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Kuparuk Transportation Company

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November 30, 2011

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501

Re: Kuparuk Transportation Company
Tariff Advice Letter No. TL54-307

Dear Commissioners:

The tariff filing described below is transmitted to you for filing in compliance with the Pipeline Act (AS 42.06) and 3 AAC 48.200 — 3 AAC 48.430.


| Tariff Sheet Number | | Cancels Sheet Number | | Schedule or Rule Number |
|---------------------|---------|----------------------|---------|-------------------------|
| Original | Revised | Original | Revised | |
| 5 | 8th | 5 | 7th | Section 3, Rates |

By this filing, Kuparuk Transportation Company ("KTC") submits its annual revision to its rates for the intrastate transportation of petroleum, as required under the Kuparuk Settlement Agreement accepted by the Commission in Order No. P-08-5(10)/P-08-11(11)/P-10-6(4) (Jul. 18, 2011) ("Order P-10-6(4)"). The revised rates are set forth on the enclosed Tariff Sheet No. 5 and reflect a decrease from KTC's last approved rates. The revised rates were calculated in accordance with the Kuparuk Settlement Methodology ("KSM") set forth in the Kuparuk Settlement Agreement. KTC requests that the enclosed revisions to KTC's Tariff Sheet No. 5 be approved effective January 1, 2012. On November 30, 2011, KTC also submitted a filing with the Federal Energy Regulatory Commission ("FERC") to revise KTC's interstate transportation rate effective January 1, 2012.

Section I-4(e) of the Kuparuk Settlement Agreement requires KTC to file by December 1 of each year its revised interstate and intrastate rates for the following calendar year, which rates may not exceed the maximum rates calculated using the KSM. Neither the Kuparuk Settlement Agreement nor Order P-10-6(4) requires KTC to file its maximum rate calculation or supporting data with FERC or the Commission. Instead, Section 1-5(a)(i) of the agreement requires KTC to provide the State of Alaska ("State") and Anadarko Petroleum Corporation ("Anadarko") the KSM maximum rate calculation and supporting data 60 days prior to filing its revised rates with FERC and the Commission. That section further requires the parties to seek to resolve any questions or disputes regarding the rate calculations under the KSM prior to the annual filing of revised rates. In compliance with the Settlement Agreement, KTC previously provided the required information to the State and Anadarko. To date, the State and Anadarko have not raised any disputes regarding the revised rates.

KTC will notify the State of Alaska, Anadarko, and other shippers of this filing by email. Please direct any questions regarding this filing to Luke Kiskaddon at (907) 265-6393.

Sincerely,


Joseph C. Falcone
Commercial Group Supervisor

Canceling

Kuparuk Transportation Company

SECTION 3

RATES

| ITEM | FROM | TO | RATE | |
|------|---------------------------------|---|-------------|---|
| 3.1 | Kuparuk River Unit | Pump Station 1 Trans Alaska Pipeline System | \$0.256/bbl | D |
| 3.2 | Milne Point Pipeline Connection | Pump Station 1 Trans Alaska Pipeline System | \$0.187/bbl | D |

Tariff Advice No. TL54-307

Effective: January 1, 2012

Issued by: Kuparuk Transportation Company

By: *Joseph C. Falcone*
Joseph C. Falcone

Title: Commercial Group Supervisor