior 28) 6/	\$1,540	\$1,450	\$1,359	\$1,269	\$1,178	\$1,087	\$997	\$906	\$816
29	Accumulated DR&R Allowance Adjusted for ADIT	Lines (7 - 22)	\$10,606,649	\$11,087,974	\$11,569,298	\$12,050,623	\$12,531,947	\$13,013,272	\$13,494,596	\$13,975,921	\$14,457,245

1/ 2008 amount based on Worksheet 2, Line 13, amounts for subsequent years based on prior year liability until a new estimate becomes available
 2/ 2008 amount based on Worksheet 2, Line 14
 3/ 2008 amount based on Worksheet 2, Line 15
 4/ 2008 amount based on Worksheet 2, Line 16
 5/ 2008 amount based on Worksheet 2, Line 18
 6/ 2008 amount based on Worksheet 2, Line 17

**Kuparuk Transportation Company
Settlement Model
DR&R Allowance**

Worksheet 8

Line No.	Description	Source	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	DR&R Liability	Worksheet 1, Ln.19 1/	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528	\$31,905,528
2	Unfunded Balance of DR&R Liability	Lines (1 - Prior 7)	\$7,354,567	\$6,537,393	\$5,720,219	\$4,903,045	\$4,085,871	\$3,268,697	\$2,451,522	\$1,634,348	\$817,174
3	Depreciation Factor	1.0 / Worksheet 1, Ln.23	11.1111%	12.5000%	14.2857%	16.6667%	20.0000%	25.0000%	33.3333%	50.0000%	100.0000%
4	DR&R Allowance	Lines (2 * 3)	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
5	DR&R % Expenditure	100% in 2034	0%	0%	0%	0%	0%	0%	0%	0%	100%
6	DR&R Expenditure	- Lines (5 * 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 (\$31,905,528)
7	Accumulated DR&R Allowance	Lines (4 + 6 + Prior 7) 2/	\$25,368,135	\$26,185,309	\$27,002,483	\$27,819,657	\$28,636,831	\$29,454,006	\$30,271,180	\$31,088,354	\$0
State ADIT Relating to DR&R											
8	DR&R Allowance	Line 4	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
9	DR&R Expenditure	Line 6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 (\$31,905,528)
10	State Tax Timing Difference	Lines (8 + 9)	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$0 (\$31,088,354)
11	State Income Tax Rate	Worksheet 1, Ln.25	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
12	Tax Effect of State Timing Difference	Lines (10 * 11)	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814 (\$2,922,305)
13	State ADIT Balance	Lines (12 + Prior 13) 3/	\$2,384,605	\$2,461,419	\$2,538,233	\$2,615,048	\$2,691,862	\$2,768,677	\$2,845,491	\$2,922,305	\$0
Federal ADIT Relating to DR&R											
14	DR&R Allowance	Line 4	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174	\$817,174
15	Tax Effect of State Timing Differences	Line 12	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814	\$76,814 (\$2,922,305)
16	DR&R Expenditure	Line 6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 (\$31,905,528)
17	Federal Tax Timing Difference	Lines (14 - 15 + 16)	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360	\$740,360 (\$28,166,049)
18	Federal Income Tax Rate	Worksheet 1, Ln.26	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
19	Tax Effect of Federal Timing Difference	Lines (17 * 18)	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126	\$259,126 (\$9,858,117)
20	Amortization of FASB 96/109 Adjustment	Line 27	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91
21	Federal ADIT Balance	Lines (19 - 20 + Prior 21) 4/	\$8,044,961	\$8,303,996	\$8,563,031	\$8,822,066	\$9,081,102	\$9,340,137	\$9,599,172	\$9,858,208	\$0
22	ADIT Balance	Lines (13 + 21)	\$10,429,565	\$10,765,415	\$11,101,265	\$11,437,114	\$11,772,964	\$12,108,814	\$12,444,663	\$12,780,513	\$0
FASB 96/109 Adjustment											
23	Cumulative Federal Tax Timing Difference	Lines (17 + Prior 23) 5/	\$22,983,530	\$23,723,890	\$24,464,250	\$25,204,609	\$25,944,969	\$26,685,329	\$27,425,689	\$28,166,049	\$0
24	Change in Federal Tax Rate	Change in Line 18	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	FASB 96/109 Adjustment	- Lines (Prior 23 * 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Depreciation Factor	Line 3	11.11%	12.50%	14.29%	16.67%	20.00%	25.00%	33.33%	50.00%	100.00%
27	Amortization of FASB 96/109 Adjustment	Lines (Prior 28 + 25 / 2.0)*26	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91	\$91
28	FASB 96/109 Adjustment Balance	Lines (25 - 27 + Prior 28) 6/	\$725	\$634	\$544	\$453	\$362	\$272	\$181	\$91	\$0
29	Accumulated DR&R Allowance	Lines (7 - 22)	\$14,938,570	\$15,419,894	\$15,901,218	\$16,382,543	\$16,863,867	\$17,345,192	\$17,826,516	\$18,307,841	\$0

Adjusted for ADIT

- 1/ 2008 amount based on Worksheet 2, Line 13, amounts for subsequent years based on prior year liability until a new estimate becomes available
- 2/ 2008 amount based on Worksheet 2, Line 14
- 3/ 2008 amount based on Worksheet 2, Line 15
- 4/ 2008 amount based on Worksheet 2, Line 16
- 5/ 2008 amount based on Worksheet 2, Line 18
- 6/ 2008 amount based on Worksheet 2, Line 17

Kaparuk Transportation Company
Settlement Model
Federal Tax Depreciation

Line No.	Description	2009	2010	2011	2012	2013	2014	2015	2016
1	Federal Tax Depreciation Factor (source: Worksheet 1 Ln. 28)	5.00%	9.50%	8.55%	7.70%	6.93%	6.23%	5.90%	5.90%
2	Pre-2009 1/								
3	Vintage Year	\$356,259	\$342,723	\$323,662	\$311,473	\$311,474	\$311,474	\$311,474	\$219,502
4	Carrier Property Additions [B]	\$2,211,564	\$4,201,972	\$3,781,775	\$3,403,397	\$3,063,238	\$2,756,914	\$2,611,813	\$2,611,813
5	TERRA Adjustment [C]	\$0	\$1,647,206	\$3,129,691	\$2,816,722	\$2,535,050	\$2,281,545	\$2,053,390	\$1,945,317
6	IDC Additions to Rate Base [D]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Federal Tax Depreciation Base [E]	\$2,211,564	\$4,201,972	\$3,781,775	\$3,403,397	\$3,063,238	\$2,756,914	\$2,611,813	\$2,611,813
8	Federal Tax Depreciation Base [E] = [B] - [C] + [D]	\$2,211,564	\$4,201,972	\$3,781,775	\$3,403,397	\$3,063,238	\$2,756,914	\$2,611,813	\$2,611,813
9	Workpaper 3, Line 3 [C]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Workpaper 3, Line 4, Line 16 [D]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Workpaper 3, Line 7, Line 16 [E]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Workpaper 3, Line 7, Line 16 [E] = [B] - [C] + [D]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2009	\$356,259	\$342,723	\$323,662	\$311,473	\$311,474	\$311,474	\$311,474	\$219,502
14	2010	\$2,211,564	\$4,201,972	\$3,781,775	\$3,403,397	\$3,063,238	\$2,756,914	\$2,611,813	\$2,611,813
15	2011	\$0	\$1,647,206	\$3,129,691	\$2,816,722	\$2,535,050	\$2,281,545	\$2,053,390	\$1,945,317
16	2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	2018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	2022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	2023	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Federal Tax Depreciation	\$2,567,823	\$6,191,901	\$7,235,128	\$6,531,793	\$5,909,762	\$5,349,933	\$4,976,678	\$4,776,632

1/ Pre-2009 amounts based on Worksheet 2, Lines 19 to 31

**Kuparuk Transportation Company
Settlement Model
Federal Tax Depreciation**

Worksheet 9

Line No.	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Federal Tax Depreciation Factor (source: Worksheet 1 Ln. 28)	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	2.95%	0.00%
2	Pre-2009 1/									
3	2009	\$122,612	\$117,015	\$71,356	\$15,874	\$2,686	\$0.00	\$0.00	\$0.00	\$0.00
4	2010	\$2,611,813	\$2,611,813	\$2,611,813	\$2,611,813	\$2,611,813	\$2,611,813	\$2,611,813	\$1,305,907	\$0
5	2011	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	2018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	2022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	2023	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	2027	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	2028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	2029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	2033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	2034	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Federal Tax Depreciation	\$4,679,742	\$4,674,145	\$4,628,486	\$4,573,004	\$4,559,816	\$4,557,130	\$4,557,130	\$3,251,224	\$972,659

1/ Pre-2009 amounts based on Worksheet 2, Lines 19 to 31

**Kunarak Transportation Company
Settlement Model
Federal Tax Depreciation**

Worksheet 9

Line No.	Description	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Federal Tax Depreciation Factor (source: Worksheet 1 Ln. 28)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Pre-2009 1/	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3	2009	\$43,644,470	\$0	\$586,815	\$0	\$44,231,285	\$0	\$0	\$0	\$0
4	2010	\$32,547,229	\$0	\$396,890	\$0	\$32,944,119	\$0	\$0	\$0	\$0
5	2011	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	2018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	2022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	2023	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	2027	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	2028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	2029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	2033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	2034	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Federal Tax Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

1/ Pre-2009 amounts based on Worksheet 2, Lines 19 to 31

Koparak Transportation Company
Settlement Model

Worksheet 10

State Tax Depreciation

Line No.	Description	2009	2010	2011	2012	2013	2014	2015	2016
1	State Tax Depreciation Factor (source: Worksheet 1 Ln. 27)	5.71%	10.78%	9.82%	9.21%	8.60%	7.98%	7.37%	6.75%
	Vintage Year	Carrier Property Additions [B]	IDC Additions to Rate Base [C]	Tax Depreciation Base [D]	State Tax Depreciation [E] = [B] x [C]	State Tax Depreciation [E] = [B] x [C]	State Tax Depreciation [E] = [B] x [C]	State Tax Depreciation [E] = [B] x [C]	State Tax Depreciation [E] = [B] x [C]
2	Pre-2009 1/								
3	2009	\$43,674,470	\$586,815	\$44,231,285	\$2,527,508	\$367,563	\$309,674	\$273,693	\$237,713
4	2010	\$32,547,239	\$396,890	\$32,944,119	\$0	\$4,766,142	\$4,345,591	\$4,074,011	\$3,802,387
5	2011	\$0	\$0	\$0	\$0	\$1,882,526	\$3,449,894	\$3,236,661	\$3,034,384
6	2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	2018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	2022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	2023	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	2027	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	2028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	2029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	2033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	2034	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	State Tax Depreciation	\$2,959,021	\$7,016,231	\$8,205,159	\$7,584,365	\$7,074,484	\$6,565,730	\$6,059,440	\$5,553,159

1/ Pre-2009 amounts based on Worksheet 2, Lines 32 to 46