

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Delta Air Lines, Inc.,)	
Continental Airlines, Inc.,)	
JetBlue Airways Corporation,)	
United Air Lines, Inc., and)	
US Airways, Inc.	)	Docket No. OR12-28-001
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

PREPARED REBUTTAL TESTIMONY OF DANIEL S. ARTHUR

January 27, 2015

**SUMMARY OF PREPARED REBUTTAL TESTIMONY OF
DANIEL S. ARTHUR**

Dr. Arthur is a Principal of *The Brattle Group*, an economic and management consulting firm. The purpose of Dr. Arthur's rebuttal testimony is to assess and respond to Buckeye and FERC Staff witnesses' conclusions regarding (1) whether it is reasonable to calculate a cost of service for a system that includes the rates to the New York City destinations at issue in the proceeding based on a "Long Island System" as defined by Buckeye, or on the basis of an "Eastern Products System (including the Long Island System)" as Buckeye recommended in its prior rate proceeding before the Commission, (2) a reasonable allocation of common origin costs between the Long Island System and the Eastern Products System (excluding the Long Island System) if the Long Island System is to be broken out from the remaining Eastern Products System, (3) a reasonable allocation of parent entity common costs to Buckeye, and a reasonable allocation of Buckeye's common costs to Buckeye's individual systems, (4) whether a test period adjustment for fuel and power expenses related to the expiration of a natural gas credit program is reasonable, (5) which legal expenses are reasonable to include in a surcharge created pursuant to this proceeding, (6) a reasonable incorporation of oil losses and shortages expenses and revenues into Buckeye's cost of service, (7) the calculation of costs of service for Buckeye's individual systems for a 2011 Complaint Period and a 2011 Test Period, and (8) the method for evaluating, and the degree of change in, Buckeye's realized return on equity for purposes of evaluating whether there has been a substantial change in the economic circumstances regarding any grandfathered rates.

As a result of Dr. Arthur's analysis, he concludes that Buckeye's proposal to use calendar-year 2012 data to set going forward rates is not consistent with Commission precedent. Rather, Dr. Arthur concludes that calendar-year 2011 data is reasonable to use for a 2011 Complaint period. Calendar year 2011 data, with relevant test period adjustments for known and measurable changes, should also be the test period for establishing going-forward rates on Buckeye. Dr. Arthur also concludes that Buckeye and FERC Staff's recommendation to treat the Long Island System ("LIS") as an independent system from the remainder of the Eastern Products System ("EPS") is not reasonable. Rather, Dr. Arthur concludes that it is reasonable to treat the EPS, including the LIS, as a single integrated system for ratemaking

purposes, as done by Buckeye in its last ratemaking proceeding, and there is no need perform an allocation of the significant common costs at the shared origin points of Linden, Sewaren, and Port Reading. For completeness, in the event the LIS is treated as a separate system and an allocation of common costs at Linden, Sewaren, and Port Reading is to be made, Dr. Arthur concludes that Buckeye and FERC Staff's proposed volumetric allocation of common costs at Linden, Sewaren, and Port Reading is unreasonable, unstable, and lacks reliable evidence that costs incurred at Linden are higher for the LIS than for the EPS (excluding LIS). Rather, Dr. Arthur recommends that if the LIS is to be separated from the remaining EPS (excluding LIS), the KN formula is a fair, reasonable, and stable methodology for allocating the common costs at the major receipt points of Linden, Sewaren, and Port Reading between the LIS and the remaining EPS (excluding LIS).

Dr. Arthur concludes that Buckeye's proposed application of 2012 survey data to allocate Buckeye's parent entity common costs to Buckeye is unreasonable, unreliable, and speculative. Rather, Dr. Arthur concludes that it is reasonable to use a 2011 Massachusetts formula calculation to objectively and reasonably allocate Buckeye's parent entity common costs to Buckeye, and then, consistent with Commission practice, to use a KN formula to further allocate the common costs to individual systems.

Buckeye cannot accurately distinguish the amount of transmix revenue associated with shipments on the LIS versus the remaining EPS (excluding LIS), which leads to inaccuracies in the amount of Account 230 Allowance Oil Revenue recorded to the LIS and the EPS (excluding LIS). Given this fact, Dr. Arthur concludes that Buckeye's attempt to correct the significant inaccuracy in the amount of Account 230 Allowance Oil Revenue recorded to the LIS and the EPS (excluding LIS) appears to be an arbitrary method that lacks validity. Rather, to the extent the systems are separated, Dr. Arthur concludes that a reasonable amount of Account 230 Allowance Oil Revenue can be determined for the LIS and remaining EPS (excluding LIS) using a KN formula. Dr. Arthur also concludes that a test period adjustment for fuel and power expenses related to the expiration of a natural gas credit program is not merited because Buckeye replaced natural gas powered pumps with electric units, and projected the savings in maintenance costs to more than offset an increase in fuel costs. Dr. Arthur also finds Buckeye and FERC Staff's proposals to include litigation

expenses related to FERC Dockets other than this one in a surcharge related to this proceeding to be unreasonable.

Dr. Arthur calculates updated test period costs of service for Buckeye's EPS (including LIS) and LIS based on specified cost of service adjustments. After incorporating the recommendations of Airlines witness Mr. O'Loughlin regarding cost of capital elements, the income tax allowance, incidental and rental revenues, and volumes for Buckeye, Dr. Arthur derives for the EPS (including LIS), an updated 2011 Complaint Period Cost of Service of \$72.6 million and a corrected 2011 Test Period Cost of Service of \$20.0 million. For a stand-alone LIS as defined by Buckeye, Dr. Arthur derives an updated 2011 Complaint Period Cost of Service of \$71.9 million and an updated 2011 Test Period Cost of Service of \$21.1 million.

Finally, Dr. Arthur finds that Buckeye witness Mr. Van Hoecke's arguments regarding changed circumstances are without merit and inconsistent with Commission and DC Circuit precedent. Based on an updated analysis, Dr. Arthur finds there is strong evidence that there has been a substantial change in the economic circumstances regarding Buckeye's realized return on equity such that Buckeye's rates to its New York City airport destinations should no longer be considered grandfathered in the event such rates are considered to be grandfathered.

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TABLE OF ACRONYMS

ABBREVIATION or ACRONYM	TERM
Airlines	Delta Air Lines, Inc.; Continental Airlines, Inc.; JetBlue Airways Corporation; United Air Lines, Inc.; United Airlines, Inc., and US Airways, Inc.
Buckeye	Buckeye Pipe Line Company, L.P.
Continental	Continental Airlines, Inc.
Delta	Delta Air Lines, Inc.
EPAct	Energy Policy Act of 1992
EPS	Eastern Products System
FERC or Commission	Federal Energy Regulatory Commission
G&A costs	general and administrative costs
JetBlue	JetBlue Airways Corporation
JFK	John F. Kennedy International Airport
JTL	Jet Lines System
LaGuardia	LaGuardia Airport
KN formula	Kansas & Nebraska Formula
Laurel	Laurel Pipe Line Company, L.P.
Linden	Linden, NJ receipt point on Buckeye's system
LIS	Long Island System
MAPL	Mid-America Pipe Line
MPS	Midwest Products System
Newark	Newark International Airport
NYC	New York City
NYC Airport Destinations	JFK, Newark, and LaGuardia
NYC Destinations	JFK, Newark, LaGuardia, Inwood, NY, and Long Island City, NY
O&A costs	shared operating costs
Port Reading	Port Reading, NJ receipt point on Buckeye's system
RC	responsibility center
Sewaren	Sewaren, NJ receipt point on Buckeye's system
SFPP	SFPP, L.P.
United	United Air Lines, Inc.
United Airlines	United Airlines, Inc.
US Airways	US Airways, Inc.

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PREPARED REBUTTAL TESTIMONY OF DANIEL S. ARTHUR

1 **I. INTRODUCTION**

2 **Q. Please state your name, address, and position.**

3 A. My name is Daniel S. Arthur. I am a Principal of *The Brattle Group*, an economic and
4 management consulting firm located at 44 Brattle Street, Cambridge, Massachusetts.
5 Further details of my professional and educational background and a list of my
6 publications are provided in my curriculum vitae included in Exhibit No. AIR-2.

7 **Q. Have you filed testimony previously in this proceeding?**

8 A. Yes. I filed Prepared Direct Testimony on behalf of Delta Air Lines, Inc. (“Delta”),
9 Continental Airlines, Inc. (“Continental”), JetBlue Airways Corporation (“JetBlue”),
10 United Air Lines, Inc. (“United”)¹, and US Airways, Inc. (“US Airways”) (collectively
11 the “Airlines”) regarding (1) the relevant complaint year and test year for setting going-
12 forward rates, (2) the question of whether Buckeye’s operations associated with serving
13 destinations in the New York City area should be segmented into a separate system

¹ Continental and United were wholly owned subsidiaries of United Continental Holdings, Inc. On March 31, 2013, United was merged into Continental and the name of the entity was contemporaneously changed to United Airlines, Inc. By order dated January 23, 2015, the Presiding Judge in this proceeding granted a motion to substitute party whereby United Airlines, Inc. (“United Airlines”) has been substituted in place of Continental Airlines, Inc. and United Air Lines, Inc. for all purposes.

1 from its integrated operations from the same origins to destinations in Pennsylvania and
2 upstate New York, (3) the allocation of common origin costs between systems to the
3 extent the separation of systems is required, (4) the allocation of overhead costs to
4 Buckeye and its systems, (5) a reasonable accounting of expenses and revenues
5 associated with oil losses and shortages on Buckeye's system, (6) the calculation of
6 complaint and test year costs of service, and (7) whether there is evidence of
7 substantially changed circumstances in the economic basis of the rates that Buckeye
8 claims are grandfathered.²

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. I have been asked by the Airlines to respond to the answering and cross-answering
11 testimony of Buckeye and the Staff of the Federal Energy Regulatory Commission
12 ("FERC Staff") regarding their testimony on the issues I addressed in my direct
13 testimony as well as several additional adjustments to operating and maintenance
14 expenses proposed by Buckeye and/or Staff. I also present updated versions of my
15 2011 Complaint Year and Test Year costs of service and updated versions of my
16 analysis of substantially changed circumstances that incorporate changes in Buckeye's
17 reported 2011 cost of service and changes in the adjustments I make to Buckeye's cost
18 of service.

19 **Q. Please summarize your conclusions.**

20 A. As discussed further below:

- 21 • Buckeye's proposal to use calendar-year 2012 data to set going forward rates
22 is not consistent with Commission precedent. I conclude that calendar-year
23 2011 data is reasonable to use for a 2011 Complaint period. Calendar year
24 2011 data, with relevant test period adjustments for known and measurable
25 changes, should also be the test period for establishing going-forward rates on
26 Buckeye.
- 27 • I do not agree with Buckeye's recommendation to split off the Long Island
28 System ("LIS) from the rest of the Eastern Products System ("EPS") for
29 purposes of ratemaking in this proceeding. I agree with prior Buckeye
30 witness Mr. Merriman that it is reasonable to treat the EPS, including the LIS,

² Exhibit Nos. AIR-1 through AIR-33 filed August 15, 2014.

1 as a single integrated system and there is no need to perform an allocation of
2 the significant common costs at the shared origin points of Linden, Sewaren,
3 and Port Reading. For completeness, while I recommend that cost of service
4 be calculated for the single EPS (including LIS), I also calculate separate costs
5 of service for an EPS (excluding LIS) and LIS that is consistent with how
6 Buckeye purports to define the systems, but adjust Buckeye's allocation of
7 common origin costs.

- 8 • Buckeye's proposed volumetric allocation of common costs at Linden,
9 Sewaren, and Port Reading is unreasonable and lacks reliable evidence that
10 costs incurred at Linden are higher for the LIS than for the EPS (excluding
11 LIS). Rather, I recommend that if the LIS is to be separated from the
12 remaining EPS (excluding LIS), the KN formula is a fair, reasonable, and
13 stable methodology for allocating the common costs at the major receipt
14 points of Linden, Sewaren, and Port Reading between the LIS and the
15 remaining EPS (excluding LIS).
- 16 • I conclude that Buckeye's proposed application of 2012 survey data to
17 allocate Buckeye's parent entity common costs to Buckeye is unreasonable
18 and speculative. Rather, I conclude it is reasonable to use a 2011
19 Massachusetts formula calculation to allocate Buckeye's parent entity
20 common costs to Buckeye, and then, consistent with Commission practice, to
21 use a KN formula to further allocate the common costs to individual systems.
- 22 • Buckeye's attempt to correct the significant inaccuracy in the amount of
23 Account 230 Allowance Oil Revenue appears to be an arbitrary method that
24 lacks validity. Consequently, I continue to recommend that the expenses and
25 revenues associated with oil losses and shortages on Buckeye's systems be
26 incorporated into its cost of service, with revenues being credited against
27 expenses, and, to the extent the systems are separated, a reasonable amount
28 determined for the LIS and remaining EPS (excluding LIS) using a KN
29 formula because Buckeye cannot accurately distinguish the amount of
30 transmix revenue associated with shipments on the LIS versus the remaining
31 EPS (excluding LIS).
- 32 • I calculate corrected test period costs of service for Buckeye's EPS (including
33 LIS) and LIS based on the cost of service adjustments identified above. After
34 incorporating the recommendations of Mr. O'Loughlin regarding cost of
35 capital elements, the income tax allowance, incidental and rental revenues,
36 and volumes for Buckeye, I derive for the EPS (including LIS), a corrected
37 2011 Complaint Period Cost of Service of \$72.6 million and a corrected 2011
38 Test Period Cost of Service of \$20.0 million. For a stand-alone LIS as defined
39 by Buckeye, I derive a corrected 2011 Complaint Period Cost of Service of
40 \$71.9 million and a corrected 2011 Test Period Cost of Service of \$21.1
41 million.

- Buckeye witness Mr. Van Hoecke's arguments regarding changed circumstances are without merit and inconsistent with Commission and DC Circuit precedent. Rather, I find that there is evidence that there has been a substantial change in the economic circumstances regarding Buckeye's realized return on equity such that Buckeye's rates to its New York City destinations should no longer be considered grandfathered in the event such rates are considered to be grandfathered.

II. COST OF SERVICE ISSUES

A. RELEVANT COMPLAINT AND TEST PERIOD

Q. What is the Complaint and Test Year you recommended in your direct testimony?

A. I recommended using calendar year 2011 data as a Complaint Year for purposes of calculating realized return on equity and evaluating changed circumstances.³ I also recommended using calendar year 2011 data as a base period, with test period adjustments for purposes of setting going-forward rates on Buckeye.⁴

Q. What Complaint and Test Year does Buckeye propose to use for evaluating changed circumstances and for setting going-forward rates?

A. Buckeye witness Mr. Wetmore recommends using calendar year 2012 data for setting going-forward rates in this proceeding.⁵ Mr. Wetmore claims that 2012 is more appropriate than 2011 because 2012 is more representative of Buckeye's current and future costs than 2011 data.⁶ He also claims that a base period, with test period adjustments, to set going-forward rates is not applicable in a complaint proceeding.⁷ The use of calendar year 2011 data as a Complaint Year is disputed by Buckeye witness Mr. Van Hoecke, who recommends using calendar-year 2012 as a Complaint Year instead of calendar-year 2011 for evaluating substantially changed circumstances.⁸

³ My Prepared Direct Testimony, Exhibit No. AIR-1, pages 4–6.

⁴ *Id.*

⁵ Exh. No. BUC-87, page 7, line 14 through page 12, line 14.

⁶ *Id.*

⁷ *Id.*

⁸ Exh. No. BUC-136, page 7, line 10 through page 8, line 5.

1 **Q. Is Mr. Van Hoecke's recommendation to use calendar-year 2012 as a Complaint**
2 **Year consistent with Commission precedent?**

3 A. No. Commission precedent is clear that the cost, revenue, and return data examined for
4 the "C" period, or Complaint period, end no later than the date when the complaint was
5 filed.⁹ The complaint giving rise to this proceeding was filed September 20, 2012.¹⁰
6 Therefore, the use of calendar-year 2012 data to calculate realized returns on equity and
7 to evaluate changed circumstances is inconsistent with Commission precedent.

8 Mr. Van Hoecke also claims that because the challenged rates in this proceeding did not
9 go into effect until December 1, 2011, it is not reasonable to use calendar-year 2011
10 data as a Complaint period because the challenged rates were only in effect for 1 month
11 during that period.¹¹ However, using a 12-month period to measure return on equity
12 does not require a challenged rate be in effect during that entire 12-month period.
13 Rather, the change in realized return on equity being measured is from that embedded
14 in the grandfathered rate. In this context, the revenue used should match the costs, so
15 that the realized return on equity during the complaint period is calculated with
16 consistent periods for revenue and costs.¹² Given that a 12-month complaint period is
17 to be used prior to the filing of the complaint in this proceeding in September 2012 and
18 Buckeye increased its rates in December 2011, it is not even possible to have a period
19 that reflects the challenged rate being effect for a 12-month period and have all the cost,
20 revenue, and return data end no later than the date when the complaint was filed.

21 **Q. What Complaint and Test Year does FERC Staff propose to use for evaluating**
22 **changed circumstances for setting going-forward rates?**

23 A. FERC Staff witness Ms. Sherman recommends using calendar year 2011 data as a
24 Complaint Year for purposes of calculating realized return on equity and evaluating
25 substantially changed circumstances.¹³ FERC Staff witness Ms. McComb

⁹ *Opinion No. 435*, 86 FERC ¶ 61,022 at p. 61,069 (1999).

¹⁰ *Delta Air Lines, Inc. et al. v. Buckeye Pipe Line Company, L.P.*, 142 FERC ¶ 61,141 at P 1 (2013) ("Order on Complaint").

¹¹ Exh. No. BUC-136, page 7, line 10 through page 8, line 5.

¹² *Tesoro Refining and Marketing Company v. Calnev Pipe Line LLC*, 134 FERC ¶ 61,214 at P 40 (2011) ("*Tesoro Refining*").

¹³ Exh. No. S-10, page 24, line 11 through page 25, line 6.

recommended using calendar year 2011 data, with no test period adjustments, but with indexing adjustments starting in July 2012 to set going-forward rates.¹⁴ However, Ms. McComb, in a data response to the Airlines, has agreed that to the extent Buckeye's going forward rates are developed on a 2011 test period basis, indexing of these rates should not begin until July 1, 2013.¹⁵ As discussed below, I agree with Ms. McComb's correction for indexing.

Q. Is Buckeye's proposal to use calendar year 2012 data to set going-forward rates consistent with Commission precedent in Complaint proceedings?

A. No. As discussed in my Direct Testimony,¹⁶ the Commission has applied a similar base and test year methodology in a complaint proceeding as required for a pipeline proposing to change and determine going-forward rates. Associated with complaints filed in August 1995, the Commission adopted a 1994 base and test period in the Docket Nos. OR92-8 *et al.* proceeding for determining going-forward rates.¹⁷ Similarly, associated with complaints filed in August 2000, the Commission adopted a 1999 base and test period in the Docket Nos. OR96-2 *et al.* proceeding for determining going-forward rates.¹⁸ I'm not aware of any Commission decisions related to complaint proceedings that have used a base period that includes a period of time after the date of the complaint for setting going-forward rates.

Q. What are Mr. Wetmore's claims regarding Commission precedent for establishing the base or test period to be used to evaluate substantially changed circumstances or to set going-forward rates?

A. Mr. Wetmore states that the Commission's base and test period concept that is required for pipeline's proposing to change existing rates should not be applied in the context of a complaint proceeding.¹⁹ He also states that, with respect to the Docket Nos. OR92-8

¹⁴ Exh. No. S-1, page 6, line 1 through page 8, line 2.

¹⁵ See FERC Staff response to Request No. AIRLINES-STAFF 1.2 citing *SFPP, L.P.*, Opinion No. 511-A, 137 FERC ¶ 61,220 at PP 405-411 (2011), included in Exhibit No. AIR-94.

¹⁶ Exh. No. AIR-1, page 6, lines 12-25.

¹⁷ Opinion No. 435, at p. 61,085.

¹⁸ *SFPP, L.P.*, 113 FERC ¶ 61,277 at PP 50-53 (2005).

¹⁹ Exh. No. BUC-87, page 11, line 21 through page 12, line 14.

1 *et al.* proceedings I referenced, because multiple complaints were filed before the 1994
2 cost-of-service year that was used in the Docket Nos. OR92-8 *et al.* proceeding to set
3 going-forward rates, that the Docket Nos. OR92-8 *et al.* proceeding supports the
4 concept that base periods including costs in time periods after the filing of a complaint
5 can be used to set going-forward rates.²⁰ Mr. Wetmore also claims that data after the
6 filing of complaints was proposed to be used in the Docket Nos. OR03-5-000 and
7 OR03-5-001 proceedings to set going-forward rates.²¹

8 **Q. Do the Commission decisions in the Docket Nos. OR92-8 *et al.* proceeding support**
9 **the concept that time periods after the filing of a complaint can be used to set**
10 **going-forward rates as claimed by Mr. Wetmore?**

11 A. In both the Docket Nos. OR92-8 *et al.* proceeding and the Docket Nos. OR96-2 *et al.*
12 proceeding, multiple complaints filed in separate years were consolidated into a single
13 complaint proceeding.²² In both of these proceedings, a base period prior to the filing
14 the last complaint consolidated in the proceeding, with test period adjustments, was
15 used to determine going-forward rates.²³ While it is true that for complaints filed
16 earlier than the last complaint were subject to having a base and test period used for
17 setting going-forward rates that included a period after their complaint date, that is a
18 function of multiple complaints being consolidated into a single docket. In that
19 circumstance, there can only be one period used to determine going-forward rates, and
20 since the going-forward period is by definition after all of the complaint dates, it makes
21 sense to use the most recent complaint that is consolidated in a single proceeding as the
22 reference date to establish a base and test period for determining going-forward rates.

23 There are not multiple complaints consolidated in this proceeding, rather there is only a
24 single complaint that is the most recent complaint filed. Using base period data after
25 the date of the most recent complaint included in a docket would be contrary to the
26 standard applied in the Docket Nos. OR92-8 *et al.* and Docket Nos. OR96-2 *et al.*
27 proceedings.

²⁰ Exh. No. BUC-87, page 9, line 17 through page 10, line 19.

²¹ *Id.*

²² Opinion No. 435, at 61,058–60; *SFPP, L.P.*, 113 FERC ¶ 61,277 at P 4 (2005).

²³ Opinion No. 435, at p. 61,085; *SFPP, L.P.*, 113 FERC ¶ 61,277 at PP 50–53 (2005).

1 **Q. Is your proposal to use 2011 data as a base period, with test period adjustments, to**
2 **set going forward rates, inconsistent with standards applied in the Docket Nos.**
3 **OR03-5-000 and OR03-5-001 proceedings as claimed by Mr. Wetmore?**

4 A. No. The Docket Nos. OR03-5-000 and OR03-5-001 proceedings involved separate
5 portions of the same complaints that were filed between July 2003 and December
6 2004.²⁴ In the first of these two proceedings to go to hearing, Docket No. OR03-5-001,
7 the parties entered into a stipulation regarding the specific periods for cost data to use to
8 evaluate substantially changed circumstances and to use as a base period for setting
9 going-forward rates.²⁵ While the specific periods agreed to, and approved by, the
10 Presiding Judge in that proceeding included periods after the filing of the complaints,
11 the stipulation specifically provided that the pipeline waived its right to argue that the
12 complainants did not meet their burden of proof related to complaint period or test year
13 issues due to not adhering to standards established in prior proceedings.²⁶ In my
14 opinion, a stipulation that sought to decrease contested issues and administrative burden
15 does not appear to be grounds to apply the stipulated standard instead of the prior
16 Commission precedent in this or other proceedings where there is no such stipulation.

17 In the second of the two proceedings, Docket Nos. OR03-5-000, an initial dispute
18 regarding which period to use to determine going-forward rates was resolved when
19 the party supporting a period later than the 2004 period used in the earlier Docket No.
20 OR03-5-001 proceeding withdrew its request to use the later period.²⁷ As a result, all
21 parties supported the use of the 2004 data, consistent with the companion
22 proceeding's stipulation, to set rates applicable for 2004 and going-forward from that
23 time period.²⁸ There was not a Commission ruling in either of these complaint
24 proceedings because they ultimately settled. However, in my opinion, the stipulations
25 or agreements of parties, including related waivers, in specific proceedings that are

²⁴ *Chevron Products Co. v. SFPP, L.P.*, 114 FERC ¶ 61,133 (2006).

²⁵ *Chevron Products Co. v. SFPP, L.P.*, 125 FERC ¶ 63,018 at P 3 (2008).

²⁶ *Id.*; see also the Motion for Approval of Stipulation Regarding Use of and Preparation of Cost-of-Service Studies in Docket No. OR03-5-001, July 10, 2006, included in Exhibit No. AIR-95.

²⁷ *Chevron Products Co. v. SFPP, L.P.*, 127 FERC ¶ 63,024 at P 521 (2009).

²⁸ *Id.*

1 not consistent with prior Commission standards and precedent should not be grounds
2 to apply those stipulations or agreements in other proceedings.

3 **Q. Is FERC Staff witness Ms. McComb's recommendation to use calendar year 2011**
4 **data, with no test period adjustments, but with indexing adjustments starting in**
5 **July 2012 to set going-forward rates²⁹ consistent with Commission precedent?**

6 A. No. As discussed above, the Commission has applied a base and test period concept in
7 prior complaint proceedings to set going-forward rates.³⁰ Further, an index adjustment
8 in July 2012 would be designed to account for cost changes that occurred between
9 calendar year 2010 and 2011.³¹ Given that the 2011 data should already capture the
10 changes in costs between 2010 and 2011, applying the July 1, 2012 index would, in
11 addition to being inconsistent with Commission precedent and policy, functionally be
12 capturing those same cost changes for a second time, and not the cost changes after
13 2011 and into 2012. While FERC Staff does estimate that its indexed 2011 cost of
14 service results in rates close to its 2012 cost of service,³² that exercise does not provide
15 assurance that the observed cost changes are expected to recur in future periods.
16 Rather, starting with a 2011 base level of costs and adjusting those cost levels for
17 known and measurable changes is designed to determine cost levels that are
18 representative of going-forward levels. Further, Ms. McComb states that Mr.
19 O'Loughlin and I do not incorporate data from the first nine months of 2012 in a
20 uniform manner, rather making some adjustments to certain cost or volume elements,
21 but not to other elements.³³ However, making adjustments to certain items where
22 changes are known and measurable and not making adjustments to other cost or volume
23 elements that do have known and measurable changes is precisely what the
24 Commission's test period adjustments are designed to do, which have been applied to
25 base period data in prior proceedings.³⁴

²⁹ Exh. No. S-1, page 6, line 1 through page 8, line 2.

³⁰ Opinion No. 435, at p. 61,085; *SFPP, L.P.*, 113 FERC ¶ 61,277 at PP 50–53 (2005).

³¹ *SFPP, L.P.*, 137 FERC ¶ 61,220 at PP 405–411, (2011) “Opinion No. 511-A.”

³² Exh. No. S-1, page 7, lines 5–12.

³³ Exh. No. S-1, page 7, lines 17–21.

³⁴ Opinion No. 435, at 61,058–60; *SFPP, L.P.*, 113 FERC ¶ 61,277 at P 4 (2005).

1 **Q. What are your conclusions for an appropriate base and test period to use to**
2 **establish going-forward rates on Buckeye?**

3 A. As discussed in my Direct Testimony, I recommend using the 2011 Complaint period
4 (calendar year 2011) as the base period. Calendar year 2011, with relevant test period
5 adjustments for known and measurable changes, should also be the test period for
6 establishing going-forward rates on Buckeye.³⁵ Given the September 2012 date of the
7 complaint in this proceeding, the use of a 2011 base period, with any relevant test
8 period adjustments, is consistent with the base and test period concepts applied by the
9 Commission in prior complaint proceedings, whereby the complaint period prior to the
10 last consolidated complaint was used as a base period, with test period adjustments, in
11 order to establish going-forward rates.³⁶

12 **B. SEGMENTED LONG ISLAND SYSTEM VERSUS AN EASTERN PRODUCTS**
13 **SYSTEM, INCLUDING THE LONG ISLAND SYSTEM**

14 **Q. What was the conclusion you presented in your Direct Testimony regarding**
15 **whether the LIS and EPS (excluding LIS) should be treated as two separate**
16 **systems?**

17 A. As discussed in my Direct Testimony, I agree with Buckeye's witness in its prior
18 ratemaking proceeding, Mr. Merriman, that it is reasonable to treat the EPS (including
19 LIS) as a single integrated system for ratemaking purposes and there is no need to
20 perform an allocation of the significant common costs at the common origin points of
21 Linden, Sewaren, and Port Reading.³⁷ Buckeye has not identified any changes in
22 operational realities of the EPS (including LIS) that merit separating the EPS
23 (excluding LIS) and the LIS into two separate systems. Further, if the EPS (including
24 LIS) is treated as a single system, then there is no need to perform an initial allocation
25 of the significant common costs at Linden, Sewaren, and Port Reading between
26 systems.

³⁵ Exh. No. AIR-1, page 6, lines 12–25.

³⁶ Opinion No. 435, at 61,058–60; *SFPP, L.P.*, 113 FERC ¶ 61,277 at P 4 (2005).

³⁷ Exh. No. AIR-1, page 7, line 3 through page 21, line 4.

1 **Q. Does Buckeye propose to separate the LIS and EPS (excluding LIS) for purposes**
2 **of setting rates in this proceeding?**

3 A. Yes. Buckeye witnesses Mr. Ostach and Dr. Webb recommend that the LIS and the
4 EPS (excluding LIS) be treated as two separate systems.³⁸ Mr. Ostach states that the
5 LIS and the EPS (excluding LIS) have several differences that suggest they are
6 different systems. These differences include that the systems have: (1) different
7 operations, management, and governing regulations; (2) different physical
8 characteristic such as different source and delivery locations, different numbers of
9 pump stations and miles of pipelines, and different construction periods; (3) different
10 capacity utilizations; and (4) different customer basis and proportions of products.³⁹
11 Dr. Webb claims that there are differences in the direct costs between the LIS and the
12 EPS (excluding LIS) that merit separating the them into separate systems, and prior
13 Commission precedent supports separating the LIS and EPS (excluding LIS) into two
14 separate systems for purposes of ratemaking. However, as discussed below, Buckeye's
15 proposed reasons for separating the LIS and EPS (excluding LIS) are hollow as they
16 would equally apply as bases for separating Buckeye's line to Newark into a separate
17 system, as well as separating the EPS into multiple subsystems, which are options that
18 Buckeye is not proposing and has not proposed. Thus, none of these differences
19 provide a reasonable basis for concluding that the LIS is anything more than an
20 incremental expansion of Buckeye's EPS that is fully integrated into the EPS' overall
21 operations, as stated by Buckeye in its prior ratemaking proceeding.⁴⁰

22 **Q. What does FERC Staff propose regarding the separation of the LIS and EPS**
23 **(excluding LIS) for purposes of setting rates in this proceeding?**

24 A. Ms. McComb also recommends that the LIS and the EPS (excluding LIS) be treated as
25 two separate systems for purposes of ratemaking.⁴¹ In support of her recommendation
26 to treat the LIS separately from the EPS (excluding LIS), Ms. McComb first cites to
27 Buckeye witness Mr. Ostach's claims regarding differences in physical characteristics

³⁸ Exh. No. BUC-24, page 2, line 17 through page 3, line 4; Exh. No. BUC-34, pages 11–23.

³⁹ Exh. No. BUC-24, pages 3–11.

⁴⁰ Exhibit No. AIR-6, at BUC 000269–BUC 000274.

⁴¹ Exh. No. S-1, pages 8–19.

1 and operational matters.⁴² Ms. McComb also makes the additional claim that the LIS
2 and the EPS (excluding LIS) have a different set of shippers.⁴³ However, as discussed
3 further below, this claim relies on a misleading data response from Buckeye. Mr.
4 McComb also states that there are differences in the underlying direct costs on the LIS
5 and the EPS (excluding LIS) and that separating them into two systems is consistent
6 with prior Commission precedent.⁴⁴ Because Ms. McComb relies on many of the same
7 claims as Buckeye for her conclusion, I address Buckeye and her claims at the same
8 time for each issue below.

9 **Q. Is Buckeye's position in this proceeding consistent with its position in its prior**
10 **ratemaking proceeding before the Commission?**

11 A. No. Buckeye's position in this proceeding regarding whether the LIS and the EPS
12 (excluding LIS) should be considered separate systems is directly opposite to its
13 position in its prior ratemaking proceeding before the Commission. Buckeye's prior
14 witness Mr. Merriman (former President and Chief Operating Officer of Buckeye) was
15 directly asked if the LIS and the EPS (excluding LIS) should be considered separate
16 systems, to which he responded "[d]efinitely not. The fact that the Company maintains
17 separate records for certain EPS assets is irrelevant to the use of these assets or reliance
18 on mutually beneficial assets at Linden."⁴⁵ He further stated, "breaking these assets
19 [the lines to the NYC Destinations] away from other EPS assets would be inconsistent
20 with the interrelated operation of the EPS. As explained above, all volumes supplied to
21 the EPS have a common origin point at Linden. At Linden, volumes are placed into
22 storage tanks that serve all EPS destinations and, more to the point of subsystem
23 interrelationship, tankage at various sites in Pennsylvania and New York State facilitate
24 deliveries to Long Island. For example, tankage at Macungie and Inglenook,
25 Pennsylvania and Auburn, New York accept volume in order to provide space at
26 Linden to serve deliveries to the east. Thus, separating the EPS would ignore the
27 fundamental operating realities of the system and would not reflect proper principles of

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ Exhibit No. AIR-6, at BUC 000272.

1 cost causation.”⁴⁶ Thus, Mr. Merriman’s position in this prior testimony is inconsistent
2 with Buckeye’s current position that the LIS should be separated from the EPS.

3 **Q. Does any Buckeye witness disagree with Mr. Merriman’s prior testimony?**

4 A. No. No Buckeye witness directly states that Mr. Merriman’s prior testimony was not
5 accurate. Buckeye did not identify any changes in operational realities since Mr.
6 Merriman’s prior testimony that led Buckeye to conclude that it made sense to separate
7 the former EPS (including LIS) into the present EPS (excluding LIS) and LIS
8 systems.⁴⁷ However, in direct contrast to Mr. Merriman’s testimony, Mr. Ostach states
9 that the LIS is “operated” and “managed” separately from the EPS (excluding LIS).⁴⁸
10 As discussed further below, it does not appear that the LIS is “operated” separately
11 from the EPS (excluding LIS) any more than the line to Newark is “operated”
12 separately from the other lines out of Linden to Long Island, or the lines north of
13 Macungie, Pennsylvania, are operated separately from the lines west of Macungie,
14 Pennsylvania, yet these lines are combined with other lines into a single LIS or a single
15 EPS (excluding LIS). Nor does the LIS appear to be “managed” separately from the
16 EPS (excluding LIS) any more than other sub segments of the EPS (excluding LIS)
17 appear to be “managed” separately. However, Buckeye proposes to combine these sub
18 segments of the EPS (excluding LIS) together into a single EPS (excluding LIS)
19 system.

20 **Q. Should the goal of a decision to divide a system and employ a cost allocation**
21 **methodology be to properly align cost responsibility with cost incurrence?**

22 A. Yes. A goal of setting rates on a cost-of-service basis should be to attempt to align cost
23 responsibility with cost incurrence, and have cost-based rates reflect the underlying

⁴⁶ *Id.* at BUC 000273.

⁴⁷ Buckeye’s response to Airlines’ request no. AIRLINES-BUCKEYE 2-21, included in Exhibit No. AIR-11. Rather, Buckeye simply states that it recorded assets and expenses separately for the EPS (excluding LIS) and LIS prior to and after Mr. Merriman’s testimony in Buckeye’s prior proceeding and “[t]hus, there was no decision made by Buckeye to “separate” what had been treated as a single pipeline system into the EPS and the LIS.”; *See also* Buckeye’s response to Airlines’ request no. AIRLINES-BUCKEYE 1-7, and the documents Bates stamped BUC 012689–012692, included in Exhibit No. AIR-12.

⁴⁸ Exh. No. BUC-24, page 9, line 11 through page 10, line 20.

1 costs of providing the transportation service. However, there should also be a concern
2 that any cost allocation methodology employed accurately reflects the incurrence of
3 costs for the benefit of different sets of customers. There should also be a concern that
4 the cost allocation methodology not improperly or arbitrarily shift costs between
5 different services. As stated by the U.S. Supreme Court, and quoted by the
6 Commission (as well as a portion of which is acknowledged by Dr. Webb⁴⁹):

7 A separation of properties is merely a step in the determination of costs
8 properly allocable to the various classes of services rendered by a utility.
9 But where as here several classes of services have a common use of the
10 same property, difficulties of separation are obvious. Allocation of costs
11 is not a matter for the slide-rule. It involves judgment on a myriad of
12 facts. It has no claim to an exact science. But neither does the separation
13 of properties which are not in fact separable because they function as an
14 integrated whole. Mr. Justice Brandeis, speaking for the Court in
15 *Groesbeck v. Duluth*, noted that “it is much easier to reject formulas
16 presented as being misleading than to find one apparently adequate.”⁵⁰

17 As the above quote illustrates, if a cost allocation methodology does not properly align
18 cost responsibility with cost incurrence, clear cross-subsidies result. Further, it is often
19 easier to recognize the cross-subsidies that result, as I document below regarding
20 Buckeye’s proposed volumetric allocation of common costs at Linden, than it is to find
21 a perfect allocation methodology. In my opinion, in some cases, it is more reasonable
22 not to perform an initial separation of facilities if an allocation or assignment
23 methodology is clearly not accurate.

24 **Q. Has the Commission recognized that it can be more reasonable not to divide**
25 **facilities into separate systems when it is difficult to attribute the benefits of one**
26 **portion of a system to one type of service?**

27 A. Yes. The Commission has recognized that when it is difficult to accurately attribute
28 benefits of one portion of a system to one type of service, that it can be more reasonable
29 to apply a system-wide cost of service and rate design rather than separate a system into
30 individual costs of service that would require allocations of common costs. In the
31 context of a natural gas pipeline rate proceeding, the Commission stated:

⁴⁹ Exh. No. BUC-34, page 5, lines 3–5.

⁵⁰ *Colorado Interstate Gas Co. v. FPC*, 324 U.S. 581, 589 (1945) (footnotes omitted).

1 ...First, the Commission's general policy is to design rates for this type of
2 long-line pipeline based upon the use of a system-wide cost of service.
3 Service on such pipelines generally cannot be attributed to specific
4 facilities. For that reason, it is difficult to attribute the benefits of a limited
5 portion of the system to only one type of service. For reasons such as
6 these the Commission historically has refrained from dividing up the cost
7 of service by zone, but rather, has utilized a system-wide cost of
8 service....

9 References to a "pay for what you use" policy made by all parties in this
10 proceeding are misleading. The Commission's general policy is that a
11 customer should pay for costs properly allocated to the service that it
12 receives. This does not necessarily mean that a customer must pay only
13 for the book construction costs of the facilities through which the gas
14 flows or that no production area cost may be charged to the market area.
15 As a general matter there is no particular method of cost allocation that is
16 compelled.⁵¹

17 **Q. Does the allocation of costs at Buckeye's common receipt points of Linden,**
18 **Sewaren, and Port Reading have a significant impact on an LIS cost of service?**

19 A. Yes. As shown in Buckeye witness Mr. Wetmore's cost-of-service calculations,
20 Buckeye's resulting allocation of common costs at Linden results in Linden-related
21 costs being 43% to 44% of the total LIS costs of service in 2011 and 2012.⁵² As
22 Buckeye calculates, its total LIS system costs are composed of almost half that are
23 allocated common origin costs and half that are directly assigned costs. Consequently,
24 if the initial allocation of the common costs at Linden is not accurate, the resulting cost
25 of service for the LIS will not be accurate. In this case, the resulting LIS cost of service
26 would not properly align costs with cost incurrence.

27 **Q. Do you have concerns that Buckeye's proposed volumetric allocation of common**
28 **costs at Linden, Sewaren, and Port Reading is not accurate and creates improper**
29 **or unreasonable cross-subsidies?**

30 A. Yes. As discussed further below, there is evidence that Buckeye's proposed volumetric
31 allocation is not accurate and results in substantial improper cross-subsidies. This
32 evidence includes the clear over-allocation of storage tank assets to the LIS and to jet

⁵¹ *Transcontinental Gas Pipe Line Corporation, Opinion No. 405*, 76 FERC ¶ 61,021 at 61,070–71 (1996) (footnotes omitted).

⁵² See Exh. Nos. BUC-104A, BUC-104B, BUC-105A, and BUC-105B.

1 fuel transportation service in particular, but also includes inaccuracies in the allocation
2 of storage tank asset costs due to Buckeye's leasing of approximately half of the
3 storage assets to third-parties, Buckeye's failure to account for leased pipeline capacity
4 on the EPS, and the high variability of a volumetric allocation factor in contrast to the
5 stable fixed asset and expense costs to be allocated. I discuss this evidence in the
6 section below regarding the allocation of common costs at Linden, Sewaren, and Port
7 Reading. However, the presence of these inaccuracies suggests that Buckeye's
8 proposed allocation of common costs does not align costs with causation, and thus it is
9 questionable whether creating separate costs of service for an LIS and an EPS
10 (excluding LIS) is an improvement over a system-wide EPS (including LIS) cost of
11 service given the significant common, integrated assets.

12 **Q. Do you recommend that Buckeye's system be separated into an LIS and EPS**
13 **(excluding LIS) for purposes of ratemaking in this proceeding?**

14 A. No. As discussed in my Direct Testimony, I agree with Buckeye witness Mr. Merriman
15 that it is reasonable to treat the EPS (including LIS) as a single integrated system and
16 there is no need to perform a potentially arbitrary allocation of the significant common
17 costs at the common origin points of Linden, Sewaren, and Port Reading.⁵³ Buckeye
18 has not identified any changes in operational realities of the EPS (including LIS) that
19 merit separating the EPS (excluding LIS) and the LIS into two separate systems.
20 Further, if the EPS (including LIS) is treated as a single system, then there is no need to
21 perform an initial allocation of the common costs between systems. Moreover, as
22 discussed below, the purported differences between the LIS and EPS (excluding LIS)
23 should not be considered grounds for separating the EPS (including LIS) into two
24 systems. If the factors identified by Buckeye are grounds for separation, then the LIS
25 and EPS (excluding LIS) should be further subdivided into multiple subsystems.
26 However, not even Buckeye proposes to create those additional subdivisions such as
27 separating the pipeline to Newark from the pipelines to Long Island, which would
28 require a multitude of additional allocations of common costs given the integrated
29 relationship of the system. Ultimately it would become arbitrary where to end the

⁵³ Exh. No. AIR-1, pages 7–21.

1 subdivision into smaller and smaller systems, as recognized by Buckeye witness Mr.
2 Merriman in Buckeye's prior ratemaking proceeding.⁵⁴

3 **1. Purported Differences in "Operations" and "Management" of the LIS**
4 **and EPS (excluding LIS) as a Basis for Separating Systems**

5 **Q. What is Mr. Ostach referring to when he states that the LIS and the EPS**
6 **(excluding LIS) are "operated" separately?**

7 A. Mr. Ostach states that the LIS and the EPS (excluding LIS) are "operated" separately
8 because they have different "Asset Teams," which are operations and maintenance
9 employees physically located at different stations along Buckeye's system.⁵⁵ As
10 discussed further, below, simply having different sets of operations and maintenance
11 employees at different locations along a system, or Asset Teams, is not grounds in and
12 of itself for separating a pipeline system into multiple subsystems, because otherwise,
13 Buckeye's EPS (excluding LIS) should be separated into multiple subsystems.

14 **Q. What is Mr. Ostach referring to when he states that the LIS and the EPS**
15 **(excluding LIS) are "managed" separately?**

16 A. Mr. Ostach states that the LIS and the EPS (excluding LIS) are "managed" separately
17 because they prepare separate budgets, track field costs, track revenues, and track
18 overall performance separately for the LIS and the EPS (excluding LIS).⁵⁶

19 **Q. Does the fact that Buckeye prepares separate budgets for areas of the LIS and the**
20 **EPS (excluding LIS) merit separating the EPS (including LIS) into two systems**
21 **for ratemaking?**

22 A. No. As described in the testimony of Mr. Hahamski, Buckeye uses business units,
23 which are associated with physical locations or departments within the Buckeye
24 organization, to track and record costs.⁵⁷ Buckeye then uses Responsibility Centers
25 ("RCs"), which are a collection of business units for budgeting, forecasting, and

⁵⁴ Exhibit No. AIR-6, at BUC 000273-74.

⁵⁵ *Id.* at page 9, lines 11-18.

⁵⁶ *Id.* at page 10, lines 5-20.

⁵⁷ Exh. No. BUC-1, page 4, line 8 through page 6, line 9.

1 management of operating costs associated with an RC.⁵⁸ RCs are then combined to
2 form an Asset Team.⁵⁹ Thus, budgeting is done at a more decentralized level than the
3 Asset Teams. However, as discussed above, having multiple asset teams, or
4 subdivisions of RCs within an asset team, is not grounds in and of itself for separating a
5 pipeline system into multiple subsystems. If it were grounds, then Buckeye's EPS
6 (excluding LIS) should be separated into multiple subsystems because there are
7 multiple Assets Teams, with multiple RCs within each Asset Team preparing separate
8 budgets and serving the EPS (excluding LIS).

9 **Q. Does the fact that Buckeye tracks "field costs" or revenues separately for the LIS**
10 **and the EPS (excluding LIS) merit separating the EPS (including LIS) into two**
11 **systems for ratemaking?**

12 A. No. As discussed above, costs are tracked at the business unit level, and if tracking
13 costs at a business unit level were a basis for separating systems, then there would be
14 multiple subsystems of both the LIS and the EPS (excluding LIS). Similarly, tracking
15 revenues by geographic areas,⁶⁰ which is something Buckeye has done at least since the
16 early 1990s as required by the terms of its Experimental Rate Program,⁶¹ is not
17 surprising as economic factors within a geographic area can drive demand for refined
18 petroleum products. Demand for refined products in a geographic area can then drive
19 demand for transportation of refined products to a geographic area. If tracking costs or
20 revenue by geographic location were grounds for separating systems, then the EPS
21 (including LIS) could be divided into multiple subsystems because Buckeye tracks
22 revenues by multiple "markets" served by the EPS (including LIS) that are associated
23 with major cities, one of which is the New York City "market" associated with the LIS.
24 Moreover, Buckeye ultimately combines the revenue associated with EPS (excluding
25 LIS) along with other completely separate, but affiliated pipelines together in a number

⁵⁸ *Id.* at page 7, line 9 through page 8, line 13.

⁵⁹ *Id.* at page 8, line 15 through page 10, line 13; *see also* Buckeye's response to request no. AIRLINES-
BUCKEYE 9-11, included in Exhibit No. AIR-96.

⁶⁰ Buckeye's response to request no. AIRLINES-BUCKEYE 9-11, and documents Bates stamped BUC
013320-103350 and BUC 006693-006770, included in Exhibit No. AIR-96.

⁶¹ *See* one of Buckeye's annual report regarding its Experimental Rate Program, such as Buckeye's
January 20, 2000 report in Docket Nos. IS87-14-00 *et al.*, included in Exhibit No. AIR-97.

1 of its reports apparently because [REDACTED]

2 [REDACTED]⁶²

3 **Q. Is Mr. Ostach making a true statement when he states that Buckeye tracks**
4 **“overall performance separately for the two systems”?**⁶³

5 A. No. The only support Mr. Ostach provides for his statement that Buckeye’s tracks
6 “overall performance separately for the two systems” are the revenue reports discussed
7 above.⁶⁴ Tracking “overall performance” would imply an examination of both revenue
8 and costs and that Buckeye tracks, or allocates costs by system in order to examine
9 overall profitability. However, it is clear that Buckeye currently does not allocate
10 common costs such as shared asset, shared expenses and overhead expenses to systems
11 for internal accounting purposes.⁶⁵ Thus, Buckeye cannot be evaluating costs by
12 individual system because that would require significant allocations of common costs.
13 Consequently, it is clear that Buckeye does not examine the costs and returns related to
14 the LIS and the EPS (excluding LIS) for internal financial managerial purposes and that
15 the allocations of costs to what it defines as the EPS (excluding LIS) and LIS that
16 Buckeye has performed to date were created for the first time ever in the context of this
17 ratemaking/complaint proceeding which, as discussed above, is the opposite of what
18 Buckeye testified to in last ratemaking proceeding.

19 **Q. Has Buckeye provided evidence that it previously did evaluate the overall**
20 **performance of the EPS (including LIS) and not the overall performance of the**
21 **LIS and the EPS (excluding LIS)?**

22 A. Yes. Buckeye produced internal annual financial reports for the period 1991 through
23 2000 that included a calculation of profit (revenues less costs, including allocated

⁶² Buckeye’s response to request no. AIRLINES-BUCKEYE 9-11, and documents Bates stamped BUC 006693–006770 at BUC 006717–18, included in Exhibit No. AIR-96.

⁶³ Exhibit No. BUC-24, page 10, lines 5–20.

⁶⁴ Buckeye’s response to request no. AIRLINES-BUCKEYE 9-11, and documents Bates stamped BUC 013320–103350 and BUC 006693–006770, included in Exhibit No. AIR-96.

⁶⁵ See Buckeye’s response to Airline’s Request No. AIRLINES-BUCKEYE 2-5.a., included in Exhibit No. AIR-17.

common costs) by individual system.⁶⁶ Notably, in these reports, Buckeye separated its system into three primary systems, with the EPS (including LIS) being one of the three primary systems, without further separating the EPS (including LIS) into an LIS and an EPS (excluding LIS).⁶⁷ While Buckeye claims it currently “has no knowledge of the reasons why these reports were prepared” and “has no knowledge regarding the reasons these reports do not contain a separate report for Buckeye’s Long Island System,”⁶⁸ these are the most recent internal “overall performance” financial reports by individual system produced by Buckeye. These reports show that Buckeye viewed the EPS (including LIS) as a single integrated system as recently as 2000, consistent with Mr. Merriman’s 1988 testimony before the Commission.

a. Differences in Asset Teams Providing Services to the LIS and EPS (excluding LIS) as a Basis for Separating Systems

Q. Does the fact that Buckeye has different Asset Teams providing services to the LIS and EPS (excluding LIS) merit separating them into two systems for purposes of ratemaking?

A. No. Buckeye’s Asset Teams are stationed at various locations along Buckeye’s pipeline system, and are in charge of operating and maintaining pumping stations, terminals, and mainline pipelines, with Asset Teams being located at eight locations along Buckeye’s EPS (including LIS).⁶⁹ When Buckeye divides the EPS (including LIS) into the LIS and the EPS (excluding LIS), there is only one Asset Team located on Long Island assigned to the LIS, and the Asset Team located at Linden is allocated between the LIS and the EPS (excluding LIS).⁷⁰ If the fact that different Asset Teams provide service at various locations along a pipeline system is grounds for separating systems for ratemaking purposes, then Buckeye’s EPS (excluding LIS) could be divided at multiple points, such as Macungie, Pennsylvania where Buckeye’s system receives additional product, and Buckeye’s system branches into two distinct segments

⁶⁶ See Buckeye’s response to request no. AIRLINES-BUCKEYE 7-1, and the document Bates stamped BUC 015780–015791, included in Exhibit No. AIR-98.

⁶⁷ See Buckeye’s response to request no. AIRLINES-BUCKEYE 9-58, included in Exhibit No. AIR-99.

⁶⁸ See Buckeye’s response to request no. AIRLINES-BUCKEYE 9-57, included in Exhibit No. AIR-99.

⁶⁹ Exh. No. BUC-24, page 9, line 11 through page 10, line 4.

⁷⁰ *Id.*

1 with one Asset Team on the northern branch that heads to upstate New York, and four
2 Asset Teams on the Laurel pipeline assets that are integrated with Buckeye's EPS
3 heading west from Macungie across western Pennsylvania.⁷¹

4 **Q. Does the configuration of Buckeye's Asset Teams support the separation of the**
5 **LIS and the EPS (excluding LIS) as Buckeye defines the two systems?**

6 A. No. Buckeye's Asset Team located at Linden is the Asset Team that provides services
7 to the pipeline from Linden to Newark airport.⁷² Thus, if the Asset Team at Linden is
8 to be separated between the LIS and EPS (excluding LIS), it is arbitrary whether the
9 pipeline to Newark is included with the EPS (excluding LIS) as was done on Buckeye's
10 general ledger,⁷³ or included with the LIS as Buckeye recommends in its testimony.⁷⁴
11 Indeed, it would also be arbitrary whether the line to Newark was broken off into its
12 own system or combined with either the LIS or the EPS (excluding LIS) because it is
13 the common Asset Team at Linden that provides services to the Newark line.

14 **Q. Does Buckeye state that the Long Island Asset Team provides services to the**
15 **Linden and Port Sewaren facilities?**

16 A. Yes. Buckeye states that its Long Island Asset Team provides services to its Linden
17 and Port Sewaren facilities and operations.⁷⁵ If the Long Island Asset Team is
18 providing services to Buckeye's Linden and Port Sewaren operations, which are
19 common facilities to both the EPS (excluding LIS) and LIS as defined by Buckeye,
20 then the Long Island Asset Team is providing services to both the LIS and EPS
21 (excluding LIS) as defined by Buckeye, and thus, the two Asset Teams providing
22 service to the LIS (the Linden and Long Island Asset Teams), are also providing service
23 to the EPS (excluding LIS). That fact indicates that Buckeye's operations are
24 integrated and any separation of operations risks elements of arbitrariness and
25 inaccuracies.

⁷¹ *Id.*

⁷² See Buckeye's response to request no. AIRLINES 9-15, included in Exhibit No. AIR-100.

⁷³ Exh. No. BUC-1, page 14, line 14 through page 15, line 4.

⁷⁴ Exh. No. BUC-24, page 3, lines 7-19.

⁷⁵ See Buckeye's response to request nos. AIRLINES-BUCKEYE 9-18 and 9-19, included in Exhibit No. AIR-101.

1 **Q. Does the fact that Buckeye's operations in New York require members of Asset**
2 **Teams to have certifications from the Fire Department of New York ("FDNY") as**
3 **well as a separate operating manual indicate that Buckeye's LIS should be**
4 **separated from the EPS (excluding LIS)?**

5 A. No. Mr. Ostach states that employees cannot simply be shifted back and forth between
6 its Long Island Operations and its EPS (excluding LIS) operations because the FDNY
7 requires certifications as well as a separate operations manual for New York
8 operations.⁷⁶ With respect to employee certifications, it makes sense that, if one city or
9 location requires specific certifications, employees located in or near that location
10 would obtain the required certifications. Buckeye states that in addition to its
11 employees located on Long Island, New York, it has 10 out of 33 employees located at
12 Linden, New Jersey that are also certified by the FDNY.⁷⁷ Linden, New Jersey is
13 Buckeye's closest location to New York City with employees other than Long Island.
14 The next closest location where Buckeye has employees stationed is over 75-miles
15 away from Linden in Macungie, Pennsylvania.⁷⁸ If all the employees at Linden are not
16 needed to have the FDNY certification to provide necessary support to the pipelines
17 located in New York City, then it is not surprising that no employees located further
18 from New York City have the FDNY certification.

19 The fact that the FDNY requires a separate operations manual for the pipelines
20 providing service in New York City also does not appear to be a meaningful factor for
21 whether to separate a system for ratemaking purposes. In response to a data request,
22 Buckeye provided one operating manual for the Long Island System, a separate manual
23 for inbound and outbound lines to/from Linden, a separate manual for Macungie,
24 Pennsylvania operations, two separate manuals for upstate New York operations
25 (Auburn East and Auburn West operations), and a separate manual for Laurel pipeline
26 operations and it is my understanding that, with respect to the EPS (excluding LIS),
27 these are but some of the separate operating manuals applicable to the EPS (excluding

⁷⁶ Exh. No. BUC-24, page 11, lines 1–20.

⁷⁷ See Buckeye's response to request no. AIRLINES-BUCKEYE 10-13, included in Exhibit No. AIR-102.

⁷⁸ Exh. No. BUC-24, page 9, line 11 through page 10, line 4.

LIS) operations.⁷⁹ Thus, as Buckeye defines its EPS (excluding LIS), there are at least 5 separate operations manuals that pertain to its operations, and the EPS (excluding LIS) should be divided, under Buckeye's flawed theory, into at least five separate systems on the basis of having different operating manuals – which has clearly not been the case. Consequently, having a separate operation manual required by the FDNY for New York City operations does not appear to be a meaningful basis for whether to separate the LIS from the EPS (excluding LIS) for purposes of ratemaking.

2. Purported Differences in Physical Characteristics of the LIS and EPS (excluding LIS) as a Basis for Separating Systems

Q. What does Mr. Ostach claim are the differences in physical characteristics between the LIS and the EPS (excluding LIS) that merit treating them as separate systems?

A. Mr. Ostach states that the LIS and the EPS (excluding LIS) have several differences in physical characteristics that suggest they are different systems, including that the systems cover different geographic areas, have different source locations, delivery locations, numbers of pump stations, miles of pipelines, and different construction periods.⁸⁰

Q. Do the differences in physical characteristics listed by Mr. Ostach provide a reasonable basis for treating the LIS and EPS (excluding LIS) as systems?

A. No. While there may be differences in physical characteristics between the LIS and the EPS (excluding LIS), each of these differences could also be the basis for subdividing both the LIS and the EPS (excluding LIS) into multiple subsystems. Because Buckeye is not proposing to further subdivide its systems, it calls into question whether these differences form a legitimate basis for subdividing a system that is clearly operationally integrated such as the EPS (including LIS). Notably, all of these alleged differences in physical characteristics between the LIS and the EPS (excluding LIS) were essentially

⁷⁹ See Buckeye's response to request no. AIRLINES-BUCKEYE 9-10 and document Bates stamped BUC 021085–BUC 022134 and BUC 022137–BUC 023875, included in Exhibit No. AIR-103. Note that each operating manual is 300 to 400 pages long, and as a result, I only include the first 10 pages of each operating manual in Exhibit No. AIR-103.

⁸⁰ Exh. No. BUC-24, pages 3–11.

1 present and in existence at the time of Buckeye's prior witness Mr. Merriman testified,
2 and were determined by Buckeye not to be a basis for separating the LIS into a separate
3 system.

4 For example, the EPS (excluding LIS) delivers to distinct geographic areas, including
5 upstate New York and Western Pennsylvania via separate lines that split at Macungie,
6 Pennsylvania, another receipt point located downstream of Linden.⁸¹ If serving
7 different geographic markets were a legitimate basis for dividing systems that Buckeye
8 adhered to, then the EPS (excluding LIS) would have been divided into two systems,
9 one heading north into upstate New York, and one heading west further into
10 Pennsylvania. In turn, Buckeye could have then allocated the common costs associated
11 with Linden through Macungie operations between these two sub systems of the EPS
12 (excluding LIS), just as it is proposing to allocate the common costs associated with
13 Port Reading through Linden between the LIS and the EPS (excluding LIS). Moreover,
14 each of these two sub systems of the EPS (excluding LIS) north and west of Macungie,
15 Pennsylvania have a different number of pump stations, different miles of pipeline, and
16 different sources locations.

17 Similarly, Mr. Ostach states that the EPS (excluding LIS) was constructed at a different
18 time than the LIS and that is a basis for viewing them as different systems.⁸² Based on
19 Mr. Ostach's description, Buckeye constructed its original EPS (excluding LIS) system
20 in 1953 to provide transportation service from the Linden area to upstate New York.⁸³
21 Buckeye expanded its EPS (excluding LIS) in 1960 when it acquired another pipeline
22 serving western Pennsylvania and interconnected that pipeline with its existing
23 system.⁸⁴ Buckeye considers this 1960 expansion of its EPS (excluding LIS) to be part
24 of its EPS (excluding LIS), even though it added on a distinct segment providing
25 transportation service to new destinations, with different numbers of pump stations,
26 different source locations, different miles of pipeline, and a different construction

⁸¹ See the maps of Buckeye's system in Exhibit Nos. AIR-5 and AIR-9.

⁸² Exhibit No. BUC-24, page 7, line 7 through page 8, line 5.

⁸³ *Id.*

⁸⁴ *Id.*

1 period.⁸⁵ In contrast to its 1960 expansion, Buckeye's 1967 expansion of service from
2 Linden to Long Island is now considered to be a separate system from the EPS
3 (excluding LIS).⁸⁶ Then in 1974 and 1975, Buckeye expanded its capacity between
4 Linden and Macungie, which is considered to be part of the EPS (excluding LIS) and
5 also expanded service to Newark airport, which it now considers to be part of the LIS.⁸⁷
6 Based on the timing of the construction of the line to Newark and Buckeye's flawed
7 theory, one would expect to see Buckeye considering the Newark line as a separate
8 system from the lines to Long Island, or, at least this Newark line being considered to
9 be part of the EPS (excluding LIS) as was recorded on Buckeye's general ledger –
10 which again is not the case.⁸⁸

11 In contrast to Mr. Ostach's testimony, Buckeye's prior witness Mr. Merriman
12 characterized the LIS as an "incremental extension" of Buckeye's existing system at
13 Linden that relies on Buckeye's facilities at Linden, as well as, "tankage at various sites
14 in Pennsylvania and New York State [that] facilitate deliveries to Long Island."⁸⁹
15 Consequently, "separating the EPS [into an LIS and an EPS (excluding LIS)] would
16 ignore the fundamental operating realities of the system and would not reflect proper
17 principles of cost causation."⁹⁰ Overall, the differences in physical characteristics listed
18 by Mr. Ostach between the LIS and the EPS (excluding LIS) appear to provide an
19 arbitrary and manufactured basis for subdividing, or not subdividing, a system into
20 multiple subsystems.

⁸⁵ *Id.*

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ Exhibit No BUC-1, page 14, line 14 through page 15, line 4.

⁸⁹ *Id.* at BUC 000273.

⁹⁰ *Id.*

1 **3. Differences in Capacity Utilization Between the LIS and EPS**
2 **(excluding LIS) as a Basis for Separating Systems**

3 **Q. What does Mr. Ostach claim are the differences in capacity utilization between the**
4 **LIS and the EPS (excluding LIS) that merit treating them as separate systems?**

5 A. Mr. Ostach states that capacity utilization for the EPS (excluding LIS) averaged 60% in
6 2011 and 2012, while the capacity utilization for the LIS averaged 83% to 84% over the
7 same period.⁹¹

8 **Q. Do the differences in capacity utilization between the LIS and EPS (excluding LIS)**
9 **listed by Mr. Ostach provide a reasonable basis for separating them into different**
10 **systems?**

11 A. No. Like the discussion regarding differences in physical characteristics between the
12 LIS and EPS (excluding LIS) as defined by Buckeye, arbitrary differences in capacity
13 utilization are not a valid or legitimate basis for further subdividing the LIS or the EPS
14 (excluding LIS) into multiple subsystems. For example, Buckeye reports that its line
15 segments to Long Island operated at approximately 90% capacity utilization in 2011
16 and 2012, while its line segment to Newark operated at 63% to 65%.⁹² Thus,
17 Buckeye's line to Newark operated at a level close to the 60% Buckeye reports for the
18 EPS (excluding LIS), yet Buckeye proposes to include its line to Newark in the same
19 system with its lines to Long Island. Any concerns that a difference in capacity
20 utilization between the LIS and EPS (excluding LIS) could create cross-subsidies if
21 treated as a single system are also present if the Newark line is included in the same
22 system with the lines to Long Island, which is exactly what Buckeye proposes to do.

23 In addition, Buckeye expanded its lines from Linden to Macungie in 2011,⁹³ which are
24 the lines that it now reports as being at approximately 60% capacity utilization.⁹⁴
25 Buckeye describes its westbound lines out of Linden as being at capacity prior to this
26 expansion, stating:

⁹¹ Exhibit Nos. BUC-24, page 9, lines 5–10 and BUC-28.

⁹² *Id.*

⁹³ Buckeye's August 30, 2011 FERC Tariff Filing, Transmittal No. 178, in Docket No. IS11-566-000, included in Exhibit No. AIR-104.

⁹⁴ Exhibit Nos. BUC-24, page 9, lines 5–10 and BUC-28.

1 These increased rates are being implemented as Buckeye is in the process
2 of making significant infrastructure improvements on the line segment
3 between Linden, NJ, to Macungie, PA in order to expand the capacity.
4 This expansion will allow for increased volumes from all noted origins to
5 all noted destinations. Volumes on this line segment have often been near
6 capacity, and the line has been prorated twice during 2011, resulting in
7 significant delivery disruptions and delayed shipments into western
8 Pennsylvania destinations. Shippers have been broadly supportive of this
9 initiative.⁹⁵

10 If Buckeye's lines west out of Linden to Macungie, Pennsylvania were recently
11 expanded, one would expect that the expansion would accommodate future growth for
12 a number of years, and the lines would not be expected to have a nearly full utilization
13 percentage shortly after the expansion. Consequently, Buckeye's claim that differences
14 in capacity utilization provide a basis for separating the LIS and EPS (excluding LIS) is
15 questionable.

16 **4. Differences in Customer Bases Between the LIS and EPS (excluding**
17 **LIS) as a Basis for Separating Systems**

18 **Q. What does Buckeye and FERC Staff claim are the differences in customer bases**
19 **between the LIS and EPS (excluding LIS) that merit treating them as separate**
20 **systems?**

21 A. Staff witness Ms. McComb states that there are "only a few shippers utilizing both the
22 LIS and the EPS [excluding LIS]" and "the volumes shipped by these common shippers
23 account for a small fraction of the total volumes shipped on the EPS."⁹⁶ Ms. McComb
24 appears to rely primarily on a data response she references in her testimony from
25 Buckeye that requested Buckeye to identify the common shippers and similar products
26 that are shipped on the LIS and the EPS (excluding LIS).⁹⁷ However, rather than
27 identifying the extent of the common shippers on the LIS and the EPS (excluding LIS),
28 Buckeye provided an analysis that calculates the percent of total LIS and EPS

⁹⁵ Buckeye's August 30, 2011 FERC Tariff Filing, Transmittal No. 178, in Docket No. IS11-566-000, included in Exhibit No. AIR-104.

⁹⁶ Exhibit No. S-1, page 15, lines 11-15.

⁹⁷ *Id.*; Exhibit No. S-6, pages 1-3.

(excluding LIS) volumes represented by the minimum amount of volume for a single product shipped by a common shipper.⁹⁸

Q. Can you provide an example of how Buckeye's data response cited by Ms. McComb misrepresents the extent of the common shippers on the LIS and EPS (excluding LIS)?

A. Yes.

⁹⁹ [REDACTED]
[REDACTED]
¹⁰⁰ [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
¹⁰¹ [REDACTED]
[REDACTED]
[REDACTED]
¹⁰² [REDACTED]

For example, in 2013,

[REDACTED]
[REDACTED]
¹⁰³ [REDACTED]
[REDACTED]
¹⁰⁴ [REDACTED]
[REDACTED]
¹⁰⁵ [REDACTED]

⁹⁸ Exhibit No. S-6, page 3.

⁹⁹ Volume database Bates stamped BUC 001399, HIGHLY CONFIDENTIAL.

¹⁰⁰ *Id.*

¹⁰¹ Exhibit No. S-6, page 3.

¹⁰² *Id.*

¹⁰³ Volume database Bates stamped BUC 001399, HIGHLY CONFIDENTIAL.

¹⁰⁴ Exhibit No. S-6, page 3.

¹⁰⁵ *Id.* Another example of a significant shipper on both the EPS (excluding LIS) and LIS being represented by Buckeye as having little "overlapping volumes" is [REDACTED]

1 **Q. Are “overlapping volumes” by common shippers as calculated by Buckeye**
2 **relevant for determining whether the LIS should be treated as a separate system**
3 **from the EPS (excluding LIS) for purposes of ratemaking?**

4 A. No. The greater the extent of common shippers using a system from common origin or
5 destination points, the larger the indication that a system is viewed as an integrated
6 system from the viewpoint of the shippers. Thus, the integrated system should not be
7 artificially subdivided because it is difficult to attribute the benefits of the system to
8 individual portions of the system.¹⁰⁶ Buckeye’s analysis of “overlapping volumes”
9 does not attempt to identify the extent of common shippers between the LIS and the
10 EPS (excluding LIS). Rather, Buckeye’s “overlapping volumes” analysis attempts to
11 identify the amount of volume that could be exchanged from a point downstream of
12 Linden back to Linden for an individual shipper. Buckeye witness Mr. Hahamski
13 discusses “potential product exchange opportunities” and “overlapping volumes” in the
14 context that Buckeye cannot physically move volumes stored at Auburn or Macungie
15 back to Linden if requested by an individual shipper for movement to Long Island
16 destinations.¹⁰⁷ The fact that Buckeye cannot physically move volumes in a bi-
17 directional basis on its system is not an analysis of, and is irrelevant to, whether there is
18 a large set of common shippers using both its LIS and EPS (excluding LIS) as defined
19 by Buckeye. Rather, the extent of common shippers on the LIS and the EPS (excluding
20 LIS) is a separate question that requires a separate analysis than the “overlapping
21 volumes” analysis presented by Buckeye.

22 **Q. Is there a large volume of common shippers using Buckeye’s LIS and EPS**
23 **(excluding LIS)?**

24 A. Yes. According to the volume database provided by Buckeye, in 2009 through 2013,
25 shippers that shipped on both the LIS and the EPS (excluding LIS) accounted for

 Exhibit No.

S-6, page 3.

¹⁰⁶ *Transcontinental Gas Pipe Line Corporation, Opinion No. 405*, 76 FERC ¶ 61,021 at 61,070–71 (1996) (footnotes omitted).

¹⁰⁷ Exhibit No. BUC-1, page 42, lines 10–14.

1 approximately 52% to 66% of the total volumes shipped on the EPS (including LIS),
2 considering only shippers that shipped on both the LIS and the EPS (excluding LIS) in
3 the same year.¹⁰⁸ Consequently, common shippers account for the majority of the total
4 volumes on the LIS and the EPS (excluding LIS). This indicates that these shippers are
5 utilizing the assets of the EPS (including LIS) in an integrated manner and it is not
6 reasonable to artificially divide the EPS (including LIS) into two systems.

7 **Q. Are a common set of products shipped on the LIS and the EPS (excluding LIS)?**

8 A. Yes. 10 of the 11 products shipped on the LIS in 2011 were also shipped on the EPS
9 (excluding LIS). The one product not shipped on the EPS (excluding LIS) was [REDACTED]
10 [REDACTED] which represented an insignificant [REDACTED]
11 [REDACTED] barrels out of a total of 104 million barrels shipped on the LIS.¹⁰⁹ There were
12 additional products shipped on the EPS (excluding LIS) that were not shipped on the
13 LIS, but the types of products shipped on the LIS are clearly also shipped on the EPS
14 (excluding LIS).

15 **5. Differences in Direct Costs Between the LIS and EPS (excluding LIS)**
16 **as a Basis for Separating Systems**

17 **Q. What are Buckeye's and FERC Staff's arguments regarding direct costs on the**
18 **LIS and EPS (excluding LIS)?**

19 A. Dr. Webb uses cost data provided by Mr. Wetmore to compare direct costs on the LIS
20 and EPS (excluding LIS) on a barrel-mile basis.¹¹⁰ He argues that because direct costs
21 per barrel mile are higher for the LIS than for the EPS (excluding LIS), a rate design
22 methodology that allocates total EPS (including LIS) cost of service to specific
23 destinations on a barrel/barrel-mile basis will tend to shift direct costs incurred on the

¹⁰⁸ A summary of the volumes shipped by year is included in Exhibit No. AIR-105. Note that the volume percent of 52% for 2011 is conservative because it is based on shippers that shipped on both the LIS and the EPS (excluding LIS) during 2011 and omits significant shippers that shipped on both systems in 2012 or 2013. If shippers that also shipped on both the LIS and the EPS (including LIS) during 2011 through 2013 were considered common shippers, the common shipper percent of total volumes in 2011 is 71%.

¹⁰⁹ Volume database Bates stamped BUC 001399, HIGHLY CONFIDENTIAL.

¹¹⁰ Exhibit No. BUC-34, page 18, lines 2–11 and pages 19–20

1 LIS to routes on the EPS (excluding LIS) and thus “fails to match cost with
2 causation”.¹¹¹

3 Staff witness Ms. McComb performs a similar comparison of 2011 LIS and EPS
4 (excluding LIS) direct costs using data provided by Staff witnesses Kimbrough and
5 Skorski, arguing that “normalizing” costs in this manner permits a “comparison of the
6 cost of providing service on pipeline systems of varying size and complexity.”¹¹² Ms.
7 McComb concludes that “the LIS is more expensive than the EPS [excluding LIS]” on
8 this basis, and argues that treating the EPS [including LIS] as a single system would
9 therefore create a cross-subsidy.¹¹³

10 **Q. Do the differences in direct costs per barrel-mile between the LIS and EPS**
11 **(excluding LIS) as documented by Dr. Webb and Ms. McComb provide a**
12 **reasonable basis for separating them into different systems?**

13 A. No. As with the discussions of differences in physical characteristics and capacity
14 utilization between the LIS and EPS (excluding LIS), Buckeye seeks to apply
15 differences in normalized direct costs inconsistently as a basis for arbitrarily dividing
16 connected pipeline segments and manufacturing separate systems for ratemaking
17 purposes. This criterion could just as easily be applied as a basis for subdividing the
18 LIS or the EPS (excluding LIS) into multiple subsystems of “varying size and
19 complexity”, which Buckeye does not propose to do.

20 For example, Buckeye’s service to Newark relies on clearly defined business units for
21 which direct costs can be isolated from direct costs on the remainder of the LIS (*i.e.*,
22 costs incurred downstream of Linden for service to destinations on Long Island.) I
23 calculated the direct costs for service to Newark and Long Island using the same data
24 utilized by Dr. Webb and compared them on a barrel-mile basis in a manner analogous
25 to Dr. Webb’s and Ms. McComb’s calculations for the LIS and EPS (excluding LIS).

¹¹¹ Exhibit No. BUC-34, page 20, line 4 through page 21, line 10 and page 22, line 17–19.

¹¹² Exhibit No. S-1, page 17, line 14 through page 18, line 13.

¹¹³ *Id.*

Figure 1 below demonstrates that it is significantly more costly per barrel-mile for Buckeye to provide service to Newark than it is to serve Long Island destinations. Thus, concerns about cross-subsidies based on differences in normalized direct costs are just as applicable to Buckeye's proposal to combine its Newark and Long Island operations into single system (the LIS) for ratemaking purposes as it is to my proposal to treat the EPS (including LIS) as a single system. Buckeye's inconsistent application of these criteria makes it a questionable basis for separating the LIS and EPS (excluding EPS).

Figure 1
Comparison of 2011 Direct Costs for Newark and Long Island

Item [1]	Newark [2]	Long Island [3]	Newark/Long Island [4]
Gross Carrier Property [a]	\$ 4,795,142	\$ 58,985,410	
Accrued Depreciation [b]	\$ 3,617,100	\$ 42,575,162	
Net Carrier Property [c]	\$ 1,178,042	\$ 16,410,247	
Operating Expense Excluding Depreciation [d]	\$ 505,803	\$ 10,241,357	
Depreciation Expense [e]	\$ 138,570	\$ 1,659,449	
Volume in Bbls [f]	16,403,373	84,563,700	
Volume in Bbl-Miles [g]	115,643,780	2,554,908,416	
Gross Carrier Property per Bbl-Mile [h]	\$ 0.0415	\$ 0.0231	1.80
Net Carrier Property per Bbl-Mile [i]	\$ 0.0102	\$ 0.0064	1.59
Operating Expense Excluding Depreciation per Bbl-Mile [j]	\$ 0.0044	\$ 0.0040	1.09
Depreciation Expense per Bbl-Mile [k]	\$ 0.0012	\$ 0.0006	1.84

Source/Notes:

[a]-[b]: BUC-001271, values include IDC.

[c]-[d]: also including IDC

[d],[e]: LIS Operating Expenses as adjusted by Mr. Wetmore in BUC-106A

[f]-[g]: Excluding Virtual Movements; using mileages from Linden to match direct LIS costs. See BUC-001399 for volumes and BUC-001471 for mileage.

[2]: Costs associated with Business Units LN607NW, NW999A0, and NW.

[3]: Costs associated with all other Business Units that are classified as direct LIS costs per BUC-106A.

6. Commission Precedent as a Basis for Separating Systems

Q. Do Buckeye and FERC Staff claim that Commission precedent supports separating the LIS and the EPS (excluding LIS) for purposes of ratemaking in this proceeding?

A. Yes. Buckeye witness Dr. Webb and Staff witness Ms. McComb state that the Commission's Opinion No. 435 decision supports separating the LIS and the EPS

(excluding LIS) into two separate systems for purposes of ratemaking.¹¹⁴ Both Dr. Webb and Ms. McComb state that the reasons for which the Commission ordered SFPP to separate its West Line system running from Los Angeles, California to Phoenix, Arizona from its East Line system running from El Paso, Texas to Phoenix, Arizona are similar to the circumstances regarding Buckeye's EPS (including LIS).¹¹⁵ Dr. Webb and Ms. McComb both conclude that separating the EPS (including LIS) into the LIS and the EPS (excluding LIS) is consistent with the Commission's Opinion No. 435.¹¹⁶

Q. What were the Commission's bases for concluding that SFPP's East and West Line systems should be separated for purposes of ratemaking?

A. In Opinion No. 435, the Commission concluded that SFPP's East and West Lines should be separate because: (1) each system's rates served different markets; (2) each system's rates served a different set of shippers; (3) each system has different sized pipelines and a different pattern of investment; (4) combining the two systems would create a large cost-shift; and (5) to the extent there is excess capacity on one part of system, cost shifts to another part of system is accentuated.¹¹⁷

Q. Are the circumstances cited by the Commission in Opinion No. 435 equally present regarding Buckeye's LIS and EPS (excluding LIS)?

A. No. The key differences in circumstances between SFPP's East and West Line, and Buckeye's system are: (1) Buckeye's LIS is an "incremental extension of the EPS"¹¹⁸ from Buckeye's major origin point at Linden; (2) Buckeye's LIS is operationally integrated with the rest of the EPS (excluding LIS);¹¹⁹ and (3) there are a common set

¹¹⁴ Exhibit No. BUC-34, page 23, line 12 through page 30, line 3; Exhibit No. S-1, page 12, line 8 through page 19, line 9.

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ *SFPP, L.P.* 86 FERC ¶ 61,022 at 61,079–61,081 (1999) ("Opinion No. 435").

¹¹⁸ The February 2, 1988 Prepared Direct Testimony of Donald R. Merriman in Docket No. IS87-14-000, *et al.*, documents Bates stamped BUC 000262–000277, at BUC 000272, produced in response to Airlines' request no. AIRLINES-BUCKEYE 1-8, included in Exhibit No. AIR-6.

¹¹⁹ *Id.* at BUC 000272–BUC 000274.

of shippers shipping on the LIS and the EPS (excluding LIS).¹²⁰ In contrast, SFPP's East and West Lines are connected by a single destination facility at Phoenix, Arizona,¹²¹ and thus SFPP's East and West Lines rely on separate origin facilities, with separate pumping equipment and many other destinations in between the origins and Phoenix.

SFPP's facilities at Phoenix, Arizona are thus similar to Buckeye's facilities at Coraopolis, Pennsylvania, that receives product from both Buckeye's EPS (excluding LIS) and its Midwest Product System ("MPS") that originates product in Indiana, Michigan, and Ohio. Buckeye's former president, Mr. Merriman, described Buckeye's facilities at Coraopolis as not being "a significant common facility, because there is no interchange of shipments, no mutual dependency and *de minimus* implication on the capacity of either subsystem based upon the use or disuse of the other."¹²² Consequently, Buckeye, and Mr. Merriman, recommended separating the EPS (including LIS) from the MPS at the time of Mr. Merriman's prior testimony in the Docket Nos. IS87-14-000, *et al.* proceeding.¹²³

Q. Is it significant that the LIS is an "incremental extension" of the EPS with a common set of shippers?

A. Yes. As described by Mr. Merriman, the LIS is an "incremental extension" of Buckeye's existing system at Linden that relies on Buckeye's facilities at Linden, as well as, "tankage at various sites in Pennsylvania and New York State [that] facilitate deliveries to Long Island."¹²⁴ Consequently, "separating the EPS [into an LIS and an EPS (excluding LIS)] would ignore the fundamental operating realities of the system and would not reflect proper principles of cost causation."¹²⁵ Moreover, the fact that

¹²⁰ See the discussion in Section II.C.5. above where the majority of the volumes shipped on the EPS (including LIS) are by a common set of shippers utilizing both the LIS and the EPS (excluding LIS).

¹²¹ *SFPP, L.P.* 86 FERC ¶ 61,022 at 61,079–61,081 (1999) ("Opinion No. 435").

¹²² The February 2, 1988 Prepared Direct Testimony of Donald R. Merriman in Docket No. IS87-14-000, *et al.*, documents Bates stamped BUC 000262–277, at BUC 000271–272, produced in response to Airlines' request no. AIRLINES-BUCKEYE 1-8, included in Exhibit No. AIR-6.

¹²³ *Id.* at BUC 000266.

¹²⁴ *Id.* at BUC 000273.

¹²⁵ *Id.*

1 over 70% of the volumes shipped on the EPS (including LIS) are by a common set of
2 shippers utilizing both the LIS and the EPS (excluding LIS) indicates that shippers use,
3 and view, the EPS (including LIS) as an integrated system.¹²⁶

4 Further, Buckeye's own calculations show that the costs associated with Linden exceed
5 the costs associated with the rest of the LIS system extending out of Linden. Mr.
6 Wetmore calculates that there is a total of approximately \$32.2 million of costs
7 associated with the common facilities at Linden, while there are \$21.3 million of costs
8 associated with the extension facilities of the LIS downstream of Linden.¹²⁷ Thus,
9 Buckeye's operations at Linden exceed its operations downstream of Linden on the
10 LIS. Any resulting cost of service for the LIS is significantly influenced by the amount
11 of common costs at Linden that are allocated to the LIS. As discussed above, the
12 Commission has reasonably recognized that when it is difficult to reasonably and
13 accurately attribute benefits of one portion of a system to one type of service, that it can
14 be more reasonable to apply a system-wide cost of service and rate design rather than
15 arbitrarily separate a system into individual costs of service that could require equally
16 arbitrary allocations of common costs.¹²⁸

17 **Q. Do the other reasons cited in Opinion No. 435 for separating systems, including (1)**
18 **each system's rates served different markets, (2) each system has different sized**
19 **pipelines and a different pattern of investment, (3) combining the two systems**
20 **would create a large cost-shift, and (4) to the extent there is excess capacity on one**
21 **part of system, cost shifts to another part of system is accentuated,¹²⁹ imply that**
22 **the correct division of subsystems is the LIS and the LIS(excluding LIS)?**

23 A. No. I address each of these issues in the sections above. If each difference is
24 considered a basis for subdividing a system into smaller segments for purposes of rate

¹²⁶ See the discussion in Section II.C.5. above.

¹²⁷ Exhibit No. BUC-105A, Schedule 2; Exhibit No. BUC-105B, Schedule 2. The \$32.2 million in costs associated with Linden is Mr. Wetmore's LIS (Linden) 2011 total cost of service divided by the 58% volumetric allocation factor he uses to allocate Linden costs to the LIS. The \$21.3 million is Mr. Wetmore's total LIS (non-Linden) 2011 cost of service.

¹²⁸ *Transcontinental Gas Pipe Line Corporation, Opinion No. 405*, 76 FERC ¶ 61,021 at 61,070–71 (1996) (footnotes omitted).

¹²⁹ *SFPP, L.P.* 86 FERC ¶ 61,022 at 61,079–61,081 (1999) ("Opinion No. 435").

design, then these bases could also be used to further subdivide the line to Newark into a separate system, or the EPS (excluding LIS) into separate subsystems serving upstate New York versus Western Pennsylvania. As stated by Buckeye witness Mr. Merriman:

If one separates the assets east of Linden [LIS] into a separate subsystem, there would be no logical basis for not establishing other separate “subsystems.” As shown on Buckeye’s system map, the same logic could be applied to establish separate subsystem status for the lines north from Macungie to Rochester/Syracuse, the line west from Macungie to Pittsburgh, the line east from Lima, Ohio, to Columbus, Ohio, the lines east from Cygnet to Pittsburgh, the lines north from Lima, Ohio to Detroit, the line from Lebanon to Lima, Ohio, and so on. All of these segments are branches of an overall interrelated subsystem, and are as similar in their relationships to their respective “subsystems” as the lines east from Linden to Long Island are to the EPS. In my view, no useful purpose is served by designating branches as subsystems, and therefore there is no reason to designate EPS service to Long Island as a separate subsystem.¹³⁰

7. Allocation of Common Origin Costs Between EPS (excluding LIS) and LIS

Q. How did you recommend that common origin costs be allocated between the LIS and the EPS (excluding LIS) if they were to be treated as separate systems?

A. As discussed in my Direct Testimony, I recommend applying the KN formula to allocate common origin costs at Linden between the LIS and the EPS (excluding LIS) if they are to be considered separate systems.¹³¹ The KN formula relies on the ratio of gross property and direct labor for a system relative to the gross property and direct labor of all systems included in the allocation.¹³² Applying the KN formula for allocating the common costs at major receipt points is a fair and reasonable methodology and is consistent with Buckeye’s and FERC Staff’s use of the KN formula, or simply gross property, for allocating other common asset and operating costs between the four systems Buckeye defines.¹³³

¹³⁰ The February 2, 1988 Prepared Direct Testimony of Donald R. Merriman in Docket No. IS87-14-000, *et al.*, documents Bates stamped BUC 000262–277, at BUC 000273–274, produced in response to Airlines’ request no. AIRLINES-BUCKEYE 1-8, included in Exhibit No. AIR-6.

¹³¹ Exhibit No. AIR-1, pages 21–33.

¹³² *SFPP, L.P.*, 137 FERC ¶ 61,220 at PP 172–175 (2011); *Mojave Pipeline Company*, 81 FERC ¶ 61,150 at pp. 61,667–78 (1997); *Questar Pipeline Company*, 74 FERC ¶ 61,126 at pp. 61,455–56 (1996).

¹³³ Exhibit No. BUC-87, page 16, lines 14–18, page 17, line 10 through page 18, line 3; Exhibit No. S-10, page 13, line 8 through page 15, line 9. Note that Buckeye witness Mr. Wetmore allocates common

1 **Q. Do Buckeye or FERC Staff support the use of the KN formula for allocating**
2 **common costs at Linden, Sewaren, and Port Reading?**

3 A. No. While both Buckeye and FERC Staff support the use of the KN formula, or one of
4 its individual allocation factors, to allocate non-origin common asset and expenses
5 between Buckeye's systems,¹³⁴ Buckeye and FERC Staff do not support the use of the
6 KN formula to allocate common costs at Linden, Sewaren, and Port Reading between
7 an LIS and EPS (excluding LIS).¹³⁵ Thus, Buckeye and FERC Staff are allocating all
8 common asset and expense costs other than its common origin costs at Linden,
9 Sewaren, and Port Reading using the KN formula or its individual factors. These other
10 common asset and expenses allocated by Buckeye and FERC Staff using the KN
11 formula total approximately [REDACTED] of gross property¹³⁶ and [REDACTED] of
12 shared operating and overhead expenses.¹³⁷ If Buckeye and FERC Staff consider the
13 use of the KN allocation factors a reasonable basis for allocating asset and expense
14 costs that are common to all four of the systems Buckeye defines, those factors should
15 also be considered to be equally reasonable for allocating common asset and expense
16 costs between two of its systems.

17 **Q. What are Buckeye's and FERC Staff's bases for not recommending the use of the**
18 **KN formula to allocated common costs at Linden, Sewaren, and Port Reading?**

19 A. Buckeye witness Mr. Webb and Staff witness Ms. Sherman reject the use of the KN
20 formula for allocating common costs at Linden, Sewaren, and Port Reading because, in
21 their opinion, shipments on LIS generate more costs at Linden than shipments on the
22 EPS (excluding LIS) and the results of the KN formula do not align with Buckeye's

asset costs between the four systems Buckeye defines simply using gross property, while he uses the KN formula to allocate common overhead expenses between the four systems.

¹³⁴ Exhibit No. BUC-87, page 16, lines 14–18, page 17, line 10 through page 18, line 3; Exhibit No. S-10, page 13, line 8 through page 15, line 9.

¹³⁵ Exhibit No. BUC-34, page 33, line 18 through page 41, line 13; Exhibit No. S-10, page 15, line 11 through page 20, line 2.

¹³⁶ Document Bates stamped BUC 001271, which is an asset database produced by Buckeye in response to Airlines' request no. AIRLINES-BUCKEYE 1-12. Due to the size of the database, I do not attempt to include any of the data as an exhibit, but it is included in my workpapers to this testimony.

¹³⁷ Buckeye's response to Airlines' request no. AIRLINES-BUCKEYE 1-56, and the document Bates stamped BUC 007886, included in Exhibit No. AIR-18.

1 purported evidence regarding the generation of costs at Linden.¹³⁸ Staff witness Ms.
2 Sherman also rejects the use of the KN formula for allocating common costs at Linden,
3 Sewaren, and Port Reading because she claims Commission precedent supports the use
4 of a volumetric allocation factor.¹³⁹

5 **Q. Does Commission precedent support the use of one particular allocation factor for**
6 **allocating common costs between systems?**

7 A. No. While the Commission did approve the use of a volumetric allocation factor to
8 allocate common destination costs at Phoenix, Arizona between SFPP's East and West
9 Lines,¹⁴⁰ the use of a volumetric allocation factor was not a contested issue between
10 parties in that proceeding and thus the issue was not addressed on the merits.¹⁴¹ As
11 discussed in my Direct Testimony,¹⁴² the Administrative Law Judge in a later
12 proceeding concluded in his Initial Decision that the KN formula should be used to
13 allocate the common operational tankage and storage assets and associated operating
14 costs, not an allocation factor based on volume.¹⁴³ In addition, in the *Williams Pipe*
15 *Line Company* proceeding, the Commission stated that distance should be considered in
16 the allocation methodology for allocating between services and between jurisdictional
17 and non-jurisdictional transportation,¹⁴⁴ and a volumetric allocation factor does not
18 factor distance into the allocation at all.

¹³⁸ Exhibit No. BUC-34, page 33, line 18 through page 41, line 13; Exhibit No. S-10, page 15, line 11 through page 20, line 2.

¹³⁹ Exhibit No. S-10, page 15, line 11 through page 20, line 2.

¹⁴⁰ *SFPP, L.P.* 86 FERC ¶ 61,022 at 61,083 (1999) ("Opinion No. 435").

¹⁴¹ *Id.*; see also *Tosco Corp., et al v. SFPP, L.P.*, 80 FERC ¶ 63,014, 65,152 (1997).

¹⁴² Exhibit No. AIR-1, pages 25–30.

¹⁴³ *Mid-America Pipeline Company LLC*, 124 FERC ¶ 63,016 at P 623 (2008). Note that the Commission did not issue a decision regarding the Administrative Law Judge's conclusion because the parties to the case entered into a settlement agreement prior to a Commission order on the Initial Decision being issued. *Mid-America Pipeline Company LLC*, 129 FERC ¶ 61,061 at P 6 (2009).

¹⁴⁴ *Williams Pipe Line Company*, 84 FERC ¶ 61,022 at pp. 61,110–11 (1998).

1 **Q. Does FERC Staff witness Ms. Sherman consider the KN formula to implicitly**
2 **consider distance in the allocation factors?**

3 A. No. Staff witness Ms. Sherman states that the KN formula does not implicitly have a
4 distance component.¹⁴⁵ Ms. Sherman states that it is not necessarily true that longer
5 pipeline segments would have higher gross property and direct labor than shorter
6 segments due to factors other than distance, such as the diameter of a pipeline or the
7 number of storage facilities.¹⁴⁶

8 **Q. Why do you conclude that the KN formula implicitly considers distance in the**
9 **allocation factors?**

10 A. While there can be variation in the KN formula factors of gross property and direct
11 labor due to factors other than distance, in my opinion and implicit in the Commission's
12 adoption of the KN formula, longer systems would be expected to have more gross
13 property and direct labor than shorter systems. For example, as Mr. Ostach states, asset
14 teams are stationed along a pipeline for operational and mainline monitoring
15 purposes.¹⁴⁷ As the EPS (excluding LIS) is longer than the LIS, there is one asset team
16 for the LIS downstream of Linden, while there are six asset teams downstream of
17 Linden for the EPS (excluding LIS).¹⁴⁸ With more asset teams located along a longer
18 pipeline, higher direct labor would also be expected. Similarly, all else equal, a longer
19 pipeline would be expected to cost more than the shorter pipeline. Consequently, in my
20 opinion, the KN allocation factors of gross property and direct labor implicitly
21 considers distance, as well as other factors, in the relative amounts for each system.

22 **Q. What allocation methodology does Buckeye and FERC Staff recommend for**
23 **allocating common origin costs at Linden, Sewaren, and Port Reading to the LIS**
24 **and EPS (excluding LIS)?**

25 A. Buckeye witness Dr. Webb and FERC Staff witness Ms. Sherman recommend using a
26 volumetric allocation factor to allocate common origin costs at Linden, Sewaren, and

¹⁴⁵ Exhibit No. S-10, page 18, lines 10–15.

¹⁴⁶ See FERC Staff's response to request no. AIRLINES-STAFF 1.17, included in Exhibit No. AIR-106.

¹⁴⁷ Exhibit No. BUC-24, page 9, line 11 through page 10, line 4.

¹⁴⁸ *Id.*

1 Port Reading to the LIS and the EPS (excluding LIS).¹⁴⁹ Dr. Webb and Ms. Sherman
2 conclude that barrels destined for the LIS generate more costs at Linden than barrels
3 destined for the EPS.¹⁵⁰ The analyses relied on by both Dr. Webb and Ms. Sherman for
4 this conclusion are those presented by Buckeye witness Mr. Ostach.¹⁵¹

5 **Q. What are the analyses presented by Mr. Ostach that purport to show that barrels**
6 **destined for the LIS generate more costs at Linden than barrels destined for the**
7 **EPS?**

8 A. Mr. Ostach presents three analyses purporting to show that barrels destined for the LIS
9 generate more costs at Linden than barrels destined for the EPS.¹⁵² These three
10 analyses are: (1) an analysis of Linden storage tank usage purporting to show higher
11 storage tank usage (and associated costs) for barrels flowing to the LIS than the EPS
12 (excluding LIS); (2) an analysis of Linden costs for fuel, power, and drag reducing
13 agent (“DRA”) purporting to show higher costs for barrels flowing to the LIS than the
14 EPS (excluding LIS); and (3) a list of Linden personnel activities associated with the
15 handling of jet fuel volumes, with little detail on the associated costs, purporting to
16 show higher overall costs for barrels flowing to the LIS than the EPS (excluding
17 LIS).¹⁵³ However, as discussed below, the storage tank usage and fuel and power
18 analyses are seriously flawed and circular. With respect to his third analysis, Mr.
19 Ostach makes no attempt to quantify the magnitude of the extra Linden personnel costs
20 he identifies that are associated with volumes flowing to the LIS. When quantified,
21 these extra Linden personnel costs can only be characterized as an insignificant portion
22 of the total Linden costs and should not be a basis for allocating the vast majority of the
23 costs at Linden where no valid showing has been made that there are any materially
24 significant higher costs associated with barrels flowing to the LIS than the EPS
25 (excluding LIS). Rather, as discussed below, there is substantial evidence that the LIS
26 uses less costs related to the significant storage tank asset costs at Linden because of the

¹⁴⁹ Exhibit No. BUC-34, page 33, line 18 through page 41, line 13; Exhibit No. S-10, page 15, line 11 through page 20, line 2.

¹⁵⁰ *Id.*

¹⁵¹ *Id.*

¹⁵² Exhibit No. BUC-24, page 12, line 1 through page 31, line 15.

¹⁵³ *Id.*

1 use of leased storage capacity and the fact that jet fuel storage tanks at Linden comprise
2 a small portion of the total storage tank asset costs at Linden.

3 **Q. Prior to addressing the validity of Buckeye's and FERC Staff's bases for**
4 **recommending a volumetric allocation of common origin costs, are there**
5 **fundamental flaws in Buckeye's calculation of a volumetric allocation?**

6 A. Yes. Buckeye claims that the use of the common facilities at Linden, Sewaren, and
7 Port Reading for the benefit of shippers on the LIS or the EPS (excluding LIS) are
8 driven by the volumes flowing out of Linden, Sewaren or Port Reading to LIS or EPS
9 (excluding LIS) destinations.¹⁵⁴ However, Buckeye's recommended 58% volumetric
10 allocation to the LIS does not take into account all volumes flowing out of Linden.
11 Rather, it inexplicably omitted volumes moving out of Linden pursuant to a mainline
12 capacity lease between Linden, New Jersey and El Dorado, Pennsylvania in effect
13 during all of 2011 and 2012.¹⁵⁵ This mainline lessee transported [REDACTED]
14 barrels of product out of Linden on the EPS (excluding LIS) during 2011 and 2012,
15 respectively.¹⁵⁶

16 Because all barrels that move into or out of Linden enter a storage tank at Linden,¹⁵⁷ the
17 transportation service encompassed by this lease of mainline capacity used, and
18 received a benefit from, the storage tank assets and pumping facilities at Linden.
19 Operationally, Buckeye is the entity using its facilities at Linden to facilitate the
20 movements of volumes pursuant to this lease arrangement just as Buckeye uses its
21 facilities at Linden to facilitate other movements of shippers on its system. There is
22 simply no basis for omitting the [REDACTED] barrels that flowed pursuant to the
23 mainline capacity lease on the EPS (excluding LIS) from a volumetric allocation. I
24 would note that while no Buckeye witness mentioned this flaw in testimony, Buckeye
25 witness Mr. Wetmore includes the mainline lease volumes in a revised volumetric

¹⁵⁴ Exhibit No. BUC-34, page 40, line 11 through page 41, line 13.

¹⁵⁵ See Buckeye's response to request no. AIRLINES-BUCKEYE 2-19, and the document Bates stamped BUC 005748, included in Exhibit No. AIR-107.

¹⁵⁶ *Id.*

¹⁵⁷ See Buckeye's response to request no. AIRLINES-BUCKEYE 2-10, included in Exhibit No. AIR-108.

1 allocation calculation in the supporting workpapers to his cross-answering testimony
2 addressing FERC Staff's answering testimony.¹⁵⁸

3 Second, as discussed further below, Buckeye's recommended 58% volumetric
4 allocation to the LIS fails to take into account the fact that Buckeye leased [REDACTED] of its
5 3.4 million barrel storage capacity at Linden to third-parties in 2011.¹⁵⁹ However,
6 Buckeye's volumetric allocation only takes any capacity held pursuant to these
7 contracts, and the associated asset and operational costs, into account when, or if,
8 product stored pursuant to the storage contract was moved out of storage and flowed on
9 either the LIS or EPS (excluding LIS).¹⁶⁰ Thus, while these storage contracts explicitly
10 provided for the service of storage to be provided at Linden, with the right to maintain
11 an inventory of storage volume at Linden, Buckeye's volumetric allocation does not
12 allocate any storage tank usage at Linden to the actual storage of product, rather
13 summarily assuming the storage tanks only were used in the same proportion as the
14 movement of product out of Linden. The result of these fundamental flaws is that
15 Buckeye's volumetric allocation cannot accurately match the allocation of costs to the
16 entities that benefited from the incurrence of those costs. As I discuss further below, a
17 volumetric allocation that attempts to correct for these flaws results in a volumetric
18 allocation that is quite different from the 58% allocation to the LIS recommended by
19 Buckeye.¹⁶¹

20 *a. Mr. Ostach's Analysis of Linden Storage Tank Usage*

21 **Q. What is the analysis of Linden storage tank usage presented by Mr. Ostach?**

22 A. Mr. Ostach presents an analysis that attempts to show the percent of each storage tank
23 that was used to make LIS deliveries versus EPS (excluding LIS) deliveries.¹⁶² In
24 performing this analysis, Mr. Ostach assumes that the usage of each storage tank at

¹⁵⁸ Exhibit No. 106B. Mr. Wetmore's revised volumetric allocation that includes the mainline lease volumes decreases the 2011 LIS allocation of Linden costs from 58.2% to 56.75%.

¹⁵⁹ Exh. No. BUC-5; see also the analysis contained in Exhibit No. AIR-117.

¹⁶⁰ See Buckeye's response to request no. AIRLINES-BUCKEYE 9-12, included in Exhibit No. AIR-109.

¹⁶¹ Exhibit No. BUC-34, page 41, lines 4–13.

¹⁶² Exhibit No. BUC-24, page 12, line 8 through page 15, line 8; Exhibit No. BUC-30.

Linden for deliveries to each system was the same as the proportion of the volumes delivered to each system for the particular product that was stored in the tank. Thus, for a tank that stored a particular grade of gasoline, Mr. Ostach assumed that the storage tank was used for the benefit of each system in the same proportion as the volumes of that grade of gasoline that were delivered to each system.¹⁶³ Based on his analysis, Mr. Ostach concludes that the percentage of storage tank usage for the benefit of the LIS (57.9% in 2011) is very close to the percentage of total Linden volumes that were delivered to the LIS (57.6% in 2011).¹⁶⁴ Dr. Webb and Ms. Sherman conclude that Mr. Ostach's analysis of storage tank usage supports the reasonableness of using a volumetric allocation factor to allocate all costs at Linden between the LIS and the EPS (excluding LIS) rather than a KN formula.¹⁶⁵

Q. Are there any fundamental flaws in Mr. Ostach's analysis of storage tank usage?

A. Yes. The first fundamental flaw is that Mr. Ostach's analysis of storage tank usage engages in circular reasoning. The second fundamental flaw is that Mr. Ostach's analysis does not account for the approximately [REDACTED] of storage capacity at Linden that was leased to third parties during 2011. A third fundamental flaw is that Mr. Ostach's analysis does not account for the approximately [REDACTED] million barrels of volume that flowed through Linden, and through the storage tanks at Linden, pursuant to a lease of pipeline capacity from Linden to El Dorado.

Q. How does Mr. Ostach's analysis of storage tank usage engage in circular reasoning?

A. Mr. Ostach assumes that the usage of an individual storage tank's capacity by EPS (excluding LIS) or LIS destined volumes is equal to the volumes of the product delivered to the LIS or the EPS (excluding LIS). He performs this volumetric allocation of storage tank capacity usage between systems on an individual storage tank basis for the type of product stored in each tank, and then aggregates the resulting

¹⁶³ *Id.*; see also the full printout of Mr. Ostach's workpaper associated with Exhibit No. BUC-30, included in Exhibit No. AIR-110.

¹⁶⁴ Exhibit No. BUC-24, page 15, lines 1–8.

¹⁶⁵ Exhibit No. BUC-34, page 36, line 17 through page 37, line 10 and page 41, lines 4-13; Exhibit No. S-10, page 18, line 16 through page 20, line 2.

1 capacity allocations to have a percent of total capacity used for the benefit of LIS
2 volumes or EPS (excluding LIS volumes).¹⁶⁶ Mr. Ostach then concludes that storage
3 tank usage for the benefit of the LIS or the EPS (excluding LIS) shippers is very similar
4 to the volumes that flowed out of Linden to the LIS or the EPS (excluding LIS).¹⁶⁷ Dr.
5 Webb and Ms. Sherman then further conclude that Mr. Ostach's analysis of storage
6 tank usage supports the use of a volumetric allocation of costs at Linden between the
7 LIS and the EPS (excluding LIS).¹⁶⁸ This is the logical fallacy of circular reasoning.

8 Mr. Ostach first summarily assumes that storage tank usage is associated only with the
9 volumes that are delivered out of Linden to produce an estimated amount of each tank's
10 storage capacity that was used for the benefit of the LIS and the EPS (excluding LIS).
11 Then the resulting proportion of storage capacity estimated to be used for the benefit of
12 the LIS or the EPS (excluding LIS) is used by Dr. Webb and Ms. Sherman to support
13 the conclusion that a volumetric allocation of Linden costs closely matches the
14 allocation of costs between the LIS or EPS (excluding LIS) with the activities that
15 caused those costs to be incurred. A volumetric allocation is the only input to Mr.
16 Ostach's storage usage analysis, and the results of that analysis are then circularly used
17 to support the conclusion that estimated storage tank usage supports the use of a
18 volumetric allocation.

19 **Q. How does Mr. Ostach's analysis of storage tank usage not account for the**
20 **approximately [REDACTED] of storage capacity at Linden leased to third-parties?**

21 A. There is approximately 3.4 million barrels of storage capacity at Linden.¹⁶⁹ In 2011,
22 Buckeye leased to affiliates and third-parties the rights to approximately [REDACTED]
23 barrels of storage capacity at Linden, or [REDACTED] of total storage capacity at Linden.¹⁷⁰
24 However, Mr. Ostach's analysis of storage tank usage only takes any volumes stored
25 pursuant to these contracts into account when, or if, the product was moved out of

¹⁶⁶ Exhibit No. BUC-24, page 13, line 17 through page 14, line 12 and Exhibit No. BUC-30.

¹⁶⁷ Exhibit No. BUC-24, page 14, line 13 through page 15, line 8.

¹⁶⁸ Exhibit No. BUC-34, page 39, lines 7-17; Exhibit No. S-10, page 18, line 16 through page 20, line 2.

¹⁶⁹ See Buckeye's response to request no. Staff-Buckeye-ARD 1.6, and the document Bates stamped BUC 019123, included in Exhibit No. AIR-111.

¹⁷⁰ Exh. No. BUC-5; see also the analysis contained in Exhibit No. AIR-117.

1 storage and flowed on either the LIS or EPS (excluding LIS).¹⁷¹ Thus, while these
2 storage contracts explicitly provided for the service of storage to be provided at Linden,
3 and the storage lessees purchased the right to maintain an inventory of storage volume
4 at Linden, Mr. Ostach's analysis does not allocate any storage tank usage at Linden to
5 the actual storage of product. Rather, Mr. Ostach's analysis assumes the storage tanks
6 were only used in the movement of product out of Linden.

7 While Buckeye has not provided any information on the actual inventory of product
8 stored at Linden pursuant to these contracts (notwithstanding it is inconceivable how
9 Buckeye could fulfill the terms of its storage contracts without maintaining some type
10 of a record of the storage inventory at each location for each customer),¹⁷² it is not
11 credible to assume that no volumes were maintained in storage inventory at Linden
12 pursuant to these contracts that leased the rights to approximately [REDACTED] storage
13 capacity at Linden. Rather, it is reasonable to believe that a significant portion of the
14 total storage capacity at Linden was used for the benefit of the lessees of the storage
15 capacity as the lessees were contractually able to call on the use of the storage at
16 Linden and Buckeye was contractually obligated to provide the stored products at
17 Linden when called upon.¹⁷³

18 **Q. What is the impact of Mr. Ostach not considering the approximately [REDACTED] of**
19 **storage capacity at Linden leased to third-parties in his analysis?**

20 A. By ignoring that third-parties held the rights to [REDACTED] of the storage capacity at Linden in
21 his analysis, Mr. Ostach's analysis cannot possibly result in a reasonable attribution of
22 which entities benefited from the incurrence of the costs associated with the storage
23 assets. Buckeye states that it did not track which specific tanks at Linden, or elsewhere,
24 were used to provide the storage service, and "cannot determine at which of the three
25 locations product was stored, or identify the specific tanks at each location that were

¹⁷¹ See Buckeye's response to request no. AIRLINES-BUCKEYE 9-12, included in Exhibit No. AIR-109.

¹⁷² See Buckeye's response to request no. AIRLINES-BUCKEYE 9-30, included in Exhibit No. AIR-112.

¹⁷³ Exhibit No. BUC-5 contains the storage contracts that specify the rights of the storage lessees.

1 used to provide the storage service.”¹⁷⁴ Moreover, Mr. Ostach misleadingly states
2 “Tank 101 [at Linden] stored 3.6 million barrels of gasoline that was eventually
3 transported on the Eastern Products System and 30.7 million barrels of gasoline that
4 was transported on the Long Island System.”¹⁷⁵

5 In reality, Buckeye does not know how many barrels were stored in Tank 101 at
6 Linden.¹⁷⁶ Rather, Mr. Ostach’s analysis assumes that Tanks 89, 95, 104, 105, 107,
7 108, 109, 110, 113, and 118 at Linden each stored the exact same 3.6 million barrels of
8 gasoline that was eventually transported on the EPS (excluding LIS) and 30.7 million
9 barrels of gasoline that was transported on the LIS.¹⁷⁷ Because Mr. Ostach’s analysis
10 does not consider any of the tanks at Linden to be used for the benefit of the lessee of
11 the [REDACTED] barrels of capacity, his analysis cannot possibly accurately attribute the
12 benefit of the storage capacity to specific services provided by Buckeye.

13 Buckeye’s claims that the Buckeye frequently uses storage capacity downstream of
14 Linden to fulfill the storage contracts at Linden does not imply that none of the storage
15 capacity at Linden was used for the benefit of the storage capacity lessees.¹⁷⁸ All of the
16 storage contracts specify that the location of storage will either be at Linden, or if
17 multiple storage facilities are permitted, the product will be delivered to either Linden,
18 Macungie, or Auburn at the customer’s discretion and redelivered at the same location.
19 For the two storage lessees that had discretion on whether to store product at Linden,
20 Macungie, or Auburn, all of their potential storage product volumes originated at
21 Linden, with no product being delivered to Macungie or Auburn.¹⁷⁹ This implies that
22 all storage lessee volumes were held in inventory at Linden. If Buckeye physically

¹⁷⁴ Exhibit No. BUC-1, page 38, lines 7–9.

¹⁷⁵ Exhibit No. BUC-24, page 14, lines 1–3.

¹⁷⁶ Exhibit No. BUC-1, page 38, lines 7–9.

¹⁷⁷ See the printout to Mr. Ostach’s workpapers associated with Exhibit No. BUC-30, from the excel file named “BUC-30, Ostach workpaper.xlsx,” and the worksheet named “Tank List 11,” included in Exhibit No. AIR-110.

¹⁷⁸ Exhibit No. BUC-1, page 39, line 12 through page 43, line 8.

¹⁷⁹ Buckeye’s volume data based, document Bates stamped BUC 001399 HIGHLY CONFIDENTIAL. Note that the two shippers with discretion, [REDACTED] (contract Bates stamped BUC 005410–25, included in Exhibit No. BUC-5) and [REDACTED] (contract Bates stamped BUC 005487–501, included in Exhibit No. BUC-5), made all of their transportation movements in 2011 from Linden for these two products, with no product originating at Macungie or Auburn. Indeed, no shipper delivered any product to Auburn, or originated any product from Auburn.

1 moves product to be storage out of Linden to a downstream location because product is
2 fungible, Buckeye is relying on shippers nominating product to be shipped from Linden
3 to a point downstream of Macungie or Auburn. Thus, Buckeye is able to *virtually*
4 increase its storage capacity at Linden. But nevertheless, both the storage lessees and
5 the shippers moving product through Linden (on both the LIS and the EPS (excluding
6 LIS) are using, and benefiting from, the storage facilities at Linden.

7 **Q. How does Mr. Ostach's analysis of storage tank usage not take into account the [REDACTED]**
8 **[REDACTED] barrels that flowed through Linden storage tanks pursuant to a mainline**
9 **lease agreement from Linden to El Dorado?**

10 A. Buckeye leased a portion of its mainline capacity between Linden, New Jersey and El
11 Dorado, Pennsylvania to a third-party during all of 2011 and 2012.¹⁸⁰ This mainline
12 lessee transported [REDACTED] barrels of product out of Linden on the EPS
13 (excluding LIS) during 2011 and 2012.¹⁸¹ Because all barrels that move into or out of
14 Linden enter a storage tank at Linden,¹⁸² the transportation service encompassed by this
15 lease of mainline capacity used, and received a benefit from, the storage tank assets at
16 Linden. However, Mr. Ostach's analysis of storage tank usage at Linden assumes none
17 of these [REDACTED] barrels used, or received any benefit from, the storage assets
18 at Linden. Because Mr. Ostach's original analysis does not consider any of the [REDACTED]
19 [REDACTED] barrels of product moved through Linden pursuant to this mainline capacity
20 lease, his analysis cannot possibly accurately attribute the benefit of the storage
21 capacity to specific services provided by Buckeye. In an errata filing and a data
22 response, Mr. Ostach recognized that his original analysis presented in Exhibit No.
23 BUC-30 was deficient because it did not include any of the volumes moving pursuant
24 to the mainline lease.¹⁸³ However, Mr. Ostach and Dr. Webb relied on Mr. Ostach's

¹⁸⁰ See Buckeye's response to request no. AIRLINES-BUCKEYE 2-19, and the document Bates stamped BUC 005748, included in Exhibit No. AIR-107.

¹⁸¹ *Id.*

¹⁸² See Buckeye's response to request no. AIRLINES-BUCKEYE 2-10, included in Exhibit No. AIR-108.

¹⁸³ See Buckeye's response to request no. Staff-Buckeye ARD 11.6, and a printout of the workpapers associated with Mr. Ostach's adjusted Exhibit No. BUC-30 (excel file named "BUC-30, Ostach workpaper WITH ERRATA.xlsx", included in Exhibit No. AIR-110.

original analysis to reach the circular conclusion that Mr. Ostach's storage tank usage analysis supports a volumetric allocation of common costs at Linden.

Q. Overall, what are your conclusions regarding the results of Mr. Ostach's analysis of storage tank usage at Linden?

A. Given the fallacy of circular reasoning, and the serious flaws in the analysis of not incorporating any volumes stored pursuant to the significant storage lease agreements or the volumes moved through Linden pursuant to Buckeye's mainline lease agreement, the results of Mr. Ostach's storage tank usage analysis are clearly inaccurate and do not support the conclusion that the majority of the storage facilities at Linden were incurred for the benefit of the LIS.

b. Mr. Ostach's Analysis of Linden Fuel and Power Costs

Q. What is the analysis of Linden fuel and power costs presented by Mr. Ostach?

A. While Buckeye does not track the fuel and power costs by individual pump, or other activity, at Linden, Mr. Ostach presents an estimate of fuel and power costs by individual mainline out of Linden based on the volumes and pressure flowing through the line.¹⁸⁴ Mr. Ostach concludes that fuel and power costs for the LIS accounted for approximately 60% to 65% of total Linden fuel and power in 2011 and 2012, respectively.¹⁸⁵

Q. Are there any fundamental flaws in Mr. Ostach's analysis of Linden fuel and power costs?

A. Yes. The first fundamental flaw is that, like his analysis of storage tank usage, Mr. Ostach's analysis of Linden fuel and power costs engages in circular reasoning. A second fundamental flaw is that Mr. Ostach's analysis does not account for fuel and power costs involved in using the storage tank boosters to transfer product between storage tanks or to move product out of Linden on third-party owned lines.

¹⁸⁴ Exhibit No. BUC-24, page 15, line 9 through page 19, line 2; *see also* Buckeye's response to request no. AIRLINES-BUCKEYE 1-28, included in Exhibit No. AIR-113.

¹⁸⁵ *Id.*, and Exhibit No. BUC-31.

1 **Q. How does Mr. Ostach's analysis of Linden fuel and power costs engage in circular**
2 **reasoning?**

3 A. Mr. Ostach assumes that the fuel and power usage is driven by the volumes flowing
4 through a line.¹⁸⁶ Mr. Ostach then concludes that fuel and power usage is similar to the
5 volumes that flowed out of Linden to the LIS or the EPS (excluding LIS).¹⁸⁷ Ms.
6 Sherman then concludes that Mr. Ostach's analyses, including his analysis of Linden
7 fuel and power costs, "establish that it is more costly per barrel to move volumes to
8 LIS," and supports the use of a volumetric allocation of costs at Linden between the
9 LIS and the EPS (excluding LIS).¹⁸⁸ Like Mr. Ostach's analysis of Linden storage tank
10 usage, this is the logical fallacy of circular reasoning. It is assumed that Linden fuel
11 and power usage is associated with only the volumes that are delivered out of Linden,
12 thereby producing an estimated amount of fuel and power costs used for the benefit of
13 the LIS and the EPS (excluding LIS). Based on this assumption, albeit without any
14 proof, the resulting fuel and power costs estimated to be used for the benefit of the LIS
15 or the EPS (excluding LIS) is used to support the conclusion that a volumetric
16 allocation of Linden costs closely matches the allocation of fuel and power costs with
17 the LIS or EPS (excluding LIS) that caused those costs to be incurred. However, as
18 shown below, the unsupported assumption that is the underlying premise for the
19 conclusion that a volumetric allocation of Linden costs closely matches the allocation
20 of fuel and power costs cannot be accurate as Buckeye has failed to attribute fuel and
21 power costs to various services.

22 **Q. How does Mr. Ostach's analysis of Linden fuel and power costs not take into**
23 **account electricity usage associated with transferring product between storage**
24 **tanks or out of Linden on third-party owned lines?**

25 A. Mr. Ostach's analysis of Linden fuel and power costs assumes that all fuel and power
26 expense at Linden is used for mainline pumping outbound from Linden, but no energy
27 was used for movements between storage tanks within Linden station, or movements

¹⁸⁶ Exhibit No. BUC-24, page 15, line 9 through page 19, line 2; *see also* Buckeye's response to request no. AIRLINES-BUCKEYE 1-28, included in Exhibit No. AIR-113.

¹⁸⁷ *Id.*, and Exhibit No. BUC-31.

¹⁸⁸ Exhibit No. S-10, page 18, line 16 through page 20, line 2.

1 out of Linden on a line not owned by Buckeye.¹⁸⁹ Almost every storage tank has a
2 unique booster pump, adding up to approximately 2,900 horsepower of pumping
3 power.¹⁹⁰ Buckeye uses these tank booster pumps to transfer product between storage
4 tanks, as well as transferring product from Linden Station to an outbound line to Gulf
5 Oil, Phillips 66, or Citgo.¹⁹¹ These transfers would require some use of pumping power
6 to move the product between storage tanks or to the outbound line, whereby [REDACTED]
7 barrels were transferred to outbound third-party owned lines from Linden Station in
8 2011.¹⁹²

9 **Q. Does any Buckeye witness conclude that Mr. Ostach's analysis of Linden fuel and**
10 **power costs supports a volumetric allocation of all Linden costs between the LIS**
11 **and the EPS (excluding LIS)?**

12 A. No. Buckeye witness Dr. Webb, while opining that Linden costs should be allocated
13 between the LIS and the EPS (excluding LIS) based on a volumetric allocation, does
14 not mention Mr. Ostach's analysis of Linden fuel and power costs as a basis for his
15 conclusion.¹⁹³ In fact, Dr. Webb dismisses the result of Mr. Ostach's analysis that fuel
16 and power costs track volumes out of Linden when he recommends that Linden fuel
17 and power costs be allocated based on a distance, or barrel-mile, basis rather than on a
18 volumetric basis.¹⁹⁴ Thus, in Buckeye's allocation methodology, Linden fuel and
19 power costs are initially divided between the LIS and the EPS (excluding LIS) based on
20 volumes, or a non-distance basis. Then, Linden fuel and power costs are allocated
21 based on distance, or a barrel-mile basis, to individual rates. The effect of this

¹⁸⁹ See Buckeye's response to request no. AIRLINES-BUCKEYE 9-13, included in Exhibit No. AIR-114.

¹⁹⁰ *Id.* and the document Bates stamped BUC 022136.

¹⁹¹ See Buckeye's response to request no. AIRLINES-BUCKEYE 2-9, included in Exhibit No. AIR-108; Buckeye's response to request no. AIRLINES-BUCKEYE 2-15, included in Exhibit No. AIR-115; and Buckeye's volume database Bates stamped BUC 001399. Note that Buckeye's data does not identify what portion of the [REDACTED] barrels of Linden transfers was sourced out of its storage tanks versus an incoming line, but all product is stated by Buckeye to be routed into a storage tank so checks can be performed. This indicates that all [REDACTED] barrels flowing out of Linden on non-Buckeye lines would have required pumping power at Linden and would not be routed through one of Buckeye's five lines exiting Linden station as assumed in Mr. Ostach's analysis.

¹⁹² *Id.*

¹⁹³ Exhibit No. BUC-34, page 33, line 17 through page 41, line 21.

¹⁹⁴ *Id.* at 41, lines 15-21.

1 inconsistency in Buckeye's method is that 58% of the Linden fuel and power costs are
2 allocated to the LIS based on volumes, or a non-distance basis, instead of the
3 approximately 30% allocation factor that would result if Linden fuel and power costs
4 were allocated based on distance, or a barrel-mile basis.¹⁹⁵ It simply does not make
5 sense to assume that Linden fuel and power costs are non-distance based in making an
6 initial allocation, when Buckeye's own witness concludes that the same costs are
7 distance based when making a second allocation.

8 **Q. Does FERC Staff also dismiss the conclusion that the results of Mr. Ostach's**
9 **analysis of Linden fuel and power costs support a volumetric allocation of Linden**
10 **costs between the LIS and the EPS (excluding LIS)?**

11 A. Yes. Ms. Sherman concludes that all Linden costs (including fuel and power expenses)
12 should be allocated between the LIS and the EPS (excluding LIS) based on volumes.¹⁹⁶
13 However, Staff witness Ms. McComb, concludes that Linden fuel and power costs, as
14 well as all other Linden costs, should be treated as distance-based, and allocated using
15 barrel-miles instead of barrels to determine individual rates.¹⁹⁷ It simply does not make
16 sense for all Linden costs to be assumed to be non-distance for one purpose by Ms.
17 Sherman, and then for Ms. McComb to conclude that the same costs are distance-based
18 for another purpose.

19 **Q. Does Mr. Ostach's analysis of Buckeye's fuel and power costs imply that there are**
20 **higher per barrel Linden costs associated with the LIS than the EPS (excluding**
21 **LIS)?**

22 A. Mr. Ostach presents a table that shows higher Linden fuel and power costs per barrel
23 for the LIS than the EPS (excluding LIS) based on his allocation of Linden fuel and
24 power costs to the outbound lines.¹⁹⁸ Mr. Ostach then concludes there was an increase
25 in the LIS fuel and power costs between 2011 and 2012.¹⁹⁹ However, while there may

¹⁹⁵ See my Direct Testimony, Exhibit No. AIR-1, page 32, Figure 10.

¹⁹⁶ Exhibit No. S-10, page 15, line 10 through page 20, line 2.

¹⁹⁷ Exhibit No. S-1, page 19, line 10 through page 20, line 12.

¹⁹⁸ Exhibit No. BUC-24, page 18, line 1 through page 19, line 2.

¹⁹⁹ *Id.*

1 have been an increase in fuel and power costs because Buckeye converted from natural
2 gas to electric pumps in June 2012, Buckeye's internal analysis reviewing the
3 investment decision concluded:

4 This project expected to reduce/eliminate downtime of the main line
5 drivers and reduce overall maintenance costs by eliminating the need for
6 engine overhauls, maintenance, and repair due to mechanical failure.
7 Reduced maintenance costs expected to more than offset increased
8 operating costs of the electric pumps.²⁰⁰

9 Consequently, any increase in fuel and power costs should be examined in the context
10 of other costs that change as a result of the conversion to electric pumps, which
11 includes the maintenance costs that were expected to decrease by more than any
12 increase in fuel and power costs.

13 *c. Mr. Ostach's Claims Regarding Linden Personnel Activities*

14 **Q. What specific Linden personnel activities does Mr. Ostach claim generate**
15 **different costs per barrel at Linden for deliveries on the LIS than for deliveries on**
16 **the EPS (excluding LIS)?**

17 A. Mr. Ostach identifies four activities that require more time and resources from Linden
18 personnel for LIS deliveries than for EPS (excluding LIS) deliveries.²⁰¹

- 19 • Product quality testing takes longer per batch for jet fuel, which makes up a
20 proportionately greater share of LIS shipments, than for other products such as
21 gasoline and distillates that make up a larger share of shipments on the EPS
22 (excluding LIS).
- 23 • Linden station maintenance staff performs filter changes at Linden and
24 Newark associated with jet fuel filtration for deliveries on the LIS.
- 25 • Monitoring and administrative tasks that take equal amounts of time per batch
26 for all product types nevertheless occur more often for LIS service. This is
27 because LIS batches are of smaller average size and therefore more numerous
28 compared to batches sent to destinations on the EPS (excluding LIS).
- 29 • Certain Linden personnel are required by the FDNY to obtain Certifications of
30 Fitness to work on the LIS.

²⁰⁰ Buckeye's response to request no. AIRLINES-BUCKEYE 9-23 and the document Bates stamped BUC 021045-BUC 021056 at BUC 021046, included in Exhibit No. AIR-116.

²⁰¹ Exhibit No. BUC-24, page 20, lines 4-19.

1 Mr. Ostach provides a lengthy qualitative description of these activities in his
2 testimony, focused largely on the quality testing and filtration requirements for jet
3 fuel.²⁰²

4 Separately, Mr. Ostach does identify one activity that requires proportionately more
5 time and resources from Linden personnel associated with EPS (excluding LIS) service:
6 so-called “one-call” activities involving the supervision of excavation work near
7 Buckeye’s pipelines by Linden maintenance staff.

8 **Q. What do Buckeye and FERC Staff claim regarding the implications of the**
9 **activities of Buckeye personnel at Linden as described by Mr. Ostach?**

10 A. Buckeye witness Dr. Webb cites Mr. Ostach’s testimony in support for his claim that
11 LIS deliveries create more cost at Linden than EPS (excluding LIS) deliveries.²⁰³ This
12 claim in turn forms the basis of Dr. Webb’s argument that a volumetric allocation of
13 Linden costs is reasonable, or even conservative.²⁰⁴

14 FERC Staff witness Ms. Sherman also relies on Mr. Ostach’s statements regarding
15 Linden personnel activities generating more costs related to shipments on the LIS than
16 for shipments on the EPS (excluding LIS) to justify her agreement with Buckeye’s
17 volumetric methodology for allocating Linden costs between the LIS and EPS
18 (excluding LIS).²⁰⁵

19 Both witnesses explicitly refer to the relative labor intensiveness of activities performed
20 by Linden personnel for shipments on the LIS and EPS (excluding LIS) and rely on Mr.
21 Ostach’s statements about those activities to conclude that Linden costs are more
22 heavily weighted toward the LIS.

23 **Q. Does Mr. Ostach quantify the cost differences associated with these activities in his**
24 **testimony?**

²⁰² Exhibit No. BUC-24, page 21, line 1 through page 30, line 11.

²⁰³ Exhibit No. BUC-34, page 33, lines 11-15 and page 37 line 15 through page 38, line 7.

²⁰⁴ *Id.*

²⁰⁵ Exhibit No. S-10, page 18, line 22 through page 19, line 4.

1 A. No. Although he does provide some figures pertaining to the *numbers* of tests that must
2 be performed on inbound and outbound batches of various product types and the
3 average amount of time per batch required to conduct those tests,²⁰⁶ Mr. Ostach makes
4 no attempt to measure the dollar amounts of any of the costs he discussed, nor does he
5 attempt to quantify the differences between those costs incurred for LIS deliveries and
6 those incurred for EPS (excluding LIS) deliveries. Similarly, while Mr. Ostach
7 provides an exhibit summarizing number and average size of batches on Lines 601,
8 602, 603, 607, and 620,²⁰⁷ he does not estimate the dollar implications of differing
9 batch sizes on costs incurred for service on the LIS and EPS (excluding LIS).

10 Despite the detail of his descriptions, Mr. Ostach provides no quantitative evidence
11 whatsoever that the Linden personnel activities he describes lead to materially higher
12 costs for LIS barrels compared to EPS (excluding LIS) barrels. Rather, he merely
13 makes a directional claim that the activities he cites as requiring proportionally more
14 work for the LIS are more costly than the “one-call” activity he identifies as requiring
15 more work for the EPS (excluding LIS), owing to the longer mileage of EPS (excluding
16 LIS) pipe segments administered by the Linden Asset Team.²⁰⁸

17 **Q. Have you attempted to quantify the costs associated with the activities discussed**
18 **by Mr. Ostach in order to estimate the difference in those costs incurred for LIS**
19 **and EPS (excluding LIS) deliveries?**

20 A. Yes. For each of the five factors Mr. Ostach identifies as generating different personnel
21 costs between the LIS and EPS (excluding LIS), I have obtained from Buckeye via
22 discovery the detailed inputs required to quantify these costs, including process times,
23 hourly wages, and materials costs.²⁰⁹ Using this data, I have estimated the annual costs
24 associated with each activity incurred by Buckeye in 2011 and calculated the difference
25 in costs between the two systems. As demonstrated below, a conservatively high

²⁰⁶ Exhibit No. BUC-24, page 25, line 14 through page 27, line 4. Mr. Ostach revised his original figures in an errata filing.

²⁰⁷ Exhibit No. BUC-32.

²⁰⁸ Exhibit No. BUC-24, page 31, lines 11–15. *See also* Buckeye’s response to request no. AIRLINES-BUCKEYE 9-15, included in Exhibit No. AIR-100.

²⁰⁹ See Buckeye’s responses to request nos. AIRLINES-BUCKEYE 10-4 through AIRLINES-BUCKEYE 10-15, included in Exhibit No. AIR-118.

1 estimate of the difference in costs associated with these activities is approximately
2 \$395,000, which is approximately 1% of the roughly \$33.0 million total Linden Station
3 costs.²¹⁰

4 **Q. What did you find regarding the magnitude of cost differences associated with**
5 **quality testing of jet fuel and other products?**

6 A. According to Buckeye, the Linden Receipt Controller spends approximately 1.5 hours
7 performing quality tests on each incoming batch of jet fuel at Linden station, but only
8 half that time (45 minutes) performing tests on each incoming batch of gasoline or
9 distillate.²¹¹ For shipments outbound from Linden, an employee with the title “Linden
10 Gauger” spends approximately 48 minutes performing quality tests on each batch of jet
11 fuel, 24 minutes performing quality tests on each batch of gasoline, and 30 minutes
12 performing quality tests on each batch of distillates.²¹² Because Linden Receipt
13 Controllers and Gaugers are hourly employees, it is a straightforward matter to quantify
14 the personnel costs associated with inbound and outbound quality testing for
15 representative batches of the various product types. As shown in Figure 2, by
16 combining these costs per batch with estimates of the number of batches of each
17 product flowing from Linden to LIS or EPS (excluding LIS) destinations in 2011, I was
18 able to quantify the quality testing costs for each system. Exhibit No. AIR-120 shows
19 the details of these calculations.

²¹⁰ Buckeye witness Mr. Wetmore estimates the portion of the 2011 LIS cost of service associated with Linden to be \$18.7 million, which represents the allocation of approximately 56.75% of total Linden costs to the LIS based on Buckeye’s volumetric allocation. Exhibit Nos. 105B, Schedule 2 and 106B. \$18.7 million divided by 0.5675 is \$33.0 million in total Linden costs prior to any allocation between the LIS and the EPS (excluding LIS).

²¹¹ Buckeye’s responses to AIRLINES-BUCKEYE 10-7 and AIRLINES-BUCKEYE 10-8, and the document Bates Stamped BUC 023925, included as Exhibit No. AIR-118.

²¹² *Id.*

Figure 2
Linden Product Quality Testing Costs
For the LIS and EPS (Excluding LIS) in 2011

	LIS					EPS (Excl. LIS)					EPS (Incl. LIS)	LIS less EPS (Excl. LIS)
	Time per Batch (hours)	Estimated Annual Batches	Total Time (hours)	Hourly Wage (\$/hour)	Total Cost (\$)	Time per Batch (hours)	Estimated Annual Batches	Total Time (hours)	Hourly Wage (\$/hour)	Total Cost (\$)	Total (\$)	Difference (\$)
[1]	[2]	[3]	[4] = [2]*[3]	[5]	[6] = [4]*[5]	[7]	[8]	[9] = [7]*[8]	[10]	[11] = [9]*[10]	[12] = [6] + [11]	[13] = [6] - [11]
Inbound (Rec. Controller)												
Jet Fuel	[a]	1,033	1,550	█	\$ █	1.50	0	0	█	\$ -	\$ █	\$ █
Gasoline	[b]	0	0	█	\$ -	0.75	1,563	1,172	█	\$ █	\$ █	\$ █
Distillate	[c]	2,008	1,506	█	\$ █	0.75	0	0	█	\$ -	\$ █	\$ █
Outbound (Gauger)												
Jet Fuel	[d]	1,033	826	█	\$ █	0.80	0	0	█	\$ -	\$ █	\$ █
Gasoline	[e]	0	0	█	\$ -	0.40	1,563	625	█	\$ █	\$ █	\$ █
Distillate	[f]	2,008	1,004	█	\$ █	0.50	0	0	█	\$ -	\$ █	\$ █
Total (Inbound & Outbound)					\$ █						\$ █	\$ █

Source/Notes:

[2],[7]: Document Bates Stamped BUC-023925, included in Exhibit No. AIR-118.

[3],[8]: Exhibit No. BUC-32.

[5],[10]: Buckeye's responses to request nos. AIRLINES-BUCKEYE 10-4 and AIRLINES-BUCKEYE 10-5, included in Exhibit No. AIR-118.

As shown in Figure 2, the annual difference in LIS vs. EPS (excluding LIS) costs incurred due to the increased labor intensiveness of product quality testing for jet fuel compared to other products is approximately █ which is nominal when compared to the total costs of Linden station (approximately \$33.0 million). It is worth noting that this estimate is conservatively high due to my assumptions about the number of batches of various product types that flowed on the LIS and EPS (excluding LIS). Buckeye provided data on the number and average size of batches that flowed out of Linden on Lines 601, 602, and 607 for LIS service and on Lines 603 and 620 for EPS (excluding LIS) service.²¹³ For purposes of estimating total annual product testing costs in 2011 and maximizing the difference in potential costs between the LIS and the EPS (excluding LIS), I made the following assumptions to assign products types to these batches.

- All LIS batches on Line 601 and 607 were jet fuel
- All LIS batches on Line 602 were distillates
- All EPS (excluding LIS) batches on Lines 603 and 620 were gasoline

These assumptions are broadly reflective of the product mixes that flowed on these lines in 2011. For example, Line 607 was used entirely for jet fuel deliveries to Newark, and the majority of flows on Line 601 were jet fuel bound for JFK and

²¹³ Exhibit No. BUC-32 and Exhibit No. BUC-24, page 29, lines 16–20.

1 LaGuardia airports.²¹⁴ Meanwhile, Lines 602, 603, and 620 carried a variety of
2 products consisting predominantly of gasoline and distillates.²¹⁵ However, my
3 assignments of product types to the batches on these lines was not designed to precisely
4 mimic the exact flow in 2011, but rather to estimate the highest possible difference in
5 product quality testing costs between the LIS and the EPS (excluding LIS).

6 Outbound product testing takes slightly longer per batch for distillates (30 min) than for
7 gasoline (24 min). Therefore, assuming that all batches on Line 602 are distillates will
8 lead to a conservatively high estimate of the actual product testing costs for those LIS
9 batches. Conversely, assuming that all batches on Lines 603 and 620 are gasoline will
10 be conservatively low relative to actual product testing costs associated with those EPS
11 (excluding LIS) batches. Therefore, my estimate of the difference in product testing
12 costs between the two systems is conservatively high. Even this high estimate is
13 immaterial relative to the total allocable costs at Linden—and relative to the level of
14 emphasis placed on these activities by Mr. Ostach and Ms. Sherman.

15 **Q. What did you find regarding the magnitude of jet fuel filtration costs incurred by**
16 **the Linden Asset Team?**

17 A. Mr. Ostach testifies that Linden Station Maintenance personnel must routinely change
18 jet fuel pre-filters at Linden that are designated for the 601 and 607 lines.²¹⁶ He also
19 states that the same Linden personnel are responsible for maintaining filtration
20 equipment at the Newark terminal, which must be changed “as needed, but at least
21 quarterly.”²¹⁷ According to Buckeye, the total materials and labor costs incurred at
22 Linden in 2011 for changing of jet fuel filtration equipment on the LIS was \$263,918.
23 Buckeye also states that similar filtration is not required for gasoline or distillate

²¹⁴ Exhibit No. BUC-24, page 5, lines 9–15.

²¹⁵ *Id.* and Buckeye’s response to request no. AIRLINES-BUCKEYE 9-7 and the document Bates Stamped BUC 023924, included in Exhibit No. AIR-119.

²¹⁶ Exhibit No. BUC-24, page 28, lines 1–10.

²¹⁷ *Id.*

1 deliveries, and that it does not use any filtration equipment for jet fuel deliveries on the
2 603 or 620 lines.²¹⁸

3 **Q. How did you quantify the cost differences associated with smaller average batch**
4 **size for deliveries on the LIS as compared to the EPS (excluding LIS)?**

5 A. In his testimony, Mr. Ostach explains that due to the smaller average batch size, there
6 were nearly twice as many batches dispatched from Linden on the LIS than on the EPS
7 (excluding LIS) in 2011. He claims that this creates more work for Linden personnel,
8 but does not quantify the extra work or its associated costs.

9 Besides the product quality testing activities discussed above, Mr. Ostach mentions two
10 sets of tasks that are performed for every inbound and outbound batch at Linden. First,
11 he mentions that at the completion of an inbound batch, “the Receipt Controller will
12 close off all applicable valves, generate a ticket for the product custody transfer, and
13 complete all of the associated paperwork.”²¹⁹ According to Buckeye these tasks are
14 performed for batches of all product types and collectively require approximately 12
15 minutes per batch.²²⁰ Second, Mr. Ostach describes the operational and administrative
16 activities of the Linden Gauger for each outbound batch of product, including gauging
17 tank levels, checking and draining free water, and noting certain measurements in a
18 Batch Change Report.²²¹ According to Buckeye, these tasks are performed for batches
19 of all product types and collectively require approximately 33 minutes per batch.²²²

20 Using this information, together with the numbers of outbound batches from Linden
21 and the hourly wages of Linden Receipt Controllers and Linden Gaugers in 2011, I
22 quantified the costs on each system associated with these activities. The total annual
23 cost for batches shipped on the EPS (excluding LIS) was [REDACTED] Due to the larger
24 number of batches, the total cost for the LIS was [REDACTED] The difference of [REDACTED] is
25 not material relative to the total costs at Linden station.

²¹⁸ Exhibit No. BUC-24, page 27, lines 19–21 and Buckeye’s response to request no. AIRLINES-
BUCKEYE 10-9 and 10-10, included in Exhibit No. AIR-118.

²¹⁹ Exhibit No. BUC-24, page 21, lines 15–18.

²²⁰ Buckeye’s response to request no. AIRLINES-BUCKEYE 10-4(f), included in Exhibit No. AIR-118.

²²¹ Exhibit No. BUC-24, page 21, line 19 through page 21, line 3.

²²² Buckeye’s response to request no. AIRLINES-BUCKEYE 10-5, included in Exhibit No. AIR-118.

1 **Q. What is the magnitude of costs incurred by the Linden Asset Team related to**
2 **procurement of FDNY Certifications of Fitness for some of its personnel?**

3 A. According to Buckeye, 10 members of the Linden Asset Team hold FDNY Certificates
4 of Fitness for Pipeline Operations. Additionally, Linden Asset Team members
5 collectively hold nine Certificates of Fitness for Fire Guard, Welder, and Surveillance
6 Inspector work.²²³ None of these certifications were originally granted in 2011 and
7 Buckeye admits that “costs to recertify Linden employees in 2011 and 2012 were
8 minimal.”²²⁴ In the interest of completeness, however, I obtained a conservatively high
9 estimate of the costs associated with FDNY certification in 2011. Although certificates
10 for Pipeline Operations must be renewed every three years and the other Fire Guard,
11 Welder, and Surveillance Inspector employees are required to recertify “when
12 requirements change”²²⁵, I assumed all 17 employees²²⁶ who originally received their
13 certifications prior to 2011 were required to recertify in 2011. Even in that unlikely
14 circumstance, the total cost of the \$15 recertification fees²²⁷ would only have been
15 \$255. The FDNY certification requirements do not contribute materially to any
16 differences in cost between LIS and EPS (excluding LIS) service.

17 **Q. What is the difference in costs incurred by Linden maintenance personnel for**
18 **their “one-call” activities on the LIS and EPS (excluding LIS)?**

19 A. According to Buckeye, Linden personnel logged a total of 608 hours and accrued a total
20 of \$648 in non-labor expenses for one-call work on the EPS (excluding LIS) in 2011,
21 compared to 131 hours and \$0 of non-labor expenses for one-call work on the LIS.²²⁸
22 Using wage data provided by Buckeye, I calculated the labor costs for 2011 one-call
23 work performed by Linden personnel. The result of my calculations (which are
24 included in Exhibit No. AIR-120) are summarized below in Figure 3. Total one-call

²²³ Buckeye’s response to request no. AIRLINES-BUCKEYE 10-13 and AIRLINES-BUCKEYE 10-14, and the document Bates Stamped BUC 023926, included as Exhibit No. AIR-118.

²²⁴ *Id.*

²²⁵ *Id.*

²²⁶ *Id.*

²²⁷ *Id.*

²²⁸ See Buckeye’s response to AIRLINES-BUCKEYE 10-15 and the document Bates Stamped 023927, included in Exhibit No. AIR-118.

costs for the LIS were [REDACTED] compared to [REDACTED] for the EPS (excluding LIS). This difference of approximately [REDACTED] negates about half of the difference in costs related to batch size discussed above.

Figure 3
Linden One-Call Costs
For the LIS and EPS (Excluding LIS) in 2011

Employee	Hourly Wage		LIS			EPS (Excl. LIS)			EPS (Incl. LIS)	LIS less EPS
	Regular (\$/hour)	Overtime (\$/hour)	Regular Hours	Overtime Hours	Total Cost (\$)	Regular Hours	Overtime Hours	Total Cost (\$)	Total (\$)	(Excl. LIS) Difference (\$)
[1]	[2]	[3]	[4]	[5]	[6] = [2]*[4] + [3]*[5]	[7]	[8]	[9] = [2]*[7] + [3]*[8]	[10] = [6] + [9]	[11] = [6] - [9]
Clemens, James	[REDACTED]	[REDACTED]	4.0	0.0	\$ [REDACTED]	0.0	7.0	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Joyner, Anthony	[REDACTED]	[REDACTED]	0.0	0.0	\$ -	0.0	0.0	\$ -	\$ -	\$ -
Sherwood, Douglas	[REDACTED]	[REDACTED]	36.5	38.0	\$ 2 [REDACTED]	189.5	173.0	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Skelly, Michael	[REDACTED]	[REDACTED]	0.0	0.0	\$ -	0.0	9.0	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Stianci, Brian	[REDACTED]	[REDACTED]	36.0	16.0	\$ 1,932	148.0	81.0	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total Labor Cost					\$ [REDACTED]			\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Non Labor Cost					\$ -			\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total One-Call Cost					\$ [REDACTED]			\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Source/Notes:

[2]: Buckeye's response to request no. AIRLINES-BUCKEYE 10-15, included in Exhibit No. AIR-118.

[3]: I assume overtime is compensated at time and a half.

[4]-[5],[7]-[8]: Document Bates Stamped BUC-023927, included in Exhibit No. AIR-118.

Q. Please summarize the differences in costs for the LIS and EPS (excluding LIS) associated with the Linden personnel activities discussed by Mr. Ostach?

A. Figure 4 below summarizes Buckeye's 2011 costs associated with the five factors cited by Mr. Ostach as generating differences in Linden costs for the LIS and EPS (excluding LIS). My estimates of the total costs are \$524,300 for the LIS and \$129,219 for the EPS (excluding LIS). The overall difference in Linden area costs between the two systems is \$395,080.

Figure 4
Summary of Linden Area Personnel Costs
For the LIS and EPS (Excluding LIS) in 2011

Activity		LIS	EPS (excl. LIS)	Total: EPS (incl. LIS)	Difference: LIS less EPS (excl. LIS)
[1]		[2]	[3]	[4]	[5]
Product Quality Testing	[a]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Filter Changes	[b]	[REDACTED]	-	\$ [REDACTED]	\$ [REDACTED]
Batch Size Effect	[c]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
FDNY Certification	[d]	\$ 225	\$ -	\$ 225	\$ 225
One-call Activities	[e]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	[f]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Source: Exhibit No. AIR-120.

Q. Does this difference in costs justify the application of a volumetric allocation as argued by Dr. Webb and Ms. Sherman?

A. No. As discussed above, the difference in Linden personnel costs is minor compared to the total amount of Linden Station costs to be allocated. The total costs to be allocated at Linden total approximately \$33.0 million.²²⁹ The total costs related to the activities described by Mr. Ostach total approximately \$0.65 million. A quantification of the “extra” costs associated with these activities that is incurred for the benefit of the LIS is \$0.40 million, or approximately 1% of the total costs at Linden to be allocated. Reaching a conclusion on how to allocate 98% to 99% of the costs at Linden based on a difference in costs of only 1% to 2% of the total costs does not support a claim that LIS barrels are materially more costly than EPS barrels for the remaining unexamined costs. Nor does such a *de minimus* cost difference support a volumetric allocation of the Linden costs.

Further, as discussed in more detail below, the storage tank assets associated with jet fuel create lower costs at Linden for the LIS because there are relatively fewer jet fuel storage tanks at Linden than gasoline, distillates and transmix tanks, which are product classes that flow in a greater proportion on the EPS (excluding LIS) than the LIS.

²²⁹ Buckeye witness Mr. Wetmore estimates the portion of the 2011 LIS cost of service associated with Linden to be \$18.7 million, which represents the allocation of approximately 56.75% of total Linden costs to the LIS based on Buckeye’s volumetric allocation. Exhibit Nos. 105B, Schedule 2 and 106B. \$18.7 million divided by 0.5675 is \$33.0 million in total Linden costs prior to any allocation between the LIS and the EPS (excluding LIS).

1 Consequently, Buckeye's volumetric allocation results in the cross-subsidy of millions
2 of dollars in storage asset costs, which certainly dwarfs the difference in Linden
3 personnel costs described by Mr. Ostach.

4 *d. Buckeye's Volumetric Allocation Results in Clear Cross-Subsidies*

5 **Q. Is there evidence that a volumetric allocation of Linden costs creates cross-**
6 **subsidies and does not match costs with causation?**

7 A. Yes. In contrast to the relatively minor costs identified by Mr. Ostach associated with
8 Linden personnel that may have slightly higher costs associated with activities for
9 shipments on the LIS than for shipments associated with shipments on the EPS
10 (excluding LIS), Buckeye's proposed volumetric allocation of storage tank assets at
11 Linden creates a significant cross-subsidy between LIS jet fuel shippers to EPS
12 (excluding LIS) shippers.

13 **Q. Has Buckeye provided information on the breakdown of asset costs at Linden**
14 **between the various storage, line pipe, and pumping equipment within Linden**
15 **station?**

16 A. The only area where Buckeye provided detailed information regarding gross property
17 and accumulated depreciation for specific assets at Linden is for the 49 individual
18 storage tank assets at Linden, 6 of which store jet fuel.²³⁰ Buckeye only provided this
19 limited information related to the storage tank assets, and not other assets at Linden,
20 because it states that it does not maintain detailed asset information in electronic
21 format.²³¹ Based on this information, the total storage assets at Linden comprise [REDACTED]
22 [REDACTED] in gross assets, and [REDACTED] in net assets. Of this amount, the six jet fuel
23 storage tanks at Linden comprise [REDACTED] of gross assets (or 16% of total storage
24 tank assets), and [REDACTED] of net assets (or 11% of total net storage tank assets).

²³⁰ See Buckeye's response to request no. AIRLINES-BUCKEYE 8-1, included in Exhibit No. AIR-121;
see also Exhibit No. BUC-30.

²³¹ *Id.*

1 **Q. How does Buckeye's volumetric allocation methodology allocate the storage tank**
2 **asset costs to LIS and further to the jet fuel transportation movements on the LIS?**

3 A. Figure 5 shows the resulting allocation of storage tank asset costs to the jet fuel
4 transportation movements on the LIS under Buckeye's proposed volumetric allocation
5 methodology. Like all costs at Linden, Buckeye's volumetric allocation methodology
6 first allocates total gross and net storage asset costs (rows [a] and [b]) to the LIS based
7 on the LIS percentage of total LIS and EPS (excluding LIS) volumes leaving Linden
8 Station, which is 58% in 2011 (row [c]).²³² Thus, 58% of Linden storage tank asset
9 costs are allocated to the LIS in 2011 (rows [d] and [e]). Then, because Buckeye
10 further allocates Linden costs (all costs except fuel and power expense) to individual
11 transportation movements on the LIS using volumes (a non-distance based
12 allocation),²³³ 52% of the Linden storage tank assets costs are allocated to the LIS jet
13 fuel movements (row [e]).²³⁴

14 As shown in Figure 5, Buckeye's volumetric allocation methodology allocates [REDACTED]
15 [REDACTED] of allocated gross total storage tank assets (row [f]), and [REDACTED] of
16 allocated net total storage tank assets (row [g]) to the LIS jet fuel rates for
17 transportation movements. However, the jet fuel shippers on the LIS only use the jet
18 fuel storage tank assets at Linden, and not the gasoline and distillate storage tank assets.
19 At Linden in 2011, there were a total of [REDACTED] of actual gross jet fuel storage tank
20 assets (row [h]), and [REDACTED] of actual net jet fuel storage tank assets (row [i]).
21 Thus, even assuming that all of the Linden storage tank assets were used for the benefit
22 of the LIS jet fuel shippers (which cannot be true given that jet fuel is shipped out of
23 Linden on the EPS (excluding LIS)). Buckeye's volumetric allocation methodology
24 allocates an extra [REDACTED], or 90% (rows [k] and [m]), of gross storage tank asset
25 costs, and an extra [REDACTED], or 179% (rows [l] and [n]), of net storage tank asset
26 costs to LIS jet fuel transportation movements than the actual jet fuel storage tank asset
27 costs incurred in providing LIS jet fuel transportation service. It is clear that Buckeye's
28 volumetric allocation methodology results in a significant over allocation of Linden

²³² Exhibit No. BUC-34, page 39, lines 7-17; Exhibit No. BUC-24, page 15, lines 1-8.

²³³ Exhibit No. BUC-34, page 41, lines 15-21.

²³⁴ Exhibit No. BUC-105A, Schedule 1, showing jet fuel deliveries to JFK, LaGuardia, and Newark totaling 52% of total LIS deliveries in 2011.

1 storage tank asset costs to LIS jet fuel transportation movements.²³⁵ These over
 2 allocated costs include the gross and net carrier property included in rate base to derive
 3 return, income tax allowance, and depreciation expense. I would also expect there to be
 4 a similar over allocation of asset costs associated with the individual storage tank
 5 booster pumps and line pipe from the storage tanks to a manifold, however, Buckeye
 6 has not provide the asset costs associated with these other areas of carrier property at
 7 Linden.²³⁶

Figure 5
Buckeye's Volumetric Allocation of Linden Storage Tank Assets
to LIS Jet Fuel Service Results in Clear Cross-Subsidy

ITEM		Total Linden Value	
[1]		[2]	
2011 Storage Tank Assets - Gross Property	[a]	\$	
2011 Storage Tank Assets - Net Property	[b]	\$	
LIS Volumetric Allocation	[c]		58%
2011 LIS Allocation of Storage Tank Assets - Gross Property	[d] = [a]*[c]	\$	
2011 LIS Allocation of Storage Tank Assets - Net Property	[e] = [b]*[c]	\$	
Jet Fuel Volume Percent of LIS Volumes	[f]		52%
2011 Storage Tank Assets Allocated to LIS Jet Fuel - Gross Property	[g] = [d]*[f]	\$	
2011 Storage Tank Assets Allocated to LIS Jet Fuel - Net Property	[h] = [e]*[f]	\$	
Actual 2011 Jet Fuel Storage Tanks at Linden - Gross Property	[i]	\$	
Actual 2011 Jet Fuel Storage Tanks at Linden - Net Property	[j]	\$	
Minimum Overallocation of Storage Tank Assets to LIS Jet Fuel Service - Gross Property	[k] = [g]-[i]	\$	
Minimum Overallocation of Storage Tank Assets to LIS Jet Fuel Service - Net Property	[l] = [h]-[j]	\$	
Minimum % Overallocation of Storage Tank Assets to LIS Jet Fuel Service - Gross Property	[m] = [g]/[i]-1		90%
Minimum % Overallocation of Storage Tank Assets to LIS Jet Fuel Service - Net Property	[n] = [h]/[j]-1		179%

Sources:

[a],[b],[i],[j]: BUC-0019127-128, response to AIRLINES-BUCKEYE 8-1 for Linden tank asset values

BUC-30, Ostach Workpaper.xlsx for Jet Fuel tank IDs

[c]: BUC-001476C for volumetric allocation factor

[f]: BUC-001399 for LIS volumes

²³⁵ Note that these asset costs are included in rate base. Rate base is then multiplied by the weighted cost of capacity to determine allowed return and income tax allowance. In addition, the gross property is multiplied by depreciation rates to determine the annual depreciation expense included in cost of service.

²³⁶ See Buckeye's response to request no. AIRLINES-BUCKEYE 8-1, included in Exhibit No. AIR-121.

1 *e. A Volumetric Allocation Is Not Stable Through Time*

2 **Q. Does a volumetric allocation assume that all of the costs incurred on behalf of the**
3 **LIS at Linden, Sewaren, and Port Reading are directly related to the amount of**
4 **volumes that flow out of each receipt point to destinations on the LIS or the**
5 **remaining EPS (excluding LIS)?**

6 A. Yes. Buckeye's volumetric allocation based on the percent of barrels flowing out of
7 Linden, Sewaren, or Port Reading assumes that the asset costs and all the operating
8 costs related to each system vary with the volumes that flow out of the common receipt
9 points. However, the fixed asset costs as well as the direct labor costs at Linden,
10 Sewaren, and Port Reading would not vary with the volumes flowing out of the location
11 to particular destinations.

12 **Q. Would you expect the fixed asset costs and the direct labor costs at Linden,**
13 **Sewaren, and Port Reading that are incurred for the benefit of the LIS to fluctuate**
14 **significantly from month to month, or period to period?**

15 A. No. I would expect that the amount of fixed assets at Linden, Sewaren, and Port
16 Reading to be based on the design capacity of the lines flowing into and out of the
17 locations.²³⁷ I would also expect the direct labor asset teams to be determined based on
18 the configuration of the system at particular locations, such as required for the
19 maintenance work described by Mr. Ostach.²³⁸ Absent a significant expansion or
20 contraction of capacity, or a change in system design, I would expect the fixed asset
21 costs and maintenance direct labor work at an origin point that are incurred for the
22 benefit of a system downstream of the origin not to significantly vary with the volumes
23 flowing to individual destinations from an origin point.

²³⁷ The February 2, 1988 Prepared Direct Testimony of Donald R. Merriman in Docket No. IS87-14-000, *et al.*, documents Bates stamped BUC 000262–000277, at BUC 000269–BUC 000274, produced in response to Airlines' request no. AIRLINES-BUCKEYE 1-8, included in Exhibit No. AIR-6.

²³⁸ Exhibit No. BUC-24, page 19, line 4 through page 20, line 3.

Q. Does a volumetric allocation of common costs at Linden, Sewaren, and Port Reading have significant variability over time?

A. Yes. As shown in Figure 6, over the period 2009 through 2013, the percentage of volumes flowing out of Linden on the LIS in a given month ranged from 50.3% to 66.2%, with annual average variations ranging from 52.9% to 60.3%. Volumes flowing from Port Reading to the LIS in a given month ranged from 27.4% to 100%, and volumes flowing from Sewaren to the LIS in a given month ranged from 44.5% to 99.1%. These allocation percentages also still show variability when a examined over a 12-month period, with the Port Reading average varying from 46.2% to 84.0%, and the Sewaren percent ranging from 69.4% to 84.4%. Consequently, one period's volumetric allocation is not consistent with another period, even though the incurrence of the costs for the benefit of the downstream system has not changed. In this case, there is no way to determine which resulting volumetric allocation factor is more accurate than another and it is not reasonable to pick one percentage out of what is shown to be a volatile element and then arbitrarily declare that percentage as representative going forward.

Figure 6
LIS Volumes As a Percent of Total Origin Volumes
2009 to 2013

LIS Percentage of Total		Linden Origin	Port Reading Origin	Sewaren Origin
[1]		[2]	[3]	[4]
Monthly Min. %	[a]	50.3%	27.4%	44.5%
Monthly Max. %	[b]	66.2%	100.0%	99.1%
12-Month Rolling Average Min. %	[c]	52.9%	46.2%	69.4%
12-Month Rolling Average Max. %	[d]	60.3%	84.0%	84.4%

Source:

Workpapers included in Exhibit No. AIR-122, Volume database BUC-001399.

Q. In contrast to a volumetric allocation, would a KN formula allocation be stable over time?

A. Yes. A KN formula allocation between systems would be expected to be stable through time until there is a major change in system operations or capacity. A major change in

1 system operations or capacity would be expected to change gross property and/or direct
 2 labor associated with a system. When a major change in a downstream system
 3 operation or capacity occurs, it would also be expected that there would be a change in
 4 how common origin costs are incurred for the benefit of each downstream system, with
 5 more cost being incurred for the benefit of the system with relatively more gross
 6 property and direct labor. This is precisely the basis for allocating other common costs
 7 between systems using the KN formula, consistent with Commission precedent,²³⁹ and
 8 with Buckeye and FERC Staff's allocation of all common costs except Linden,
 9 Sewaren, and Port Reading between systems.²⁴⁰

10 *f. An Alternate Volumetric Allocation That Accounts for the*
 11 *Significant Lease of Linden Storage Capacity*

12 **Q. Given the flaws in the Buckeye's volumetric allocation and Mr. Ostach's claims**
 13 **that costs at Linden are higher for shipments on the LIS than on the EPS**
 14 **(excluding LIS), is it reasonable to use Buckeye's proposed volumetric allocation**
 15 **of common costs at Linden, Sewaren, and Port Reading?**

16 A. No. As discussed above and in my Direct Testimony, I recommend applying the KN
 17 formula to allocate common origin costs at Linden between the LIS and the EPS
 18 (excluding LIS) if they are to be considered separate systems.²⁴¹ Applying the KN
 19 formula for allocating the common costs at major receipt points is a fair, stable, and
 20 reasonable methodology, and is consistent with Buckeye's and FERC Staff's use of the
 21 KN formula, or simply a gross property factor, for allocating other common asset and
 22 operating costs between the four systems Buckeye defines.²⁴²

²³⁹ *SFPP, L.P.*, 137 FERC ¶ 61,220 at PP 172-175 (2011); *Mojave Pipeline Company*, 81 FERC ¶ 61,150 at pp. 61,667-78 (1997); *Questar Pipeline Company*, 74 FERC ¶ 61,126 at pp. 61,455-56 (1996).

²⁴⁰ Exhibit No. BUC-87, page 16, lines 14-18, page 17, line 10 through page 18, line 3; Exhibit No. S-10, page 13, line 8 through page 15, line 9. See also Exhibit No. BUC-107A, which shows the 2011 and 2012 KN formula factors as calculated by Mr. Wetmore being consistent between 2011 and 2012, which would be expected given no major changes in system design over the period.

²⁴¹ Exhibit No. AIR-1, pages 21-33.

²⁴² Exhibit No. BUC-87, page 16, lines 14-18, page 17, line 10 through page 18, line 3; Exhibit No. S-10, page 13, line 8 through page 15, line 9.

1 **Q. If a volumetric allocation is to be used, should that volumetric allocation**
2 **reasonably take into account the volumes flowing out of Linden pursuant to**
3 **mainline capacity leases as well as the storage capacity at Linden leased to third-**
4 **parties?**

5 A. Yes. As discussed above, Buckeye's volumetric allocation does not take into account
6 all volumes flowing out of Linden, rather, it inexplicably omitted volumes moving out
7 of Linden pursuant to a mainline capacity lease between Linden, New Jersey and El
8 Dorado, Pennsylvania in effect during all of 2011 and 2012.²⁴³ Further, Buckeye's
9 volumetric allocation fails to take into account the fact that Buckeye leased [REDACTED] of its
10 3.4 million in storage capacity at Linden to third-parties in 2011.²⁴⁴ Rather, Buckeye's
11 volumetric allocation only takes any capacity held pursuant to these contracts, and the
12 associated asset and operational costs, into account when, or if, product stored pursuant
13 to the contract was moved out of storage and flowed on either the LIS or EPS
14 (excluding LIS).²⁴⁵

15 **Q. How can a volumetric allocation account for the volumes moving out of Linden**
16 **pursuant to a mainline capacity lease between Linden, New Jersey and El Dorado,**
17 **Pennsylvania in effect during of 2011?**²⁴⁶

18 A. The volumes moving out of Linden pursuant to a mainline capacity lease between
19 Linden, New Jersey and El Dorado, Pennsylvania can simply be included in a
20 volumetric allocation like volumes moving out of Linden pursuant to nominations by
21 shippers. Including the mainline lease volumes represents [REDACTED] barrels of
22 product moving out of Linden on the EPS (excluding LIS) during 2011 and 2012.²⁴⁷

²⁴³ See Buckeye's response to request no. AIRLINES-BUCKEYE 2-19, and the document Bates stamped BUC 005748, included in Exhibit No. AIR-107.

²⁴⁴ Exhibit No. BUC-5; see also the analysis contained in Exhibit No. AIR-117.

²⁴⁵ See Buckeye's response to request no. AIRLINES-BUCKEYE 9-12, included in Exhibit No. AIR-109.

²⁴⁶ See Buckeye's response to request no. AIRLINES-BUCKEYE 2-19, and the document Bates stamped BUC 005748, included in Exhibit No. AIR-107.

²⁴⁷ *Id.*

1 **Q. How can a volumetric allocation account for the fact that Buckeye leased [REDACTED] of**
2 **its 3.4 million in storage capacity at Linden to third-parties in 2011?**²⁴⁸

3 A. Each storage lease contract specifies the storage capacity and the product to be stored
4 pursuant to the lease of storage capacity at Linden.²⁴⁹ Storage capacity at Linden and
5 the associated piping and storage tank booster pumps, represent a significant portion of
6 total asset costs at Linden.²⁵⁰ There are also maintenance costs associated with the
7 tanks and associated pumping and piping.²⁵¹ Thus, a volumetric allocation could
8 account for the portion of storage capacity leased to third parties by basing the
9 allocation of the portion of Linden capacity leased on the shipments of the storage
10 lessee. For storage lessees that do not ship but rather only engage in trading from their
11 storage capacity, the allocation of the Linden capacity can be based on the shipments of
12 all shippers out of Linden for the product that is to be stored pursuant to the lease
13 agreement. The unleased portion of Linden capacity could then be allocated based on
14 the movements of the non-storage lessees, including volumes moved pursuant to the
15 mainline capacity lease agreement discussed above.

16 **Q. Can you provide an example of how a leased portion of Linden capacity could be**
17 **allocated based on volumes?**

18 A. [REDACTED]
19 [REDACTED]²⁵²

²⁴⁸ Exhibit No. BUC-5; *see also* the analysis included in Exhibit No. AIR-117.

²⁴⁹ *Id.*

²⁵⁰ Buckeye provided limited information on the breakdown of total Linden asset costs between the individual types of assets at Linden, stating that it does not maintain that information in electronic format. *See* Buckeye's response to request no. AIRLINES-BUCKEYE 8-1, included in Exhibit No. AIR-121. The one area where Buckeye did provide additional information is gross property and accumulated depreciation related to the individual storage tank assets at Linden. *Id.* Based on this information, the total storage assets at Linden in 2011 comprise \$38.3 million in gross assets, while total gross assets at Linden in 2011 were \$92.8 million. Exhibit No. BUC-107B. Thus, just the storage tanks at Linden represent 41% of total Linden gross assets, and if the storage tank pumping booster associated with each of the 49 storage tanks at Linden, as well as the associated pipeline from each tank to manifolds were included, assets at Linden specific to storage capacity and associated movements into and out of storage would likely represent the majority of the assets at Linden.

²⁵¹ Note that aside from the discussion of the relatively small costs associated with the Linden personnel activities above, the direct labor data provided by Buckeye does not permit a determine of the extent of costs associated with each personnel activity at Linden.

²⁵² Document Bates stamped BUC 005392–BUC 005409, included in Exhibit No. BUC-5.

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]²⁵³ [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]²⁵⁵ [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]²⁵⁶
11 For another large storage lease holder (*i.e.*, 22% of total storage at Linden), [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]²⁵⁷ [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]

19 **Q. What is the result of a volumetric allocation that accounts for storage capacity**
20 **leased at Linden and the volumes flowing out of Linden pursuant to a mainline**
21 **capacity lease?**

22 A. Figure 7 shows the results of a volumetric allocation that accounts for storage capacity
23 leased at Linden and the volumes flowing out of Linden pursuant to a mainline capacity
24 lease.²⁵⁸ As seen in Figure 7, the allocation of the portion of storage capacity leased to
25 third parties is based on the shipments of the storage lessee. For storage lessees that do

²⁵³ Volume database Bates stamped BUC 001399, provided by Buckeye.

²⁵⁴ Document Bates stamped BUC 005517–BUC 005533, included in Exhibit No. BUC-5.

²⁵⁵ Volume database Bates stamped BUC 001399, provided by Buckeye.

²⁵⁶ Volume database Bates stamped BUC 001399, provided by Buckeye.

²⁵⁷ Volume database Bates stamped BUC 001399, provided by Buckeye.

²⁵⁸ Exhibit No. AIR-117 contains my workpapers associated with the calculations shown in Figure 7.

not ship, the allocation of the portion of storage capacity leased is based on the shipments of all shippers out of Linden for the specific product or products that is to be stored pursuant to the lease agreement. The unleased portion of Linden capacity is allocated based on the movements of the non-storage lessees, including volumes moved pursuant to the mainline capacity lease agreement discussed above. The LIS allocation factor that results from this capacity-weighted volumetric allocation is 40.5%.

Figure 7
Alternative Volumetric Allocation of Linden
Accounting for Leased Storage Capacity in 2011

Lessee Name	Products Stored	Capacity Leased (000 bbls)	% Share of Storage Capacity	EPS Volumes (000 bbls)	LIS Volumes (000 bbls)	% EPS Costs	% LIS Costs
		[1]	[2]	[3]	[4]	[5]	[6]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Leased Capacity Subtotal		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Unleased	All Product Types	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total		[i]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Sources/Notes:

[1]: Exhibit No. BUC-5.

[3],[4]: Exhibit No. BUC-6 (Errata Version).

Q. Do you recommend using this alternative volumetric allocation methodology?

A. No. This volumetric allocation methodology suffers from the same problems with respect to stability in the underlying volumes as discussed above. In addition, as demonstrated by the contracts during 2011, the contracts can be modified or amended at any given time which also creates additional volatility and creates questions on what is representative of the underling usage of the leased storage capacity for the benefit of the EPS (excluding LIS) or the LIS. These concerns lead me to further conclude that applying a KN formula to allocate common costs at Linden, Sewaren, and Port Reading is more reasonable than either the volumetric allocation proposed by Buckeye (and FERC Staff) or this alternative volumetric allocation. However, if the LIS is to be separated from the EPS (excluding LIS) and a volumetric allocation is to be applied, I recommend this weighted volumetric allocation be applied that accounts for the significant storage capacity leased to third-parties at Linden. In the event a volumetric allocation of common origin costs is applied in this proceeding, I would similarly

1 recommend that revenues associated with the individual storage contracts be allocated
2 between the LIS and the EPS (excluding LIS) based on the allocation percentages
3 shown in Figure 7 above for each individual contract.²⁵⁹

4 **C. ALLOCATION OF PARENT ENTITY COMMON COSTS TO BUCKEYE AND**
5 **THEN TO INDIVIDUAL SYSTEMS**

6 **Q. How do you recommend that parent entity common costs be allocated to Buckeye**
7 **and then to individual systems?**

8 A. As discussed in my Direct Testimony, I recommend using the Massachusetts formula to
9 allocate shared O&A and G&A expenses to Buckeye for purposes of establishing a
10 regulated cost of service to be used for ratemaking.²⁶⁰ I recommend that calendar year
11 2011 be used for the Massachusetts formula calculation that is contemporaneous with
12 the shared O&A and G&A costs to be allocated by the Massachusetts Formula.²⁶¹ I
13 also recommend using the KN formula to allocate Buckeye's common costs to
14 individual systems.²⁶²

15 **Q. What was your basis for recommending the application of the Massachusetts**
16 **formula to allocate shared O&A and G&A expenses to Buckeye?**

17 A. I recommend using the Massachusetts formula to allocate shared O&A and G&A
18 expenses to Buckeye because it is a standard, objective approach that prevents the
19 inappropriate cross-subsidizations of common costs (as well as the incentive to engage
20 in such improper activity) from occurring when regulated utilities use their own
21 internally designed accounting processes to shift costs in such a way as to artificially
22 inflate rates. Further, Buckeye's methodology presented in its 2011 Form 6 page 700
23 workpapers relied on outdated surveys of RC managers performed in late 2008, as well
24 as relying on outdated allocation factor data from 2009. The combination of outdated,

²⁵⁹ For example, in the event a volumetric allocation of common origin costs is applied in this proceeding, I would recommend that revenues associated with the [REDACTED] storage contracts be allocated 100% to the EPS (excluding LIS) based on [REDACTED] shipments out of Linden.

²⁶⁰ Exhibit No. AIR-1, pages 34–38.

²⁶¹ *Id.*

²⁶² Exhibit No. AIR-1, pages 38–41.

1 subjective attribution percentages weighted with outdated Massachusetts formula
2 percentages strongly indicated that the methodology employed by Buckeye's parent
3 entity in 2011 was not reasonable.²⁶³

4 **Q. How does Buckeye and FERC Staff recommend that parent entity common costs**
5 **be allocated to Buckeye and then to individual systems for 2011?**

6 A. Both Buckeye and FERC Staff agree that the methodology employed by Buckeye's
7 parent entity in 2011 was outdated and unreasonable.²⁶⁴ However, in order to allocate
8 separate pools of O&A and G&A costs from 2011, Buckeye and FERC Staff
9 recommend that weighted averages be developed for each pool of O&A and G&A costs
10 that reflect the estimated time each Responsibility Center ("RC") worked for each of
11 Buckeye Partners, L.P.'s business segments.²⁶⁵ Central to the development of these
12 weighted averages for each pool of O&A and G&A costs is a survey conducted by Ms.
13 Butz in late 2012 regarding 2012 activities that she then assumes to be applicable for
14 the 2011 period.²⁶⁶ For costs within an RC that are not identified as being associated
15 with a particular business segment, Buckeye recommends using a Massachusetts
16 formula calculation in the development of the weighted average for each pool of O&A
17 and G&A costs.²⁶⁷ The results of the methodology recommended by Ms. Butz is that
18 the G&A cost allocation factor is very close to the Massachusetts formula factor I
19 recommend of 28% of total Buckeye Partner common costs being allocated to
20 Buckeye.²⁶⁸ However, the O&A allocation factor Ms. Butz recommends allocates
21 47.3% of O&A costs to Buckeye as opposed to the 28% I recommend.²⁶⁹

²⁶³ Exhibit No. AIR-1, pages 34–38.

²⁶⁴ Exhibit No. BUC-7, page 16, line 20 through page 17, line 10; Exhibit No. S-10, page 9, lines 13–19.

²⁶⁵ Exhibit No. BUC-7, pages 6–43; Exhibit No. S-10, page 4, line 7 through page 13, line 7.

²⁶⁶ Exhibit No. BUC-7, page 20, line 17 through page 22, line 9 and page 25, line 16 through page 26, line 6.

²⁶⁷ Exhibit No. BUC-7, page 34, line 9 through page 36, line 17.

²⁶⁸ Exhibit No. BUC-7, page 46, lines 7–14.

²⁶⁹ *Id.*

1 **Q. Is Buckeye's proposed method of developing 2011 weighted average allocation**
2 **factors based on late 2012 surveys reasonable?**

3 A. No. Ms. Butz recommends using a survey conducted in late 2012 to allocate costs for
4 individual RCs in 2011. First, there is no way to verify that the survey conducted in
5 late 2012 is accurate for 2012 expenses. Second, there was no survey conducted in
6 2011, so there is no evidence regarding what services each RC was providing to which
7 subsidiaries.²⁷⁰ Third, it is clear based on the survey results Buckeye's provided for
8 2008, 2012, and 2013 that the same RC changes its purported time estimates as it
9 respects work allegedly performed for each business segment, and even changes the
10 business segments that it is purported to have provided services for between years.

11 **Q. Can you provide examples of how Buckeye's surveys indicate that RCs change**
12 **which entities, and how much, they are performing services for?**

13 A. There are several RCs that show considerable change between the entities they reported
14 they were performing services for in 2008, 2012, and 2013. This indicates that simply
15 assuming that the RCs performed the same services, and the same proportion of
16 services in 2011 as they did in 2012 is an unreasonable assumption.

17 For example, RC 145, the Macungie Control Center, is described as "[p]rovides control
18 center functions for pipeline operations."²⁷¹ In 2008, RC 145 is purported to have spent
19 100% of its costs for the benefit of the pipelines business segment.²⁷² However, in
20 2012, RC 145 indicates that portions of its costs were incurred for the benefit of the
21 pipelines, terminals, gas storage, and BDL [Buckeye Development & Logistics]
22 segments.²⁷³ In 2013, RC 145 indicates that portions of its costs were incurred for the
23 benefit of pipelines, terminals, and BDL [Buckeye Development & Logistics]

²⁷⁰ Exhibit No. BUC-7, page 17, lines 1–10.

²⁷¹ Exhibit No. BUC-8, page 2.

²⁷² Exhibit No. AIR-18, page 17.

²⁷³ Exhibit No. BUC-15, worksheet named RC 145 BREINIGSVILLE CONTROL CENTER. Note that RC 145 reports that a portion of its 2012 travel expenses were incurred for the benefit of the gas storage and BDL segments, but none of its payroll costs were incurred for the benefit of these segments. However, it does not make sense to report travel expenses were incurred for the benefit of particular segments while also reporting that none of its payroll expenses were incurred for the benefit of those segments. This indicates that the accuracy of the survey results is questionable.

1 segments, but not the gas storage segment.²⁷⁴ Thus, RC 145 reports that it expanded
2 and contracted the entities for which it performed services between 2008 and 2013. It
3 is unknown which entities it was performing services for in 2011, and in which
4 proportion. Dr. Webb uses RC 145 as an example purporting to show that allocating a
5 portion of RC 145's costs to all business segments is unreasonable and does not match
6 costs with causation.²⁷⁵ However, Dr. Webb makes the unsupported assumption that
7 the survey reported for 2012 is accurate for 2011, an assumption that is, in addition to
8 being entirely speculative, highly questionable given the differences in the surveys
9 reported for 2008, 2012, and 2013.

10 Another example is RC 170 Transportation & Technology, described as "Control center
11 and scheduling management and support," indicating that costs in RC 170 are related to
12 activities in RC 145 that is reported to be the control center for pipeline operations.²⁷⁶
13 In 2008, RC 170 reported that 100% of its costs were incurred for the benefit of the
14 pipelines segment.²⁷⁷ However, in 2012, RC 170 indicates that portions of its costs
15 were incurred for the benefit of the pipeline, terminals, and international segments.²⁷⁸
16 In 2013, RC 170 indicates that portions of its costs were incurred for the benefit of only
17 the pipeline and terminals segments, but not the international segment.²⁷⁹ Thus, RC
18 170 reports that it expanded and contracted the entities for which it performed services
19 between 2008 and 2013. It is unknown which entities it was performing services for in
20 2011, and in which proportion. In addition, if the activities in RC 170 are related to the
21 activities in RC 145, which is indicated, based on both RCs, as being related to control

²⁷⁴ See Buckeye's response to request no. AIRLINES 1-56, and the document Bates stamped BUC 001907, which is included in Exhibit No. AIR-123.

²⁷⁵ Exhibit No. BUC-34, page 52, line 20 through page 53, line 15.

²⁷⁶ Exhibit No. BUC-8, page 2.

²⁷⁷ Exhibit No. AIR-18, page 17.

²⁷⁸ Exhibit No. BUC-15, worksheet named RC 170 TRANSPORTATION. Note that RC 170 reports that a portion of its 2012 travel expenses were incurred for the benefit of the international segment, but none of its payroll expenses were incurred for the benefit of the international segment. However, it does not make sense to report travel expenses were incurred for the benefit of a particular segment while also reporting that none of its payroll expenses were incurred for the benefit of that segment. This indicates that the accuracy of the survey results is questionable.

²⁷⁹ See Buckeye's response to request no. AIRLINES 1-56, and the document Bates stamped BUC 001907, which is included in Exhibit No. AIR-123.

center operations, if RC 170 is providing services for the international segment, it is likely that RC 145 is also providing services for the international segment.

Another example is RC 123 Domestic Project Engineering, described as “Project development, management and general engineering support, primarily for Pipelines and Terminals projects.”²⁸⁰ In 2008, RC 123 reported that 50% of its costs were incurred for the benefit of the pipelines segment, but that it also performed services for the terminals, gas storage, Buckeye Energy Services, and Buckeye Development & Logistics segments.²⁸¹ However, in 2012, RC 123 indicates that 32.5% of its costs were incurred for the benefit of the pipelines segment, while it also performed services for the terminals, gas storage, Buckeye Energy Services, Buckeye Development & Logistics, and international Global Marine segments.²⁸² In 2013, RC 123 indicates that 42% of its costs were incurred for the benefit of the pipelines segment, while other portions of its costs were incurred for the benefit of the terminals, Buckeye Development & Logistics, and international Global Marine segments, with 1% of its time being related to “corporate” activities.²⁸³ Thus, RC 123 reports that it expanded and changed the entities and the proportions of costs incurred for the benefit of each set of entities for which it performed services between 2008 and 2013. It is unknown which entities and how much its costs were incurred for the benefit of a particular business segment or entity in 2011.

Q. Did Buckeye’s parent allocate a portion of each RC’s costs to each subsidiary, including Buckeye, in the actual allocations that it recorded on its books in 2011?

A. Yes. In the actual allocations made by Buckeye Partners in 2011, Buckeye Partners applied a single allocation factor to the actual costs incurred in each RC in order to allocate the costs in that RC to all subsidiaries. Dr. Webb claims this is irrelevant because the allocation factors were developed based on surveys of the purported amount of costs incurred for each entity and the weighting of the survey results renders

²⁸⁰ Exhibit No. BUC-8, page 2.

²⁸¹ Exhibit No. AIR-18, page 17.

²⁸² Exhibit No. BUC-15, worksheet named RC 123 DOMESTIC PROJECT ENGINEERING.

²⁸³ See Buckeye’s response to request no. AIRLINES 1-56, and the document Bates stamped BUC 001907, which is included in Exhibit No. AIR-123.

1 the fact that portions of each RC's costs were allocated to all subsidiaries misleading.²⁸⁴
2 However, the fact is that the allocation factors Buckeye Partners actually used in 2011,
3 aside from being acknowledged by Buckeye as being outdated and unreasonable,²⁸⁵
4 were unrelated to the actual costs incurred in each RC.²⁸⁶ Rather, the allocation factors
5 were based on outdate 2009 budgeted costs.²⁸⁷ Thus, if the weighted average bears no
6 relation to the actual 2011 costs being allocated, then the weighting does not accurately
7 take into account whether an RC is purported to be spending no time for particular
8 entities. By allocating a portion of each RCs costs to each entity, knowing that the
9 allocation is not accurate, Buckeye Partners is indicating that at least some portion of
10 each RC's costs are incurred for the benefit of all entities.

11 **Q. Is there a dispute on how to allocate common costs other than Linden, Sewaren,**
12 **and Port Reading, such as parent entity overhead costs, to individual systems?**

13 A. No. Both Buckeye and FERC Staff support the use of the KN formula, or one of its
14 individual allocation factors, to allocate non-Linden common asset and expenses
15 between Buckeye's systems.²⁸⁸ Like my recommendation to allocate Linden, Sewaren,
16 and Port Reading costs between systems if that allocation is to be performed,²⁸⁹ I also
17 recommend using the KN formula to allocate common costs other than Linden,
18 Sewaren, and Port Reading, such as parent entity overhead costs, to individual systems
19 after they have been allocated to Buckeye.²⁹⁰

²⁸⁴ Exhibit No. BUC-34, page 54, line 1 through page 55, line 7.

²⁸⁵ Exhibit No. BUC-7, page 17, lines 1–10.

²⁸⁶ Exhibit No. AIR-18.

²⁸⁷ *Id.*

²⁸⁸ Exhibit No. BUC-87, page 16, lines 14-18, page 17, line 10 through page 18, line 3; Exhibit No. S-10, page 13, line 8 through page 15, line 9.

²⁸⁹ Exhibit No. AIR-1, pages 21-33.

²⁹⁰ Exhibit No. AIR-1, pages 38–41. Note that the Commission has stated that common costs should be divided into labor-related, plant-related, and “other” categories, and that after the initial division, the labor-related costs should be allocated based on the labor allocation factor, the plant-related costs should be allocated using the plant allocation factor, and the “other” costs should be allocated based on an average of the labor and plant allocation factors. *SFPP, L.P.*, 137 FERC ¶ 61,220, at PP 172–174 (2011). Here, while I have not attempted to divide Buckeye's common costs into labor-related, plant-related, and “other” categories, because the labor and plant allocation factors are within 3 percentage points for each system, whether common costs are first divided into three categories, or a simple average is used for all types of costs will not have a significant impact on the costs allocated to any individual system.

D. FUEL AND POWER EXPENSES

Q. Does Buckeye claim that there was a large increase in fuel and power costs between 2011 and 2012?

A. Yes. Buckeye witness Mr. Hahamski states there was a large increase in fuel and power expense at Linden between 2011 and 2012 that is expected to continue.²⁹¹ The increase in fuel and power expense results from the expiration of a natural gas credit program in 2011 and the conversion of some natural gas pumping units to electric units in 2012.²⁹² Buckeye witness Mr. Wetmore references this change in fuel and power costs as one basis for claiming that Buckeye's 2012 costs are more representative of going-forward costs than 2011 costs.²⁹³

Q. Does FERC Staff recommend making a test year adjustment to 2011 expenses to account for higher fuel and power costs in 2012?

A. Yes. Staff witness Mr. Kimbrough recommends making an adjustment to incorporate the expiration of a natural gas credit program in late 2011.²⁹⁴ Buckeye reported to Mr. Kimbrough that there were \$2.3 million in credits provided to Buckeye for the natural gas credit program, and Mr. Kimbrough recommends incorporating a \$2.3 million increase in Linden fuel and power costs as a test period adjustment to Linden fuel and power costs.²⁹⁵

Q. Is it reasonable to view Buckeye's increase in fuel and power expense in isolation from changes in other expenses?

A. No. As discussed above, while there may have been an increase in fuel and power costs because Buckeye converted from natural gas to electric pumps in June 2012, Buckeye's internal analysis reviewing the investment decision concluded:

This project expected to reduce/eliminate downtime of the main line drivers and reduce overall maintenance costs by eliminating the need for

²⁹¹ Exhibit No. BUC-1, page 18, line 13 through page 19, line 7.

²⁹² *Id.*

²⁹³ Exhibit No. BUC-87, page 11, lines 2–19.

²⁹⁴ Exhibit No. S-15, page 21, line 10 through page 22, line 20.

²⁹⁵ *Id.*

1 engine overhauls, maintenance, and repair due to mechanical failure.
2 Reduced maintenance costs expected to more than offset increased
3 operating costs of the electric pumps.²⁹⁶

4 Consequently, any increase in fuel and power costs should be examined in the context
5 of other costs that change as a result of the conversion to electric pumps, which
6 includes the maintenance costs that were projected to decrease by more than any
7 increase in fuel and power costs.

8 **Q. Is it reasonable to conclude that Buckeye's fuel and power expenses at Linden**
9 **increased by \$2.3 million on a going-forward basis due to the expiration of the**
10 **natural gas credit program?**

11 A. No. Because Buckeye converted pumps from natural gas to electric power in 2012,
12 there was a significant change in Buckeye's natural gas consumption at Linden, and it
13 is not reasonable to believe that Buckeye would have continued to receive \$2.3 million
14 per year had the natural gas credit program remained in place in 2012 and going-
15 forward. In 2011, Buckeye's total natural gas costs at Linden are reported to be
16 negative \$0.2 million.²⁹⁷ If Buckeye received \$2.3 million in natural gas credits,²⁹⁸ then
17 its costs prior to credits were \$2.1 million. However, in 2012, Buckeye's total natural
18 gas costs at Linden prior to any credits was \$0.7 million, and in 2013, total natural gas
19 costs at Linden were \$0.6 million.²⁹⁹ Thus, Buckeye significantly reduced its natural
20 gas consumption at Linden in 2012. Consequently, the \$2.5 million observed increase
21 in Linden fuel and power expense in 2011 and 2012 is heavily influenced by the
22 conversion from natural gas to electricity. Attributing \$2.3 million of the \$2.5 million
23 increase to the expiration of the natural gas credit program implies that electricity costs
24 (the second interrelated factor discussed by Mr. Hahamski)³⁰⁰ increased only by the
25 remaining \$0.2 million. However, Buckeye's data reports that electricity costs

²⁹⁶ Buckeye's response to request no. AIRLINES-BUCKEYE 9-23 and the document Bates stamped BUC 021045-BUC 021056 at BUC 021046, included in Exhibit No. AIR-116.

²⁹⁷ Exhibit No. BUC-31.

²⁹⁸ Exhibit No. S-18, pages 8-9.

²⁹⁹ Exhibit No. BUC-31.

³⁰⁰ Exhibit No. BUC-1, page 18, line 13 through page 19, line 7.

increased by \$1.5 million between 2011 and 2012. Thus, the expiration of the natural gas credit program cannot account for \$2.3 million of the \$2.5 million total change.

Q. Is a test period adjustment to the 2011 level for fuel and power expenses warranted based on the information available to date?

A. No. Buckeye's internal analysis projected that the annual maintenance costs at Linden associated with new electric pumps were expected to be [REDACTED] to [REDACTED] less per year than *new* natural gas pumps over the first five years.³⁰¹ However, Buckeye's internal analysis also stated that [REDACTED]
[REDACTED]
[REDACTED]³⁰² This implies the annual maintenance savings of converting from its *existing* natural gas units to the new electric units exceeds the [REDACTED] to [REDACTED] in maintenance savings projected relative to new natural gas units. Thus, these projected maintenance savings are likely to offset and exceed, the \$2.5 million increase in fuel and power costs. As a result, I do not recommend making an upward test year adjustment to fuel and power costs without an offsetting downward adjustment to maintenance savings. Based on the information provided, it appears these changes in expenses largely offset each other, and I do not recommend making a test period adjustment to either account.

E. REGULATORY LITIGATION EXPENSES

Q. How does Buckeye and FERC Staff recommend that Buckeye's regulatory litigation expense be recovered?

A. Both Buckeye and FERC Staff recommend that Buckeye's regulatory litigation expense related to FERC proceedings be removed from any cost of service calculations, and the actual costs related to three FERC proceedings be recovered in a three-year surcharge.³⁰³ None of these regulatory litigation expenses were incurred in 2011, and

³⁰¹ Buckeye's response to request no. AIRLINES-BUCKEYE 9-23 and the document Bates stamped BUC 021045-BUC 021056 at BUC 021048, included in Exhibit No. AIR-116.

³⁰² *Id.* at BUC 021047.

³⁰³ Exhibit No. BUC-103, page 15, line 11 through page 16, line 12; Exhibit No. S-15, page 13, line 4 through page 17, line 2.

1 thus none of these costs are included in the 2011 Complaint and Test Year costs of
2 service presented in my Direct Testimony.

3 **Q. What are the proceedings before the Commission that Buckeye began to incur**
4 **expenses in 2012?**

5 A. The three proceedings Buckeye began to incur regulatory litigation expenses in 2012
6 are: (1) this Docket No. OR12-28 proceeding related to a complaint filed against
7 Buckeye's rates; (2) the Docket No. IS12-185 proceeding where the Commission
8 ordered Buckeye to show cause why its experimental rate program approved in Opinion
9 No. 360 should continue; and (3) the Docket No. OR13-3 proceeding where Buckeye
10 applied for market-based rates to its New York City destinations.³⁰⁴

11 **Q. In your opinion, should all of these regulatory litigation expenses be included in a**
12 **surcharge?**

13 A. No. I agree that Commission precedent supports the inclusion of regulatory litigation
14 expenses related to this docket in a surcharge.³⁰⁵ However, I do not agree that expenses
15 related to Docket Nos. IS12-185 or OR13-3 should be included in any surcharge related
16 to this proceeding.

17 Expenses related to the Docket No. IS12-185 proceeding are related to Buckeye's
18 response to the Commission's order to show cause on why it should be permitted to
19 continue its experimental rate program.³⁰⁶ Buckeye claims that it spent [REDACTED] in
20 legal fees related to the Docket No. IS12-185 proceeding.³⁰⁷ That proceeding related to
21 all rates on all of Buckeye's systems, and any legal fees incurred in that proceeding
22 relate to significantly more than the rates at issue in this proceeding. Further, if
23 Buckeye were incurring significant expenses related to that proceeding that was in
24 response to a show cause order from the Commission, Buckeye could have requested a
25 surcharge be implemented on all rates in that proceeding.

³⁰⁴ *Id.*

³⁰⁵ *SFPP, L.P.*, 140 FERC ¶ 61,220 at P 81 (2012).

³⁰⁶ *Buckeye Pipe Line Company, L.P.*, 142 FERC ¶ 61,140 (2013).

³⁰⁷ Buckeye's response to request no. AIRLINES-BUCKEYE 9-21, and the document Bates stamped BUC 024067–BUC 024074, included in Exhibit No. AIR-124.

1 Expenses in the Docket No. OR13-3 proceeding are the result of Buckeye's voluntary
2 application for market-based rates to multiple destinations in the New York City area,
3 which was protested by the same airlines involved in this proceeding.³⁰⁸ It is the
4 position of the protestors in that proceeding that Buckeye's application does not
5 demonstrate that Buckeye lacks market power such that it should be granted market-
6 based rates, especially given the undisputed fact that Buckeye has been the only
7 supplier of jet fuel to the NYC Airports for approximately a quarter of a century.³⁰⁹ As
8 a result, the protestors are also incurring their own legal expenses, and it does not make
9 sense for the protestors to also have to incur Buckeye's legal expenses in that
10 proceeding as a result of a surcharge implemented in this proceeding that is not
11 consolidated with Buckeye's application for market-based rates and which provides
12 absolutely no benefit to the Airline shippers.

13 **F. OIL LOSSES AND SHORTAGES EXPENSE**

14 **Q. What did you recommend in your Direct Testimony regarding a reasonable level**
15 **of oil losses and shortages expense to include in 2011 Complaint and Test Year**
16 **costs of service?**

17 A. As discussed in my Direct Testimony, for a combined EPS (including LIS) cost of
18 service, the combined EPS (excluding LIS) and LIS net Account 230 revenue reported
19 by Buckeye could be treated as a negative \$6.7 million expense in Buckeye's oil losses
20 and shortages expenses.³¹⁰ If the EPS (including LIS) were to be separated into an LIS
21 and EPS (excluding LIS), problems arose because, based on the data provided by
22 Buckeye, it was clear that there was significant inaccuracy in Buckeye's reported EPS
23 (excluding LIS) and LIS net Account 230 revenue because substantial transmix sales
24 revenue associated with the LIS was included in Account 230 revenue associated with
25 the EPS (excluding LIS), a fact acknowledged by Buckeye.³¹¹ Also, it was not possible
26 to determine the amount of inaccuracy in Buckeye's reported LIS net Account 230

³⁰⁸ *Buckeye Pipeline Company, L.P.*, 142 FERC ¶ 61,162 (2013).

³⁰⁹ *Id.*

³¹⁰ Exhibit No. AIR-1, page 45, lines 1–8.

³¹¹ Exhibit No. AIR-1, pages 41–45; Buckeye's response to Airlines' request no. AIRLINES-BUCKEYE 6-4 and the document Bates stamped BUC 015692, included in Exhibit No. AIR-23.

1 revenue because the amount of transmix sales revenue associated with Linden
2 operations was not known by Buckeye. Consequently, because these oil losses and
3 shortages revenues and expenses are common costs and revenues, I recommended
4 allocating a portion of the combined EPS (including LIS) net Account 230 revenue to
5 the LIS using the KN formula, which is the same allocation method I recommended for
6 other common costs at Linden. This resulted in 28%, or \$1.8 million, of the total \$6.7
7 million of EPS (including LIS) net oil losses and shortages revenue, being allocated to
8 the LIS, which I included as a negative expense in Account 340 oil losses and shortages
9 for a LIS cost of service.

10 **Q. Does Buckeye acknowledge that net Account 230 Allowance Oil Revenue should**
11 **be included in its cost of service?**

12 A. Yes. Buckeye acknowledges that net Account 230 Allowance Oil Revenue is
13 jurisdictional and should be included in its cost of service.³¹² FERC Staff also supports
14 including it in Buckeye's cost of service.³¹³

15 **Q. Did Buckeye acknowledge that there were substantial inaccuracies in the amount**
16 **of net Account 230 revenue for the LIS and EPS (excluding LIS) as recorded on**
17 **Buckeye's accounting records?**

18 A. Yes. Buckeye witness Mr. Hahamski acknowledges that the amount of net Account
19 230 revenue recorded for the LIS is understated, while the amount recorded for the EPS
20 (excluded LIS) is overstated by the same absolute value amount.³¹⁴ That is, revenues
21 that should have been properly attributed to the LIS were instead recorded to the EPS
22 (excluding LIS). This problem is created because transmix is generated at Linden by
23 deliveries from connecting carriers. This transmix, and the associated transmix sales
24 revenue, is associated with shipments on both the LIS and the EPS (excluding LIS), but
25 Buckeye recorded all the revenue associated with these transmix sales to the EPS

³¹² Exhibit No. BUC-1, page 22, line 25 through page 33, line 12; Exhibit No. BUC-87, page 20, lines 5–12.

³¹³ Exhibit No. S-11, page 3, line 26 through page 8, line 5.

³¹⁴ Exhibit No. BUC-1, page 28, line 16 through page 31, line 15.

(excluding LIS). Thus, Buckeye overstated the EPS (excluding LIS) net Account 230 revenues and understated the LIS net Account 230 revenues.³¹⁵

Q. Is the amount of transmix sales revenue, or transmix volumes, associated the transmix that is generated at Linden known?

A. No. Buckeye does not keep track of the amount of transmix sales revenue, or transmix volume, associated with the transmix that is generated at Linden.³¹⁶

Q. Did Buckeye or FERC Staff support the use of the KN formula to allocate total EPS (including LIS) net Account 230 revenues between the LIS and the EPS (excluding LIS)?

A. No. While acknowledging the clear inaccuracies that exist in the amount of net Account 230 revenue recorded for the LIS and the EPS (excluding LIS), Buckeye witness Mr. Hahamski rejects the use of the KN formula for allocating a portion of transmix sales revenue because the amount of transmix generated is not related to the KN allocation factors of gross property and direct labor.³¹⁷

Q. Did Mr. Hahamski propose an alternate allocation methodology to attempt to adjust for the unknown transmix volumes generated at Linden that are associated with the LIS?

A. Yes. Mr. Hahamski claims that the net product losses, that is total product losses less total product gains, “closely approximates” the transmix volumes created at Linden that are associated with volumes moving on the LIS.³¹⁸ Mr. Hahamski then multiplies the net product losses on the LIS by the average transmix sales price to arrive at the estimated transmix sales revenue that was inappropriately recorded to the EPS (excluding LIS) instead of the LIS. Mr. Hahamski then adds this estimated transmix sales revenue attributable to the LIS to the actual net Account 230 revenue recorded for

³¹⁵ *Id.*

³¹⁶ Exhibit No. BUC-1, page 30, line 21 through page 31, line 9.

³¹⁷ Exhibit No. BUC-1, page 33, lines 5–12.

³¹⁸ Exhibit No. BUC-1, page 31, line 17 through page 33, line 3; Exhibit No. BUC-4; *see also* Buckeye’s response to request no. AIRLINES-BUCKEYE 9-28 and the document Bates stamped BUC 023967, included in Exhibit No. AIR-125.

1 the LIS to arrive at his adjusted net Account 230 Allowance Oil Revenue that is to be
2 included in Buckeye's cost of service.³¹⁹

3 **Q. Before addressing the merits of Mr. Hahamski's proposed adjustment, are there**
4 **any corrections that should be made to Mr. Hahamski's calculation of an adjusted**
5 **net Account 230 revenue?**

6 A. Yes. In a data response, Buckeye acknowledged that \$2.7 million of transmix sales
7 revenue in 2012 related to transmix generated at destinations on the LIS (unrelated to
8 the issue involving transmix generated at Linden) was erroneously recorded to the EPS
9 (excluding LIS) when it should have been recorded to the LIS.³²⁰ Therefore, Mr.
10 Hahamski's estimate of 2012 Adjusted Allowance Oil Revenue should be a positive
11 \$0.8 million instead of the negative \$1.9 million he reports in Exhibit No. BUC-4.³²¹

12 **Q. If Mr. Hahamski basis his estimate of transmix volumes generated at Linden on**
13 **the net product losses on the LIS, what are the mechanisms that generate product**
14 **losses and gains on the LIS?**

15 A. Mr. Hahamski describes the ways in which product losses and gains occur on
16 Buckeye's system, including the LIS. There are three ways in which product losses
17 occur without offsetting product gains:

- 18 • transmix generated at Linden creates product losses without any offsetting gains
19 because product is physically removed from the amount delivered and classified as
20 transmix,³²²
- 21 • transmix generated in route to a destination on the LIS creates product losses without
22 any offsetting gain.³²³

³¹⁹ *Id.*

³²⁰ Buckeye's response to request no. AIRLINES-BUCKEYE 13-2 and the document Bates stamped BUC 025050, included in Exhibit No. AIR-126.

³²¹ Note that because Staff witness Ms. Pride accepted Mr. Hahamski's proposed adjustments (Exh. No. S-11, page 5, line 20 through page 6, line 11), the \$2.7 million correction noted by Mr. Hahamski to the 2012 LIS transmix sales would affect Ms. Pride's recommendation in the same manner as it affect Mr. Hahamski's recommendation.

³²² Exhibit No. BUC-1, page 29, line 6 through page 30, line 19; *see also* Buckeye's response to request nos. AIRLINES-BUCKEYE 14-1 and 14-2, included in Exhibit No. AIR-127.

- product losses due to evaporation, product expansion or contraction, and metering discrepancies are stated to primarily result in product losses.³²⁴

There are two additional ways in which product losses are generated, but these losses typically have offsetting gains:

- the way in which a batch is cut such that the interface between two grades of gasoline is downgraded to the lower grade, creating a gain for the shippers of the lower grade and offsetting losses for the shippers of the higher grade.³²⁵
- the difference between book inventory and physical inventory, which typically generates offsetting gains and losses over time.³²⁶

Thus, it is clear that the two ways in which transmix is generated only creates product losses, while other mechanisms can generate offsetting product gains and losses.

Q. Do net product losses on the LIS appear to closely approximate the transmix volumes created at Linden that are associated with volumes moving on the LIS?

A. No. Mr. Hahamski's statement in his testimony that net product losses on the LIS closely approximate the transmix volumes created at Linden is made without any support.³²⁷ Mr. Hahamski's method assumes that *all* losses created by mechanisms other than transmix generated at Linden have offsetting gains. However, the flaw in this assumption is that Mr. Hahamski also states that transmix generated in route to destinations on the LIS does not generate offsetting gains. Thus, there are at least two mechanisms that generate product losses without gains: (1) transmix generated at Linden; and (2) transmix generated in route to destinations on the LIS. It is not clear

³²³ Exhibit No. BUC-1, page 24, lines 14-21; *see also* Buckeye's response to request nos. AIRLINES-BUCKEYE 14-1 and 14-2, included in Exhibit No. AIR-127.

³²⁴ Exhibit No. BUC-1, page 24, line 22 through page 25, line 3; *see also* Buckeye's response to request nos. AIRLINES-BUCKEYE 14-1 and 14-2, included in Exhibit No. AIR-127.

³²⁵ Exhibit No. BUC-1, page 23, line 21 through page 24, line 14; *see also* Buckeye's response to request nos. AIRLINES-BUCKEYE 14-1 and 14-2, included in Exhibit No. AIR-127.

³²⁶ Exhibit No. BUC-1, page 25, lines 5-10; *see also* Buckeye's response to request nos. AIRLINES-BUCKEYE 14-1 and 14-2, included in Exhibit No. AIR-127.

³²⁷ Exhibit No. BUC-1, page 31, line 17 through page 33, line 3; Exhibit No. BUC-4; *see also* Buckeye's response to request no. AIRLINES-BUCKEYE 9-28 and the document Bates stamped BUC 023967, included in Exhibit No. AIR-125.

1 why only one of the two mechanisms is assumed to be equal to *all* the net product
2 losses, and if it is only one mechanism giving rise to the net product losses, why it is
3 assumed to be transmix generated at Linden and not transmix generated in route to
4 destinations on the LIS. However, as discussed below, Mr. Hahamski's assumption
5 that all net product losses are associated with transmix generated at Linden appears to
6 be an arbitrary assumption.

7 As shown in Figure 8, in 2011 shippers on the LIS had [REDACTED] barrels of losses, and
8 [REDACTED] barrels of net losses after crediting product gains. However, transmix generated
9 in route to destinations on the LIS created [REDACTED] barrels of that total [REDACTED] barrels
10 of losses. Therefore, some portion of the remaining [REDACTED] barrels of losses is
11 associated with transmix generated at Linden, as well as all other activities on
12 Buckeye's system that generate losses. Mr. Hahamski assumes that [REDACTED] barrels out
13 of the [REDACTED] barrels of unexplained losses is associated with transmix generated at
14 Linden. Yet the [REDACTED] barrels is an amount that is dependent upon the transmix
15 generated in route to destinations on the LIS without offsetting gains, and thus cannot
16 be a number that is tied to the transmix generated at Linden that also does not have any
17 offsetting gains. Consequently, the 41,316 barrels Mr. Hahamski assumes is solely
18 related to transmix generated at Linden is a purely arbitrary difference between the total
19 product losses and product gains on the LIS, whereby the total product losses and total
20 product gains are due to underlying mechanisms that do not uniformly have offsetting
21 gains and losses.

Figure 8
Summary of LIS Product Losses and Gains
2011 and 2012
(barrels)

Item		Losses	2011	Net Losses	Losses	2012	Net Losses
			Gains			Gains	
[1]		[2]	[3]	[4]	[5]	[6]	[7]
Totals	[a]	██████	██████	40,634	██████	██████	107,533
Losses due to transmix generated in route to LIS destinations	[b]	██████			██████		
Losses due to all other mechanisms, including transmix generated at Linden	[c]	██████			██████		

Source/Notes:

[a]: BUC-023967, included in Exhibit No. AIR-125.

[b]: BUC-025050, included in Exhibit No. AIR-126.

[c] = [a] - [b]

As also shown in Figure 8, the same logic applies to the 2012 data, whereby ██████ barrels of the ██████ barrels of total product losses are explained by transmix generated in route to destinations on the LIS, but of the remaining ██████ barrels of product losses, it is unknown how many barrels were associated with transmix generated at Linden. There is no basis provided for why ██████ barrels of the ██████ barrels of unexplained product losses should be assumed to be related to transmix generated at Linden. Rather, assuming the net losses are equal to the transmix generated at Linden appears to be an arbitrary assumption.

Q. If Mr. Hahamski's proposed adjustment to correct for the problem with transmix generated at Linden is not reasonable, what method do you recommend to determine a reasonable amount of net Account 230 revenue for the LIS if it is to be considered a separate system?

A. Given a lack of a credible attribution of transmix sales revenue generated at Linden to the LIS, it is my opinion that an objective method for allocating a portion of total EPS (including LIS) net Account 230 revenue to the LIS is more reasonable than the apparently arbitrary method presented by Buckeye. Further, Buckeye's arbitrary and unsupported method could improperly weight the allocation of transmix sales revenue to the EPS (excluding LIS). Consequently, because these oil losses and shortages revenues and expenses are common costs and revenues, I recommend allocating a portion of the combined EPS (including LIS) net revenue to the LIS using the KN

formula, which is the same allocation method I recommend for other common costs at Linden. This results in 28%, or \$1.8 million, of the total \$6.7 million EPS (including LIS) net oil losses and shortages revenue, being allocated to the LIS, which I included as a negative expense in Account 340 oil losses and shortages for a LIS cost of service as compared to Buckeye's recommended 2011 amount of \$0.7 million in negative oil losses and shortages expense being included in an LIS cost of service.³²⁸

Q. Does Buckeye's treatment of transmix sales revenue at Linden indicate that the LIS and EPS (excluding LIS) are operationally integrated?

A. Yes. The fact that Buckeye does not track or have a valid method to determine the transmix generated at Linden that is associated with the LIS or the EPS (excluding LIS) indicates that the EPS (including LIS) operates as an integrated system. It also indicates that Buckeye treats the two systems as operationally integrated because it knowingly records millions of dollars of revenue inaccurately between the LIS and the EPS (excluding LIS). Consequently, Buckeye's treatment of transmix generated at Linden supports treating the EPS (including LIS) as a single system.

III. UPDATED 2011 COMPLAINT AND TEST YEAR COSTS OF SERVICE

Q. Please provide an overview of how you develop updated 2011 Complaint (Base) and Test Year costs of service.

A. As discussed in the section above and in my Direct Testimony regarding the relevant complaint and test years for this proceeding,³²⁹ I recommend using the 2011 Complaint period (calendar year 2011) as a base period, and this same time period, with any relevant test period adjustments, as a test period for establishing going-forward rates on Buckeye.

Q. How do you calculate updated 2011 Complaint Year costs of service for the EPS (including LIS) and for the LIS?

³²⁸ Exhibit No. BUC-4.

³²⁹ Exhibit No. AIR-1, pages 5–6.

A. I calculate updated 2011 Complaint Year costs of service for the EPS (including LIS) and for the LIS based on the data contained in Buckeye's 2011 Form 6, page 700 workpapers that incorporate the following adjustments:³³⁰

- The adjustments to the allocation of common origin costs between the EPS (excluding LIS) and the LIS discussed in my Direct Testimony³³¹ and above for the calculation of a separate LIS cost of service.³³²
- The adjustment to the allocation of parent overhead expenses to Buckeye, and the allocation of common costs to individual systems, as discussed in my Direct Testimony³³³ and above.
- The adjustment to oil losses and shortages expense described in my Direct Testimony³³⁴ and above.
- The credits to cost of service for rental revenue, incidental revenue, and storage lease revenue addressed by Mr. O'Loughlin.
- The adjustments to return on equity addressed by Mr. O'Loughlin.
- The adjustment to income tax allowance addressed by Mr. O'Loughlin. Note that upon advice of counsel, I calculate costs of service for purposes of analysis of substantially changed circumstances with Mr. O'Loughlin's recommended income tax allowance as well as using Buckeye's unadjusted income tax allowance.

³³⁰ Note that Buckeye's 2011 Form 6, page 700 reported operating expenses contain some accruals and non-cash expense levels that may differ from actual cash expenses in 2011. *See* Buckeye's response to Airlines' request no. AIRLINES-BUCKEYE 1-51 and the document Bates stamped BUC 002441, included in Exhibit No. AIR-24. In the aggregate, the level of the reported accruals and non-cash expenses are a small percent of total Buckeye operating expenses (excluding depreciation expense) (note total accruals are reported to be negative \$2.1 million out of Buckeye's total \$131.7 million, representing a potential impact of less than a 2% on Buckeye's total operating expenses across all systems. (*See* page 303 of Buckeye's 2011 Form 6, included in Exhibit No. AIR-22). Buckeye has proposed to replace accruals associated with pipeline taxes with actual cash expenses (Exh. No. BUC-1, page 20, line 13 through page 21, line 10), and I incorporate those adjustments in my calculations.

³³¹ Exhibit No. AIR-1, pages 21–33.

³³² Note that in its Answering Testimony, Buckeye reports small adjustments to the gross property and direct labor balances that it reported in prior data responses that I relied on for the gross property and direct labor balances used in my Direct Testimony. *See* Buckeye's response to request nos. 9-26 and 11-5, and the documents Bates stamped BUC 013144 and BUC 023964, included in Exhibit No. AIR-128. These changes do not have a material impact on the allocations of common costs, but for completeness, I use these updated gross property and direct labor balances to allocate common costs between systems using KN formula allocations in my updated 2011 cost of service calculations.

³³³ Exhibit No. AIR-1, at pages 33–41.

³³⁴ *Id.* at pages 41–45.

- I also make the corrections to 2011 levels of Legal Expenses, Insurance Expenses, and Pipeline Taxes recorded on Buckeye's books and records that were discussed by Buckeye witness Mr. Hahamski and Mr. Wetmore.³³⁵

Figure 9 summarizes my updated 2011 Complaint Year costs of service of \$72.6 million for the EPS (including LIS) and \$20.0 million for the LIS, based on all of my and Mr. O'Loughlin's recommended adjustments. My updated 2011 Complaint Year cost of service workpapers for the EPS (including LIS) are contained in Exhibit No. AIR-129 and for the LIS are contained in Exhibit No. AIR-130.

Figure 9
2011 Complaint Year Adjusted Cost of Service for EPS (incl. LIS) and LIS
with No Income Tax Allowance
(\$)

Description		LIS	EPS (Including LIS)
[1]		[2] LIS	[3] #EPS
Operating and Maintenance Expenses Excluding Depreciation and Operating Fuel and Power	[a]	\$ 15,528,701	\$ 55,992,840
Operating Fuel And Power Expense	[b]	1,449,848	8,479,720
Depreciation Expense	[c]	2,928,642	10,633,866
Amortization of AFUDC	[d]	104,349	374,568
Amortization of Deferred Earnings	[e]	842,777	2,366,274
Return on Rate Base	[f]	3,789,449	14,749,413
Income Tax Allowance	[g]	-	-
<i>Interstate Cost of Service</i>	[h] = sum([a]-[g])	\$ 24,643,766	\$ 92,596,681
<i>Adjustment for Other Revenue (Accounts 250 & 260)</i>	[i]	4,717,738	20,023,930
Total Interstate Cost of Service	[j] = [h] - [i]	\$ 19,926,028	\$ 72,572,751

Sources/Notes:

2011 Complaint Year Cost of Service workpapers for the LIS are contained in Exhibit No. AIR-130 (CONF) and for the EPS (Including LIS) in Exhibit No. AIR-129 (CONF).

Q. How do you calculate updated 2011 Test Year costs of service for the EPS (including LIS) and the LIS?

A. I calculate updated 2011 Test Year costs of service for the EPS (including LIS) and the LIS, based on the updated 2011 Complaint Year costs of service, including the adjustments described above, as well as incorporating the following adjustments:

³³⁵ Exhibit No. BUC-1, page 15, lines 15–20, page 16, lines 8–10, and page 20, line 13 through page 21, line 10; *see also* Exhibit No. BUC-87, page 18, line 5 through page 20, line 4.

- 1 • The test year adjustments to the credits to cost of service for rental revenue,
2 incidental revenue, and storage revenue addressed by Mr. O’Loughlin.
- 3 • The test year adjustment to fuel and power expense associated with the test
4 year volume increase for the EPS (including LIS) addressed by Mr.
5 O’Loughlin.
- 6 • The test year adjustments related to cancelled projects, fines and penalties,
7 and pipeline integrity management expenses proposed by FERC Staff witness
8 Mr. Kimbrough.³³⁶

9 **Q. Please summarize your updated 2011 Test Year costs of service calculations for**
10 **the EPS (including LIS) and for the LIS.**

11 A. Figure 10 summarizes my updated 2011 Test Year costs of service of \$71.9 million for
12 the EPS (including LIS) and \$21.1 million for the LIS, based on all of my and Mr.
13 O’Loughlin’s recommended adjustments. My updated 2011 Test Year cost of service
14 workpapers for the EPS (including LIS) and for the LIS are contained in Exhibit No.
15 AIR-131.

³³⁶ Exhibit No. S-15, page 11 line 1 through page 12, line 8, page 18, line 3 through page 19, line 9, and page 20, line 18 through page 21, line 9. Note that Buckeye witness Mr. Wetmore accepts Mr. Kimbrough’s adjustments to fines and penalties and pipeline integrity management expenses, but disputes the proposed adjustment related to cancelled projects. Exhibit No. BUC-103, page 13, line 6 through page 17, line 2 and page 18, line 11 through page 19, line 3. As Buckeye’s expenses related to the cancelled project are stated by Buckeye to be unrelated to any of its systems, including the EPS (including LIS) or the LIS (Exhibit No. S-18, page 1), it does not appear reasonable to include any portion of these expenses in rates for the EPS (including LIS) or the LIS. Also note that Buckeye and Mr. Kimbrough proposed disputed levels of an adjustment for relocation expense (Exhibit No. S-15, page 19, line 10 through page 20, line 17; Exhibit No. BUC-103, page 17, line 4 through page 18, line 9), which, if either proposed adjustment were made, would serve to lower the amount of allocated overhead expenses relative to what I include in my calculations. However, based on the information available, I do not have an opinion on this issue, nor would it have a significant impact on my updated test year cost of service calculations. Consequently, I do not including either proposed adjustment for relocation expenses in my updated 2011 Test Year costs of service.

Figure 10
2011 Test Year Adjusted Cost of Service for EPS (incl. LIS) and LIS
with No Income Tax Allowance
(\$)

Description		LIS	EPS (Including LIS)
[1]		[2]	[3]
Operating and Maintenance Expenses Excluding Depreciation and Operating Fuel and Power	[a]	\$ 15,168,121	\$ 55,037,190
Operating Fuel And Power Expense	[b]	1,449,848	8,916,754
Depreciation Expense	[c]	2,928,642	10,633,866
Amortization of AFUDC	[d]	103,912	372,308
Amortization of Deferred Earnings	[e]	842,766	2,366,217
Return on Rate Base	[f]	3,788,591	14,744,870
Income Tax Allowance	[g]	-	-
<i>Interstate Cost of Service</i>	[h] = sum([a]-[g])	\$ 24,281,880	\$ 92,071,205
<i>Adjustment for Other Revenue (Accounts 250 & 260)</i>	[i]	3,203,717	20,182,517
Total Interstate Cost of Service	[j] = [h] - [i]	\$ 21,078,163	\$ 71,888,688

Sources/Notes:

2011 Test Year Cost of Service workpapers for the LIS and the EPS (Including LIS) are contained in Exhibit No. AIR-131 (CONF).

1

Description		2011 Test Year	
		LIS	EPS (Including LIS)
[2]		[5]	[6]
Operating and Maintenance Expenses Excluding Depreciation and Operating Fuel and Power	[a]	\$ 15,168,121	\$ 55,037,190
Operating Fuel And Power Expense	[b]	\$ 1,449,848	\$ 8,916,754
Depreciation Expense	[c]	\$ 2,928,642	\$ 10,633,866
Amortization of AFUDC	[d]	\$ 103,912	\$ 372,308
Amortization of Deferred Earnings	[e]	\$ 842,766	\$ 2,366,217
Return on Rate Base	[f]	\$ 3,788,591	\$ 14,744,870
Income Tax Allowance	[g]	\$ -	\$ -
<i>Interstate Cost of Service</i>	[h] = sum([a]-[g])	\$ 24,281,880	\$ 92,071,205
<i>Adjustment for Other Revenue</i>	[i]	3,203,717	20,182,517
Total Interstate Cost of Service	[j] = [h] - [i]	21,078,163	71,888,688

Sources/Notes:

[a]-[k]: Cost of Service and revenue credit calculations contained in Exhibit Nos. AIR-129 (CONF) and AIR-130 (CONF).

2 IV. ANALYSIS OF CHANGED CIRCUMSTANCES

3 **Q. Please summarize how you performed your substantially changed circumstances**
4 **analysis in your Direct Testimony.**

5 A. For purposes of evaluating whether there has been substantially changed circumstances,
6 I rely upon the Commission's methodology as presented in its March 17, 2011 Order

1 Consolidating Certain Complaint Proceedings and Establishing Hearing Procedures in
2 the Calnev Pipe Line proceeding in *Tesoro Refining*.³³⁷ In this order, the Commission
3 determined that the appropriate method to determine whether there are substantially
4 changed circumstances is to measure the change in the rate of return on equity from that
5 embedded in the grandfathered rate.³³⁸ In order to perform this calculation, when there
6 is an over-recovery, the dollar return on the equity portion of allowed total return is
7 added to the over-recovery (revenues in excess of total cost of service),³³⁹ and divided
8 by the equity portion of rate base to calculate a realized return on equity.³⁴⁰

9 The methodology set forth in *Tesoro Refining* requires the examination of realized
10 return on equity data in three periods (if all are available), (1) the return embedded in
11 the grandfathered rate when it was established, which is called the “A”, or Basis period,
12 (2) the return generated by the challenged rate at the time EPAct became effective in
13 October 1992, which is called the “B”, or Pre-EPAct period, and (3) the return as of the
14 date of the complaint, or some reasonable approximation of that time period, which is
15 called the “C,” or Complaint period.³⁴¹

16 As the Commission stated in *Tesoro Refining*, “[o]nce the return for each period is
17 determined, the formula for calculating the change is the return for the C period, minus
18 the return for the B period, divided by the [return for the] A period, or (C-B)/A.”³⁴²
19 The Commission has also clarified that when cost and revenue information that formed
20 the economic basis of a grandfathered rate is not available, the change should be

³³⁷ *Tesoro Refining and Marketing Company v. Calnev Pipe Line LLC*, 134 FERC ¶ 61,214 (2011) (“*Tesoro Refining*”).

³³⁸ *Id.*, at P 53.

³³⁹ Note that while the Commission does not specifically address the issue in its order in the *Tesoro Refining* proceeding, the over-recovery can be adjusted (reduced) for income taxes when determining the realized return on equity as noted in the Commission’s recent order regarding modification to the page 700 reporting requirements. See *Revisions to Page 700 of FERC Form No. 6*, 140 FERC ¶ 61,217 at P 14 (2012) (Notice of Proposed Rulemaking), *aff’d*, 144 FERC ¶ 61,049 at PP 29, 39–40 (2013) (Final Rule). In performing the calculations of realized return on equity below, I adjust the over-recovery for income taxes by multiplying the over-recovery by the income tax rate applied by Buckeye or as recommended by Mr. O’Loughlin (representing a combined federal and state income tax rate) depending on whether I am calculating returns based on Buckeye’s unadjusted data, or the adjusted costs of service I calculate.

³⁴⁰ *Tesoro Refining*, 134 FERC at PP 52–53.

³⁴¹ *Tesoro Refining*, 134 FERC at P 17.

³⁴² *Id.* at P 18.

1 measured between the 12-months preceding the October 24, 1992 enactment of EPAct
2 and the complaint period, or (C-B)/B.³⁴³ In addition, the Commission stated that the
3 degree of change must exceed 25 percent. Other factors to be assessed include whether
4 (i) the complaint year can be considered unrepresentative relative to surrounding years,
5 (ii) the return in the complaint year was unreasonable relative to the range of returns
6 approved at the Commission, and (iii) there are reasonable grounds to believe the
7 prospective rate will need to be substantially less than the grandfathered rate to achieve
8 a just and reasonable prospective rate.³⁴⁴

9 **Q. What were the time periods you relied on for the referenced A-B-C Test?**

10 A. For the A period, I use data for calendar year 1991 as the most reasonable time period.
11 For the B period, I recommend using calendar year 1992 consistent with the
12 Commission's identification that calendar year 1992 can be a reasonable proxy for the
13 12-months ending October 24, 1992 (*i.e.*, the effective date of EPAct).³⁴⁵ For the C
14 period, I recommend using a cost of service based on the 2011 calendar year as the
15 2011 Complaint Year cost of service.

16 **Q. What were the results of your substantially changed circumstances analysis?**

17 A. I calculated three realized equity returns for each period: one based on Buckeye's
18 unadjusted cost of service and revenue data provided for each period; a second realized
19 return based on an adjusted cost of service and revenue amount that incorporates the
20 recommendations of Mr. O'Loughlin and myself regarding the allocation of costs,
21 additional revenues that should be included, adjustments to cost of capital, and income
22 tax allowance; and a third version of realized return on equity for each period,
23 calculated at the request of counsel, that incorporates all of my and Mr. O'Loughlin's
24 recommended adjustments to Buckeye's cost of service and revenue data, except that it
25 incorporates Buckeye's recommended income tax allowance.

³⁴³ See, e.g., the Commission's discussion and analysis as it relates to the Oregon Line in *Arco Products Co. v. SFPP, L.P.*, 106 FERC ¶ 61,300 at PP 60–62, 66–67 (2004).

³⁴⁴ *Tesoro Refining*, 134 FERC at PP 60–62.

³⁴⁵ *Tesoro Refining*, 134 FERC at P 17.

1 In order to provide a complete analysis of changed circumstances for both the EPS
2 (including LIS) as well as for the LIS as defined by Buckeye, I calculate realized
3 returns for both potential systems that include the rates that are the subject of the
4 complaint in this proceeding.³⁴⁶ As shown in Figures 25, 26, and 27 of my Direct
5 Testimony,³⁴⁷ which aggregate the results of my realized return calculations and the
6 related change, there is very strong evidence of changed circumstances for all scenarios
7 and for both potential definitions of the systems encompassing the deliveries to the
8 NYC Airport Destinations on Buckeye.

9 **Q. Does Buckeye dispute the methodology you relied on for evaluating whether there**
10 **have been substantially changed circumstances?**

11 A. Yes. First, Buckeye witness Mr. Van Hoecke disagrees with my use of calculating the
12 degree of change in Buckeye's realized return on equity for the relevant periods as the
13 method to determine where there has been a substantial change in economic
14 circumstances. In particular, Mr. Van Hoecke asserts that the economic basis of the
15 purported grandfathered rates was the Experimental Rate Program and that measuring
16 realized equity returns or using a cost-of-service basis to assess substantial change is
17 apparently irrelevant given that Buckeye's Experimental Rate Program was based on
18 non-cost factors.³⁴⁸

19 Second, Mr. Van Hoecke appears to assert that my realized return on equity analysis is
20 immaterial as it does not comport with particular tariff language which he asserts is the
21 only manner in which to challenge the purported grandfathered rates.³⁴⁹

22 Finally, Mr. Van Hoecke takes issue with certain components of my analyses for
23 determining the realized returns on equity under the various scenarios I have described
24 for the A-B-C periods.

³⁴⁶ Note that the calendar year 1991 and 1992 cost of service studies that Buckeye provided in discovery did not contain a cost of service calculation for the EPS (including LIS). However, Buckeye did provide the O&M expenses and asset data that contained the relevant information to be able to construct an EPS (including LIS) cost of service using Buckeye's cost of service model and only adjusting the inputs to include the EPS (including LIS) O&M expenses and assets.

³⁴⁷ Exh. No. AIR-1, pages 67–70.

³⁴⁸ See Exh. No. BUC-73, pages 33 and 38.

³⁴⁹ *Id.*, pages 43–44 and 46.

1 **Q. Does Mr. Van Hoecke’s criticism of your reliance on realized returns for**
2 **measuring and evaluating the level of change in economic circumstances have any**
3 **merit?**

4 A. No. Mr. Van Hoecke’s criticism is based on selective use and interpretation of relevant
5 precedent. Moreover, Mr. Van Hoecke completely ignores the Commission’s specific
6 directive that “the appropriate method to determine whether there are substantially
7 changed circumstances is to measure the change in the rate of return on equity from that
8 embedded in the grandfathered rate.”³⁵⁰

9 **Q. Please explain your belief that Mr. Van Hoecke has misused relevant precedent.**

10 A. Although Mr. Van Hoecke ignores my reliance on the Commission’s *Tesoro Refining*
11 decision which specifically identifies the manner and method for evaluating changed
12 circumstances, Mr. Van Hoecke focuses his criticism on my further reliance on the
13 D.C. Circuit’s ExxonMobil decision. Mr. Van Hoecke claims that I “overstated the
14 import of the Court’s findings” and that the ExxonMobil “Court’s ruling was made
15 based on the facts and circumstances of that case, which differ from this case.”³⁵¹ In
16 turn, Mr. Van Hoecke quotes a small portion of the court’s discussion and asserts that
17 the “Court did not find that cost-of-service was the only possible economic basis for a
18 rate, instead it just found that the Commission reached a reasonable decision based on
19 the evidence in that case.”³⁵²

20 In my opinion, Mr. Van Hoecke misrepresents the D.C. Circuit’s prior decision and its
21 context. Specifically, two participants in the *ExxonMobil* proceeding, SFPP and the
22 Association of Oil Pipe Lines, specifically challenged the overall validity of a cost-of-
23 service based metric for measuring changed circumstances based on the claim that such
24 a metric could not be the “basis” for rates established using non-cost factors. As the
25 DC Circuit described:

26 SFPP and the Association of Oil Pipe Lines argue that FERC’s approach
27 does not provide enough protection to grandfathered rates. They argue that

³⁵⁰ *Tesoro*, at P 53.

³⁵¹ Exhibit No. BUC-73, page 33.

³⁵² *Id.*

1 because many of the grandfathered rates were not established using a cost-
2 of-service method, that method was not a “basis” for those rates, and that
3 therefore it is improper to de-grandfather a rate based simply on a change
4 in its cost of service. SFPP points out that “[m]any rates were effectively
5 set according to the informal consent or formal agreement of the
6 shippers.”...Even rates that were computed through a cost-of-service
7 method often utilized formulas different from the current method—for
8 example, without the income tax allowance. Moreover, beginning in the
9 late 1980's, FERC offered pipelines a market-based alternative to the cost-
10 of-service method if they could demonstrate that they did not possess
11 significant market power.³⁵³

12 The DC Circuit expressly rejected SFPP’s and AOPL’s broad claims that a cost-of-
13 service metric is inappropriate for evaluating whether there has been a substantial
14 change in economic circumstances when rates are based on non-cost factors. The DC
15 Circuit explained that EAct and its Section 1803 “does not necessarily depend on the
16 method used to compute the grandfathered rate. Rather, § 1803 *assumes* that the
17 ‘economic circumstances’ of a pipeline were a basis for its rate, regardless of how the
18 rate was actually established.”³⁵⁴ The DC Circuit went on to conclude:

19 It is certainly reasonable for FERC to use a cost-of-service computation as
20 an approximation for a pipeline's economic circumstances; the purpose of
21 a cost-of-service rate, after all, is to simulate what a pipeline's economic
22 behavior would be in a competitive market. Merely because some
23 grandfathered rates were set according to non-regulated agreements with
24 shippers does not mean that the pipeline's costs did not indirectly influence
25 the rate. Consequently, FERC's choice [of a cost-of-service based metric]
26 appears to be a perfectly reasonable means of interpreting and applying
27 § 1803.³⁵⁵

28 Accordingly, contrary to the assertions of Mr. Van Hoecke, the DC Circuit agreed with
29 the Commission that it is “perfectly reasonably” to use a cost-of-service based metric to
30 evaluate a change in the economic circumstances of a grandfathered rate under EAct
31 whether the rate was cost-based or based on non-cost factors. Moreover, as the DC
32 Circuit explained, “the method used to compute the grandfathered rate” is not pertinent
33 as EAct Section 1803 “assumes that the ‘economic circumstances’ of a pipeline were
34 a basis for its rates, regardless of how the rate was actually established.” As such, Mr.

³⁵³ *ExxonMobil*, 487 F.3d at 961.

³⁵⁴ *Id.* at 961 (emphasis in original).

³⁵⁵ *Id.*

1 Van Hoecke's assertions that the economic basis of the challenged rates were the
2 Experimental Rate Program (*i.e.*, the "method used to compute the grandfathered rate")
3 is irrelevant to the cost-of-service based metric for evaluating changed circumstances.
4 Moreover, as discussed further below, Mr. Van Hoecke's claim that the Experimental
5 Rate Program is the basis economic circumstances underlying Buckeye's alleged
6 grandfathered jet fuel rates³⁵⁶ is, in my opinion, completely without support.

7 **Q. Has Mr. Van Hoecke mischaracterized other relevant precedent in leveling his**
8 **criticisms of your substantially changed circumstances analysis?**

9 A. Yes. Mr. Van Hoecke asserts that as part of Buckeye's tariff there are only few limited
10 ways in which to challenge the rates which were subject to its Experimental Rate
11 Program none of which was on a cost basis.³⁵⁷ In turn, Mr. Van Hoecke summarily
12 claims that because my analysis does not demonstrate that the challenged rates violated
13 the terms of the Experimental Rate Program as set forth in the tariff, my analysis should
14 effectively be ignored.³⁵⁸ Mr. Van Hoecke references and quotes Opinion No. 360 for
15 his claims. However, Mr. Van Hoecke's use of the Opinion No. 360 language is
16 materially out of context.

17 First, Buckeye raised the same argument Mr. Van Hoecke makes in its answer to the
18 Airlines' complaint in this proceeding and the Commission nowhere identified or
19 limited the ability to challenge Buckeye's rates, even if grandfathered, based on the
20 tariff language referred to be Mr. Van Hoecke.³⁵⁹ Second, as noted, Mr. Van Hoecke's
21 reliance on Opinion No. 360 does not make sense. Opinion No. 360 specifically
22 addressed the potential for future complaints against Buckeye's rates. After noting that
23 Buckeye's Experimental Rate Program provided for four ways in which a complainant
24 could challenge the subject rates pursuant to the tariff, the Commission found "in
25 adopting Buckeye's proposal, the Commission *is setting general parameters* for a

³⁵⁶ Exhibit No. BUC-73, pages 28–48.

³⁵⁷ *Id.* at page 32.

³⁵⁸ *Id.* at pages 43–45.

³⁵⁹ *Delta Air Lines, Inc. et al. v. Buckeye Pipe Line Company, L.P.*, 142 FERC ¶ 61,141 (2013) ("Order on Complaint").

1 finding of reasonable grounds under section 13(1) of the ICA.”³⁶⁰ In setting the
2 “general parameters” for what a complaint could show to challenge Buckeye’s
3 Experimental Rates, the Commission did not establish that the four ways mentioned in
4 the tariff were the “only” way to challenge Buckeye’s Experimental Rates was via
5 complaint. Indeed, I am informed by counsel that the Commission has the authority to
6 investigate and change any rate it finds to be unjust and unreasonable or which is
7 outside the zone of reasonableness.³⁶¹ As addressed in its 2001 Buckeye Letter Order,
8 citing Order No. 572, the Commission explained that Buckeye’s Page 700 cost and
9 revenue information is necessary to ensure that its market-based rates remain within a
10 “zone of reasonableness.”³⁶² The 2001 Buckeye Letter Order reiterated the “well
11 settled law” of *Farmer’s Union II* that “the Commission has the responsibility to
12 monitor markets to ensure that rates in those markets (even those determined to be
13 competitive) remain within a zone of reasonableness” and that “presumed market forces
14 may not comprise the principal regulatory constraint.”³⁶³

15 **Q. Does Mr. Van Hoecke have other criticisms of your substantially changed**
16 **circumstances analysis?**

17 A. Yes. Mr. Van Hoecke asserts that my calculations of the degree of change in the
18 realized return on equity, as presented in my Direct Testimony at Figures 25, 26, and
19 27, are flawed.³⁶⁴

20 **Q. Please summarize what Figures 25, 26, and 27 in your Direct Testimony reflect.**

³⁶⁰ Opinion No 360 at 62,682 (emphasis added). Counsel has informed me that Section 13(1) of the ICA specifically refers to complaints to the Commission for violations of law as well as reparations and investigations.

³⁶¹ It should also be noted that while Mr. Van Hoecke states that “the Commission prescribed terms under the Experimental Program that limited shipper protests and complaints to specific areas of challenge” (Exh. No. BUC-73, page 43), the Commission adopted the proposal put forth by Buckeye without prescribing any particular terms and conditions. See Opinion No. 360, 53 FERC ¶ 61,473, 62,680 (adopting Buckeye’s proposed Experimental Rate program albeit with modifications to the calculation of average price in the markets in which it does not exercise significant market power and price flexibility in markets in which Buckeye does not exercise significant market power).

³⁶² *Buckeye Pipe Line Company, L.P.*, Letter Order Pursuant to § 375.307(e)(2) at 3–4 (2001) (“2001 Buckeye Letter Order”), included in Exhibit No. AIR-132.

³⁶³ *Id.* at 4 (internal quotation omitted).

³⁶⁴ Exhibit No. BUC-73, page 50.

1 A. As noted above, I calculated the degree of change in economic circumstances in three
2 ways based on different underlying inputs for calculating Buckeye's realized return on
3 equity. Accordingly, I calculate three sets of "A," "B," and "C" period realized returns
4 on equity. The first set was based on Buckeye's unadjusted cost of service and revenue
5 data provided for each period. The second set of realized returns on equity was based
6 on adjusted cost of service and revenue amounts that incorporates the recommendations
7 of Mr. O'Loughlin and myself regarding the allocation of costs, additional revenues
8 that should be credited against Buckeye's costs, adjustments to cost of capital, and
9 income tax allowance. Upon request of counsel, I calculated a third version of realized
10 return on equity for each period that incorporates all of my and Mr. O'Loughlin's
11 recommended adjustments to Buckeye's cost of service and revenue data, except that it
12 incorporates Buckeye's recommended income tax allowance. In order to provide a
13 complete analysis of changed circumstances for both the EPS (including LIS) as well as
14 for the LIS as defined by Buckeye, I calculate realized returns for both potential
15 systems that include the rates that are the subject of the complaint in this proceeding.³⁶⁵

16 Figure 25 in my Direct Testimony shows the degree of change in Buckeye's realized
17 return on equity between the "B" pre-EPA period and the "C" Complaint Period,
18 relative to the realized return in the "A" Basis Period based on Buckeye's unadjusted
19 cost-of-service and revenue data. Based on these cost of service calculations provided
20 by Buckeye, the degree of change in Buckeye's realized return on equity between the
21 "B" pre-EPA period and the "C" Complaint Period, relative to the realized return in
22 the "A" Basis Period is a 227% increase for the EPS (including LIS) and a 308%
23 increase for the LIS.

24 Figure 26 in my Direct Testimony shows the degree of change in Buckeye's realized
25 return on equity between the "B" pre-EPA period and the "C" Complaint Period,
26 relative to the realized return in the "A" Basis Period based on all of my and Mr.
27 O'Loughlin's recommended adjustments to Buckeye's cost-of-service and revenue

³⁶⁵ Note that the calendar year 1991 and 1992 cost of service studies that Buckeye provided in discovery did not contain a cost of service calculation for the EPS (including LIS). However, Buckeye did provide the O&M expenses and asset data that contained the relevant information to be able to construct an EPS (including LIS) cost of service using Buckeye's cost of service model and only adjusting the inputs to include the EPS (including LIS) O&M expenses and assets.

1 data. Based on these cost of service calculations, the degree of change in Buckeye's
2 realized return on equity between the "B" pre-EPAAct period and the "C" Complaint
3 Period, relative to the realized return in the "A" Basis Period is a 232% increase for the
4 EPS (including LIS) and a 339% increase for the LIS.

5 Figure 27 in my Direct Testimony shows the degree of change in Buckeye's realized
6 return on equity between the "B" pre-EPAAct period and the "C" Complaint Period,
7 relative to the realized return in the "A" Basis Period based on all of my and Mr.
8 O'Loughlin's recommended adjustments to Buckeye's cost-of-service and revenue
9 data, except incorporating Buckeye's recommended income tax allowance. Based on
10 these cost of service calculations, the degree of change in Buckeye's realized return on
11 equity between the "B" Pre-EPAAct period and the "C" Complaint Period, relative to the
12 realized return in the "A" Basis Period is a 273% increase for the EPS (including LIS)
13 and a 388% increase for the LIS.

14 As shown in each of Figure 25, 26, and 27 in my Direct Testimony, the degree of Post-
15 EPAAct increase in Buckeyes' realized return on equity all exceed 200%, whether the
16 calculations are based on Buckeye's unadjusted cost-of-service and revenue data, or
17 based on adjustments to Buckeye's cost-of-service and revenue data. All of these
18 calculations of the degree of change in realized return on equity substantially exceed
19 the 25% threshold specified by the Commission in its *Tesoro Refining* decision.³⁶⁶

20 **Q. What are Mr. Van Hoecke's criticisms of your Figure 25 analysis presented in**
21 **your Direct Testimony?**

22 A. Mr. Van Hoecke does not appear to take issue with any of my calculations reflected in
23 Figure 25 of my Direct Testimony showing the degree of change in Buckeye's realized
24 return on equity based on the pipeline's unadjusted cost-of-service and revenue data.
25 Rather, Mr. Van Hoecke's criticism regarding my Figure 25 reflects nothing more than
26 an attack on the Commission's established methodology for measuring changed
27 circumstances as set forth in the *Tesoro Refining* decision.

³⁶⁶ *Tesoro Refining*, 134 FERC at PP 60–62.

1 Specifically, Mr. Van Hoecke claims that the realized return on equity for Periods A
2 and B in Figure 25 “are extremely low” as compared to the allowed return on equity
3 and the cost of debt.³⁶⁷ In turn, Mr. Van Hoecke contends that because of these
4 purported low realized equity returns, calculating the change in the realized returns on
5 equity from these periods to the Complaint Period “could lead to aberrational results
6 and would not be an appropriate measure.”³⁶⁸

7 **Q. Do Mr. Van Hoecke’s claims have merit?**

8 A. No. The Commission specifically addressed a similar claim in the *Tesoro Refining*
9 decision in adopting the methodology of relying on the degree of change in rate of
10 return on equity to evaluate a change in economic circumstances. That is, the
11 Commission explained that “the return on equity method adopted here may result in
12 more findings of substantially changed circumstances.”³⁶⁹ As such, the Commission
13 identified that to be consistent with the streamlining goals of EPAct it “will carefully
14 examine any evidence submitted in support of a complaint to assure that the change in
15 the rate of return is in fact ‘substantial’” and that there are no aberrational and
16 anomalous results.³⁷⁰ In this connection, the Commission clarified that “in order to
17 sustain a finding of substantially changed circumstances, a complainant must show that
18 there has been a consistent and sustainable increase in the pipeline’s rate of return prior
19 to the complaint year.”³⁷¹ As identified in my Direct Testimony (*see* Exh. No. AIR-1 at
20 Figure 4), Buckeye’s unadjusted cost-of-service and revenue data for the EPS
21 (including LIS) and the LIS show that Buckeye experienced a significant over-recovery
22 of costs exceeding 20% in each year during the 2009 through 2012 period. Just as in
23 2011, Buckeye experienced excessive realized returns on equity in 2009 through 2012
24 that significantly exceeded its allowed return on equity. Moreover, the realized returns
25 based on Buckeye’s *unadjusted* cost-of-service and revenue data for the EPS (including
26 LIS) and the LIS are well above the allowed return on equity of 14.6% included in

³⁶⁷ Exh. No. BUC-73 at 62.

³⁶⁸ *Id.* at 63.

³⁶⁹ *Tesoro Refining*, at P 60.

³⁷⁰ *Id.*

³⁷¹ *Id.* at P 61.

1 Buckeye's Page 700 workpapers and well outside any zone of reasonableness for levels
2 of allowed return on equity approved by the Commission.³⁷²

3 **Q. Does Mr. Van Hoecke take issue with what Figure 4 in your Direct Testimony**
4 **shows?**

5 A. Yes. Mr. Van Hoecke asserts that Figure 4 in my Direct Testimony indicates that
6 Buckeye's LIS cost of service has increased significantly from 2009 – 2013 and that
7 over-recoveries have declined in this same time period whereby Buckeye's realized
8 return for the LIS "may be substantially declining."³⁷³

9 **Q. Do you agree with Mr. Van Hoecke's observations?**

10 A. No. First, while Mr. Van Hoecke repeatedly contends that the realized returns on
11 equity for 1991 (the A Period) and 1992 (the B Period) are anomalously low, the fact is
12 that these are the achieved returns on equity for Buckeye as reported by Buckeye.
13 Moreover, these embedded realized returns on equity reflect the economic
14 circumstances that correspond to the development of the purported grandfathered rates.

15 Second, Mr. Van Hoecke's interpretation of Figure 4 in my Direct Testimony is
16 meritless. Notably, Mr. Van Hoecke nowhere disputes that the realized returns based
17 on Buckeye's cost-of-service and revenue data for the EPS (including LIS) and the LIS
18 are all significantly above the allowed return on equity included in Buckeye's Page 700
19 workpapers and substantially in excess of levels of allowed return on equity approved
20 by the Commission.

21 Further, while Figure 4 does reflect a decline in the level of over-recovery on the LIS
22 from 2009 to 2012, these levels of over-recovery are based on Buckeye's Page 700
23 workpapers and more recent data provided by Buckeye in its Answering Testimony
24 demonstrates that Buckeye's substantial over-recovery did not, contrary to Mr. Van
25 Hoecke's observation, decline to any significant extent. As shown in Figure 4 of my
26 Direct Testimony, reported over-recoveries for 2009 and 2010 were 50.5% and 34.8%

³⁷² See Exh. No. AIR-1 at 70.

³⁷³ Exh. No. BUC-73 at 68–69.

1 respectively. However, in its testimony in this proceeding, Buckeye significantly
2 reduced its calculations of its 2011 and 2012 costs of service, decreasing its 2011 cost
3 of service from \$45.6 million to \$37.7 million (or an over-recovery of 54.9%), and
4 decreased its 2012 cost of service from \$48.6 million to \$39.6 million (or an over-
5 recovery of 49.2%).³⁷⁴ Thus, Buckeye's over-recoveries in 2011 and 2012 were
6 consistent with, or higher than, its reported over-recoveries for 2009 and 2010. It is
7 clear that Buckeye has sustained significant over-recoveries, and associated
8 high/excessive realized returns on equity during the period 2009 through 2012.

9 **Q. Does Mr. Van Hoecke advance any other criticisms regarding the results reflected**
10 **in Figure 25 of your Direct Testimony?**

11 A. Yes. Mr. Van Hoecke attempts to question the level of realized returns on equity
12 resulting from Buckeye's own reported and unadjusted cost-of-service and revenue data
13 by referencing the testimony of an Airlines witness, Mr. Haas, from the 1987 complaint
14 proceeding where this person purported to calculate Buckeyes' achieved return on
15 equity for that time period as 43.5%.³⁷⁵ However, Mr. Van Hoecke's attempted
16 comparison is ill-conceived and without basis.

17 First, what Mr. Haas may have calculated for Buckeye for a test year 1987 if Buckeye's
18 proposed tariff rates then at issue were approved is irrelevant to the actual unadjusted
19 cost-of-service and revenue data reported by Buckeye for 1991 and 1992. Second, as
20 Mr. Van Hoecke's own exhibit demonstrates, Mr. Haas made various unidentified
21 "corrections" to Buckeye's then witness' cost-of-service calculations in order to derive
22 the asserted "43.5 percent" return on Buckeye's 1987 equity rate base.³⁷⁶ In this
23 connection, Mr. Van Hoecke omits from his discussion on this issue that Buckeye
24 strongly objected to Mr. Haas' calculation of an Opinion No. 154-B cost of service and
25 related assertion that "Buckeye will earn a real rate of return on equity of 43.6% in
26 1987."³⁷⁷ In particular, as Buckeye's then witness Mr. Hildahl claimed in the 1987

³⁷⁴ See Exhibit Nos. BUC-103, BUC-104A, and BUC-105A.

³⁷⁵ Exh. No. BUC-73, pages 65–66.

³⁷⁶ See Exhibit No. BUC-85, page 2.

³⁷⁷ See Phase I Prepared Rebuttal Testimony of Richard N. Hildahl on behalf of Buckeye at 15 (March 24, 1989), document Bates stamped BUC 018007–018090, included in Exhibit No. AIR-133.

1 proceeding, “Dr. Haas does not apply the standards set forth in Opinion No. 145-B at
2 all. . . he advocates various adjustments and exceptions to the Opinion No. 154-B
3 standards in determining Buckeye’s profitability.”³⁷⁸ I find it wholly incongruent for
4 Mr. Van Hoecke to attempt to compare a purported “43.5%” return on equity figure
5 associated with 1987 to 1991 realized returns on equity based on Buckeye’s own
6 unadjusted data when Buckeye itself heavily criticized Mr. Haas’ calculation as being
7 flawed and inaccurate.

8 Of particular note, Mr. Hildahl did prepare a calculation of Buckeye’s return on
9 common equity under the Opinion No. 154-methodology to the extent its disputed rate
10 increase was granted which resulted in “a 7.73% real equity rate of return on an average
11 trended equity rate base for the test period 1987.”³⁷⁹ In turn, this Buckeye calculated
12 “7.73% real equity rate of return” is consistent with the realized return on equity for
13 1991 derived from Buckeye’s unadjusted cost-of-service and revenue data (*i.e.*, 7.28%).
14 Accordingly, contrary to Mr. Van Hoecke’s misplaced claim and comparison, there is
15 no issue with the reliability or sustained nature of the realized return on equity levels
16 for 1991 and 1992 as shown in Figure 25 of my Direct Testimony.

17 **Q. What are Mr. Van Hoecke’s criticisms of the results included in Figure 26 of your**
18 **Direct Testimony showing the degree of change in realized return on equity based**
19 **on Buckeye’s adjusted cost-of-service and revenue data with no income tax**
20 **allowance?**

21 A. Mr. Van Hoecke does not meaningfully address the analysis in Figure 26 of my Direct
22 Testimony other than to state that the analysis does not include an income tax
23 allowance for Buckeye.³⁸⁰ Mr. Van Hoecke asserts that since the Commission has
24 approved income tax allowances for MLPs, the Commission should not consider my
25 Figure 26 analysis.

26 **Q. Do you agree with Mr. Van Hoecke’s comments?**

³⁷⁸ *Id.* at 16 (BUC 018024).

³⁷⁹ *Id.* at 19 (BUC 018027).

³⁸⁰ Exh. No. BUC-75, pages 50–51.

1 A. No. Whether Buckeye is permitted to include an income tax allowance in its cost of
2 service for the 2011 complaint year is an open issue in this proceeding based on my
3 understanding. While Mr. Van Hoecke may not agree with the Airlines' position, that
4 does not make whether Buckeye is entitled to an income tax allowance a non-issue.
5 Accordingly, to the extent it is determined that the cost-of-service and revenue
6 adjustments recommended by myself and Mr. O'Loughlin, including not permitting an
7 income tax allowance for a 2011 complaint year, are appropriate, the analysis in Figure
8 26 in my Direct Testimony properly reflects the degree of change in Buckeye's realized
9 return on equity for evaluating a change in Buckeye's economic circumstances. I
10 would note that later in this testimony I calculate the degree of change in Buckeye's
11 realized return on equity using the updated 2011 cost of service calculation Buckeye
12 presented in its Answering Testimony, which also produces results consistent with
13 those presented in Figure 26 of my Direct Testimony.

14 **Q. Does Mr. Van Hoecke have concerns with the analysis in Figure 27 of your Direct**
15 **Testimony reflecting the degree of change in Buckeye's realized return on equity**
16 **based on adjusted cost-of-service and revenue data, but using Buckeye's proposed**
17 **income tax allowance?**

18 A. Yes. Mr. Van Hoecke takes issue with my crediting of various sources of revenue
19 against Buckeye's cost of service, my development of Buckeye's equity investment,
20 and certain other adjustments made to Buckeye's cost of service.

21 **Q. What are Mr. Van Hoecke's specific criticisms regarding the crediting of various**
22 **revenue amounts to Buckeye's cost of service?**

23 A. Mr. Van Hoecke appears to imply that my crediting of revenue amounts associated with
24 other revenue sources against Buckeye's cost of service is not consistent with my
25 treatment of these same revenue sources for 1991 and 1992 (*i.e.*, the A and B Periods).
26 However, Mr. Van Hoecke fails to reflect that at the time of filing my Direct
27 Testimony, Buckeye had not produced in discovery the revenue amounts associated
28 with these other revenue sources (*e.g.*, Account 260 Incidental Revenues, Account 250
29 Rental Revenues, and Account 230 Allowance Oil Revenues) for 1991 and 1992.
30 Accordingly, I was unable to determine whether the crediting of any of these other

1 revenue sources was appropriate. Since the filing of my Direct Testimony, Buckeye
2 has provided this other revenue data for 1991 and 1992.³⁸¹ As set forth below, I have
3 updated my Figure 27 (and Figure 26) analysis to include the crediting of these other
4 revenue sources against Buckeye's 1991 and 1992 costs of service in the same manner
5 it was done for complaint year 2011. As this analysis below demonstrates, I continue to
6 conclude that substantially changed circumstances have occurred with respect to both
7 the EPS (including LIS) and LIS systems that include the deliveries to the NYC Airport
8 Destinations on Buckeye.

9 **Q. Does Mr. Van Hoecke have other criticisms regarding your handling of these**
10 **revenue amounts from other revenue sources?**

11 A. Yes. Mr. Van Hoecke asserts that these other revenue source amounts should not be
12 included in an evaluation of substantially changed circumstances "as the incidental
13 revenues associated with Product Transfer Orders ("PTO"), Rental Revenue and
14 incidental revenues are non-transportation related or non-jurisdictional in nature or do
15 not relate directly to the economic basis of the New York Airports jet transportation
16 rates."³⁸²

17 **Q. Are Mr. Van Hoecke's criticisms regarding the treatment of these other revenue**
18 **sources appropriate?**

19 A. No. As it respects the jurisdictional nature of these other revenue sources, Mr.
20 O'Loughlin addresses this issue in his rebuttal testimony demonstrating the
21 jurisdictional nature of these other revenue sources and that Mr. Van Hoecke's
22 jurisdictional claims are unfounded.³⁸³

23 With respect to Mr. Van Hoecke's claims related to the notion that the crediting of
24 these other revenue sources against the cost of service somehow skews the evaluation
25 of the existence of substantially changed circumstances, his assertions are unfounded.

³⁸¹ See Buckeye's response to request no. AIRLINES-BUCKEYE 6-2 and the document Bates stamped BUC 015746, included in Exhibit No. AIR-134.

³⁸² Exh. No. BUC-73, page 52.

³⁸³ Exhibit No. AIR-141, pages 28–40. Note Mr. Van Hoecke does not appear to claim that Pipeline Loss Allocation ("PLA") revenue is non-jurisdictional.

1 As the Commission explained in the *Tesoro Refining* decision, “the appropriate method
2 to determine whether there are substantially changed circumstances is to measure the
3 change in the rate of return on equity from that embedded in the grandfathered rate.”³⁸⁴
4 Accordingly, to the extent jurisdictional rate base provides the means and basis for
5 obtaining these other revenue sources, it is necessary to account for these revenue
6 sources in deriving Buckeye’s realized rate of return on equity. Indeed, if one were to
7 exclude these other revenue sources from the evaluation of substantially changed
8 circumstances, as recommended by Mr. Van Hoecke, one would necessarily understate
9 the realized change in the rate of return on equity.

10 **Q. Is there any question whether PLA or oil losses and shortage revenue, as well as**
11 **expenses, are directly related to jurisdictional rate base?**

12 A. No. The PLA and oil losses and shortage revenue and expense result directly from the
13 provision of jurisdictional interstate transportation service over Buckeye’s jurisdictional
14 assets which are included in its jurisdictional rate base. Buckeye witness Mr. Hahamski
15 and Mr. Wetmore acknowledges that PLA and oil losses and shortage revenue and
16 expense is jurisdictional and should be included in Buckeye’s cost of service.³⁸⁵

17 **Q. What does Mr. Van Hoecke claim regarding the significance of product losses**
18 **associated with the LIS in 2012?**

19 A. Mr. Van Hoecke claims that I ignore that Buckeye’s records indicate that there were
20 product losses (positive oil losses and shortages expenses) associated with the LIS in
21 2012 in my analysis of changed circumstances, and that this fact somehow skews my
22 results.³⁸⁶ First, Buckeye’s records indicate that there were negative net Account 230
23 Allowance Oil Revenue in both 2011 and 2012,³⁸⁷ so it is not clear what the
24 significance of Buckeye’s reported net Account 230 losses in 2012 are rather than its
25 reported losses in 2011. Second, with respect to the amounts recorded on Buckeye’s

³⁸⁴ *Tesoro*, at P 53; *see also* P 58.

³⁸⁵ Exhibit No. BUC-1, page 22, line 25 through page 33, line 12; Exhibit No. BUC-87, page 20, lines 5–12.

³⁸⁶ Exhibit No. BUC-73, page 54, line 12 through page 55, line 3.

³⁸⁷ *See* Exhibit No. BUC-1, page 31, lines 9–15 and Exhibit No. BUC-4.

1 records for either 2011 or 2012, Buckeye recognizes that the amount recorded is
2 inaccurate and understated for the LIS.³⁸⁸ As discussed above, when corrected, even
3 Buckeye estimates there were gains (positive net revenue) in both 2011 and 2012, that
4 would contribute to Buckeye's realized return on equity.³⁸⁹ In addition, Buckeye
5 reported no Account 230 Allowance Oil Revenue or Account 340 Oil Losses and
6 Shortages Expense in its 1991 or 1992 Form 6 amounts,³⁹⁰ so based on the data
7 available, no adjustment to Buckeye's costs related to these activities is to be made in
8 1991 or 1992. Mr. Van Hoecke's criticism related to the adjustments I make with
9 respect to oil losses and shortages expense are without merit.

10 **Q. What does Mr. Van Hoecke state regarding the crediting of revenue associated**
11 **with PTOs?**

12 A. Mr. Van Hoecke asserts that PTO revenue is non-jurisdictional, referencing the
13 Commission's *Kerr-McGee* decision, and thus none of these revenues should be
14 credited against Buckeye's cost of service.³⁹¹ However, as explained in Mr.
15 O'Loughlin's Rebuttal Testimony, Mr. Van Hoecke overstates and mischaracterizes the
16 Commission's *Kerr-McGee* decision. Mr. O'Loughlin identifies why the *Kerr-McGee*
17 decision is not applicable and why this PTO revenue is jurisdictional and properly
18 accounted for in evaluating Buckeye's realized rate of return on equity.³⁹²

19 Mr. Van Hoecke also contends that it is wrong to credit PTO revenue against
20 Buckeye's cost of service given that there is little cost associated with this service and

³⁸⁸ Exhibit No. BUC-1, page 28, line 16 through page 33, line 3.

³⁸⁹ Exhibit No. BUC-4. Note that in a data response, Buckeye acknowledged that \$2.7 million of transmix sales revenue in 2012 related to transmix generated at destinations on the LIS (unrelated to the issue involving transmix generated at Linden) was erroneously recorded to the EPS (excluding LIS) when it should have been recorded to the LIS. Buckeye's response to request no. AIRLINES-BUCKEYE 13-2 and the document Bates stamped BUC 025050, included in Exhibit No. AIR-126. Therefore, Mr. Hahamski's estimate of 2012 Adjusted Allowance Oil Revenue should be a positive \$0.8 million instead of the negative \$1.9 million he reports in Exhibit No. BUC-4.

³⁹⁰ Buckeye's 1992 Form 6, pages 301 and 303, included in Exhibit No. AIR-135.

³⁹¹ See Exh. No. BUC-73, page 55.

³⁹² Of note, Commission Trial Staff witness Pride also contends that PTO revenues is non-jurisdictional and thus should not be credited against Buckeye's cost of service for any purpose. Exhibit No. S-11, page 12, line 19 through page 13, line 4. However, Mr. O'Loughlin concludes that like Mr. Van Hoecke, Ms. Pride has misinterpreted and mischaracterized the Commission's *Kerr-McGee* decision. See Exhibit No. AIR-141, pages 30–34.

crediting such revenue would allegedly “skew the transportation return upward and thereby increase the purported change.”³⁹³ However, as with PLA and oil losses and shortages revenue, Mr. Van Hoecke’s claims are misplaced. Buckeye’s jurisdictional rate base assets, such as its pipeline and storage assets, as well as its scheduling department provide the basis and means for the pipeline to provide this service. To omit these PTO revenues from a substantially changed circumstances evaluation focused on the realized rate of return on equity as Mr. Van Hoecke erroneously recommends, would arbitrarily understate Buckeye’s realized rate of return on equity. That Buckeye’s PTO revenue is primarily profit is immaterial.³⁹⁴ The fact remains that, as Buckeye witness Hahamski has testified, Buckeye’s costs, even if small, are, at least in part, included in Buckeye’s LIS cost of service.³⁹⁵ Moreover, the pipeline and storage assets which allow this service to be performed are also included in Buckeye’s LIS rate base and thus in the cost of service. To arbitrarily ignore these PTO revenues would result in a skewing of the return on equity calculations contrary to the Commission’s requirements in the *Tesoro Refining* decision.

Q. Does Mr. Van Hoecke take issue with your treatment of rental revenue?

A. Yes. However, in doing so, Mr. Van Hoecke misrepresents my testimony and substantially changed circumstances analysis. Accordingly, his criticism is without merit.

Mr. Van Hoecke asserts that the substantially changed circumstances analysis in Figure 27 of my Direct Testimony includes an allocation of rental revenue to the LIS based on a KN formula.³⁹⁶ Contrary to Mr. Van Hoecke’s claim, Mr. O’Loughlin addresses the treatment and test period level of rental revenue.³⁹⁷ As Mr. O’Loughlin explained, “Buckeye reports its lease agreement volume and revenue for 2011 – 2013 for three

³⁹³ Exh. BUC-73, page 56.

³⁹⁴ See Exh. No. BUC-121, page 7 (Buckeye witness Hahamski stating “Buckeye’s costs associated with PTO activities are negligible.”)

³⁹⁵ See BUC-121, page 7.

³⁹⁶ Exh. No. BUC-73, page 57.

³⁹⁷ Exh. No. AIR-35, pages 22–24.

1 leases associated with EPS. There are no leases associated with LIS.”³⁹⁸ Accordingly,
2 in recommending his test period Account 260 Incidental Revenue amounts, including
3 rental revenue, Mr. O’Loughlin identified that rental revenue would only need to be
4 accounted for to the extent it is determined that an EPS (including LIS) cost of service
5 is appropriate. To the extent an LIS-only cost of service is deemed the appropriate cost
6 of service, Mr. O’Loughlin did not include a rental revenue component.³⁹⁹

7 In preparing my Figure 27 (and Figure 26) analysis, I followed Mr. O’Loughlin’s
8 recommendation and included a revenue credit for rental revenue in deriving my degree
9 of change in realized return on equity for the EPS (including LIS) system. No rental
10 revenue credit was included in my analysis of the degree of change in realized return on
11 equity for the LIS-only system.

12 While Mr. Van Hoecke contends that I failed to make any provision for a rental
13 revenue credit in 1992 resulting in a purported skewing of my analysis, his assertion is
14 off-point and without substance.⁴⁰⁰ Specifically, Buckeye had failed to provide the
15 requested information to be able to make an adjustment, and since the filing of my
16 Direct Testimony, Buckeye has provided this other revenue data for 1991 and 1992.⁴⁰¹
17 As set forth below, I have updated my Figure 27 (and Figure 26) analysis to include the
18 crediting of these other revenue sources against Buckeye’s 1991 and 1992 costs of
19 service in the same manner it was done for complaint year 2011. As this analysis
20 below demonstrates, I continue to conclude that substantially changed circumstances
21 have occurred with respect to both the EPS (including LIS) and LIS-only systems that
22 include the deliveries to the NYC Airport Destinations on Buckeye.

23 **Q. Does Mr. Van Hoecke criticize your crediting of any other Account 260 revenue**
24 **amounts?**

³⁹⁸ *Id.* at 22.

³⁹⁹ *Id.* at 24 and Figure 9.

⁴⁰⁰ Exh. No. BUC-73, page 57.

⁴⁰¹ See Buckeye’s response to request no. AIRLINES-BUCKEYE 6-2 and the document Bates stamped BUC 015746, included in Exhibit No. AIR-134.

1 A. Yes. Mr. Van Hoecke appears to disagree with the crediting of revenue generated from
2 jet fuel filtration, management operating fees, and other miscellaneous fees whether it
3 be on an EPS (including LIS) or LIS basis.⁴⁰² Mr. Van Hoecke questions whether this
4 revenue is jurisdictional and how these revenue sources relate to an analysis of
5 substantially changed circumstances as it regards the purported grandfathered rates.⁴⁰³

6 However, as with his other criticisms, Mr. Van Hoecke's assertions lack merit. It is my
7 understanding, based on discussions with counsel, that to be jurisdictional the revenue
8 amounts must fall within the definition of "transportation" in the Interstate Commerce
9 Act ("ICA"). Section 1(3) of the ICA states, in pertinent part:

10 The term "transportation" as used in this chapter shall include...all
11 instrumentalities and facilities of shipment or carriage, irrespective of
12 ownership or of any contract, express or implied, for the use thereof, and
13 all services in connection with the receipt, delivery, elevation, and transfer
14 in transit, ventilation, refrigeration or icing, storage, and handling of
15 property transported.⁴⁰⁴

16 In my opinion, there is no question that the referenced revenue amounts fall under this
17 definition as all of these revenues result from "services in connection with the receipt,
18 delivery,...handling of property transported" by Buckeye. Moreover, the services
19 which generated these revenues also have costs which Buckeye has included in its cost
20 of service. In fact, Buckeye itself credits the jet fuel filtration revenue against its LIS
21 cost of service.⁴⁰⁵ It does not make sense to contend that jet fuel filtration costs should
22 be included in an LIS cost of service and then assert, as Mr. Van Hoecke attempts to
23 imply, that the revenue from this service should be considered non-jurisdictional and
24 excluded from an analysis of the realized rate of return on equity.

25 **Q. Does Mr. Van Hoecke have any other criticisms of the components associated with**
26 **your calculation of the degree of change in realized return on equity in Figure 27**
27 **of your Direct Testimony?**

⁴⁰² *Id.* at 57–58.

⁴⁰³ *Id.*

⁴⁰⁴ Section 1(3) of the ICA.

⁴⁰⁵ Exhibit No. BUC-87, page 23, line 13 through page 24, line 2.

1 A. Yes. Mr. Van Hoecke appears to take issues with my development of the equity
2 portion of rate base as used in Figure 27 of my Direct Testimony.⁴⁰⁶ His criticisms
3 center around my calculation of the equity portion of rate base as a measure of the
4 equity investment in a pipeline, rather than the actual capital contributed to the
5 investment or a share of the current-fair market value of the enterprise. However, as
6 the Commission explained in the *Tesoro Refining* decision, it is appropriate to examine
7 the equity portion of rate base in calculating the realized return on equity.⁴⁰⁷ The equity
8 portion of rate base I use in my realized return on equity calculations is the equity
9 portion of rate base that is computed in a cost of service calculation in order to calculate
10 a weighted cost of capital and overall return on rate base.⁴⁰⁸ Given that the realized
11 returns are to be compared with the allowed returns on equity to determine if the
12 realized return in the complaint period is outside the range of reasonable returns
13 approved by the Commission, it makes sense to calculate the realized return using the
14 same equity portion of rate base that the allowed return on equity is applied in a cost-
15 of-service calculation.⁴⁰⁹ It would not make sense to calculate the equity investment in
16 a manner inconsistent with a cost-of-service calculation when cost-of-service
17 calculations are the basis for calculating a realized return on equity.

18 **Q. Has Mr. Van Hoecke leveled any other criticisms regarding the analysis in Figure**
19 **27 of your Direct Testimony measuring of the level of change in the realized**
20 **return on equity?**

21 A. Yes. Mr. Van Hoecke appears to challenge the revenues I rely on for 1991 (*i.e.*, the A
22 Basis Period) and 1992 (*i.e.*, the B Pre-EPAct Period) in calculating the rate of return
23 on equity for these periods.⁴¹⁰ Mr. Van Hoecke also contends that it was inappropriate
24 for me to evaluate the degree of change in realized rate of return on equity at the system
25 level rather than at an individual rate level.⁴¹¹

⁴⁰⁶ Exh. No. BUC-73, pages 59–60.

⁴⁰⁷ *Tesoro*, at PP 52–53; *see also* PP 57–63.

⁴⁰⁸ *See*, for example, Buckeye's 2011 Form 6, page 700 workpapers, Schedule 4.1, line 9, included in Exhibit No. AIR-13, page 7.

⁴⁰⁹ *Tesoro*, at P 62.

⁴¹⁰ Exh. No. BUC-73, pages 60–61.

⁴¹¹ *Id.* at 61–62.

1 **Q. What are Mr. Van Hoecke's concerns with the referenced revenue level you relied**
2 **on for the Basis or A Period in 1991?**

3 A. Mr. Van Hoecke appears to contend that rather than using a conservatively adjusted
4 calendar year 1991 revenue level, I should have used the actual revenue level resulting
5 from the purported grandfathered rates being in effect for the first 12-month period
6 after they were made effective.⁴¹²

7 **Q. Is Mr. Van Hoecke's criticism valid?**

8 A. No. Mr. Van Hoecke's proposal would create a mismatch of costs and revenues as well
9 divorce any meaningful linkage between the resulting revenue level and the economic
10 circumstances that existed at the time the purported grandfathered rates were
11 established.

12 The Commission's substantially changed circumstances evaluation requirements direct
13 that for the A Basis Period one should use the return embedded in the grandfathered
14 rate *when it was established*.⁴¹³ The Airlines requested Buckeye to provide its cost of
15 service for the 12-month period ending June 30, 1991 for assessing the economic
16 circumstances at the time the purported grandfathered rates took effect (*i.e.*, July 6,
17 1991). Buckeye responded in discovery that it was "not feasible to prepare reliable
18 cost-of-service ("COS") calculations for period July 1, 1990 through June 30, 1991."⁴¹⁴
19 Instead, Buckeye produced a cost of service study for calendar year 1991, which is the
20 period that reflects approximately 6 months before its July 6, 1991 rates went into
21 effect, and 6 months after these rates went into effect.⁴¹⁵

22 As explained in my Direct Testimony,⁴¹⁶ it is not clear that calendar year 1991 cost and
23 revenue data is a perfect representation of the economic basis of Buckeye's rates that
24 went into effect July 6, 1991. Nevertheless, calendar year 1991 data is the cost and

⁴¹² *Id.* at 60.

⁴¹³ *Tesoro Refining*, 134 FERC at P 17.

⁴¹⁴ See Exh. No. AIR-30, Buckeye First Supplemental Response to request no. AIRLINES-BUCKEYE 4-4.

⁴¹⁵ See Exh. No. AIR-29, Buckeye's Seventh Supplemental Response to request nos. AIRLINES-BUCKEYE 1-3, 1-4, and 1-5.

⁴¹⁶ Exh. No. AIR-1, page 54

1 revenue data made available by Buckeye in this proceeding that is closest in time to
2 when the July 6, 1991 rates were established, and thus the most reasonable cost data to
3 rely on in the record. The 1991 calendar year data contains actual cost and revenue
4 information for the specific period when the subject rates went into effect, as well as
5 actual data for the period after the rates went into effect. However, Buckeye could not
6 have been relying on actual data after or subsequent to its July 1991 rate filing when it
7 established its rates. Accordingly, the calendar year 1991 data, in my opinion, can only
8 be characterized as an approximation for the costs and the revenues (*i.e.*, economic
9 circumstances) being experienced by Buckeye at the time its rates were established.

10 Because the calendar year 1991 revenue only reflects the rates effective July 6, 1991
11 being collected for half the year, I made a conservative adjustment to revenue to
12 approximate the annual revenue received after the rate increase effective July 6, 1991 in
13 order to estimate the realized return embedded in its rates effective July 6, 1991. As
14 explained in my Direct Testimony,⁴¹⁷ this adjustment to increase 1991 revenues
15 conservatively increases the realized return in 1991 by approximately 0.5 percentage
16 points, and will conservatively decrease the degree of change in realized return in the
17 “A” Basis Period. For the analysis of degree of change in the realized rate of return on
18 equity presented in Figures 25, 26, and 27 in my Direct Testimony, the values reported
19 for 1991 incorporate this increased adjustment of 1.93% to 1991 revenue.⁴¹⁸

20 Mr. Van Hoecke’s proposal that I should have included revenues for 1991 equivalent to
21 the alleged grandfathered rates for the period July 1991 through June 1992 (the rates
22 effective period) does nothing to correct my analysis. Moreover, as discussed above
23 and contrary to Mr. Van Hoecke’s unsupported claim, my analysis does not
24 underestimate “revenues and hence equity return in Period A.”⁴¹⁹ Mr. Van Hoecke’s
25 proposal does nothing more than attempt to inflate Buckeye’s 1991 equity return in
26 order to artificially dilute any change in return. Specifically, Mr. Van Hoecke is
27 proposing a mismatch of revenue for the period July 1991 – June 1992 against a

⁴¹⁷ *Id.*, fn. 117

⁴¹⁸ For completeness, I also included in Exhibit No. AIR-34 to my Direct Testimony tables showing the 1991 realized return on equity at Buckeye’s reported 1991 revenue level without the 1.93% increase, and the degree of change in realized return on equity relative to the 1991 realized returns.

⁴¹⁹ Exh. No. BUC-73, page 60.

1 calendar year 1991 cost of service. Moreover, if Mr. Van Hoecke's statement that
2 "volumes during the twelve month period the grandfathered rates were in effect are
3 greater than the 1991 calendar year volumes" is assumed to be accurate, this would
4 necessarily indicate that a corresponding cost of service would be appreciably higher
5 than a cost of service based on calendar year 1991 based only on relative fuel and
6 power costs. Finally, as Buckeye could not have relied on actual data subsequent to its
7 July 1991 rate filing when establishing its subject rates, Mr. Van Hoecke's proposal
8 would effectively sever any nexus between the return calculation from the economic
9 circumstances existing at the time the rates were established, contrary to the guidelines
10 established in the *Tesoro Refining* decision for evaluating changed circumstances.

11 **Q. What is Mr. Van Hoecke's concern with your development of the rate of return on**
12 **equity for the Pre-EPAAct 1992 "B" Period?**

13 A. Mr. Van Hoecke erroneously contends that I should have adjusted my Pre-EPAAct 1992
14 "B" Period to reflect Buckeye's July 1992 rate increase for a full 12-month period (*i.e.*,
15 July 1992–June 1993) and that failure to do so "results in return associated with a Pre-
16 EPAAct change in rates (*i.e.*, July 16, 1992 rate increase) being considered as a post-
17 EPAAct change."⁴²⁰ However, Mr. Van Hoecke's proposal is nonsensical and contrary
18 to the Commission's established substantially changed circumstances analysis and
19 protocol.

20 In particular, the Commission established that the Pre-EPAAct "B" Period is to be the
21 rate of return on equity generated by the challenged rate at the time EPAAct became
22 effective on October 24, 1992.⁴²¹ In this connection, the Commission has clarified that
23 calendar year 1992 can be a reasonable proxy for the 12-months ending October 24,
24 1992, stating:

25 Under this methodology, the Commission first determines the return
26 embedded in the grandfathered portion of the rate at the time the rate was
27 established and is the base rate for the base period, which is called the A
28 period. The Commission then determines the return generated by the
29 challenged rate at the time EPAAct became effective, or a reasonably

⁴²⁰ Exh. No. BUC-73, page 60.

⁴²¹ *Tesoro Refining*, 134 FERC at P 17.

1 approximate time frame, which, generally is the return for the calendar
2 year 1992, which is called the B period.⁴²²

3 Buckeye provided in discovery cost-of-service data for calendar year 1992 for both the
4 Buckeye system as a whole and for the LIS,⁴²³ which consistent with the Commission's
5 directive is a "reasonably approximate time frame." Further, Buckeye has identified
6 that it "does not believe that it is feasible to prepare reliable cost-of-service ("COS")
7 calculations for period November 1991 through October 31, 1992."⁴²⁴

8 While Mr. Van Hoecke appears to recognize that events occurring on a post-period B
9 basis (whether measured as the 12-months ended October 24, 1992 or as calendar year
10 1992) are not to be included in the development of the B period rate of return on
11 equity,⁴²⁵ Mr. Van Hoecke asserts that I should have derived my B period revenues
12 based on the full 12-month period its July 1992 rate increase was in effect (*i.e.*, July
13 1992 through June 1993).⁴²⁶ His rationale for this claim is that Buckeye's July 16,
14 1992 rate increase was a Pre-EPAAct event and that all of the revenues generated by that
15 rate increase should be considered in the Pre-EPAAct period B.⁴²⁷

16 Mr. Van Hoecke's claim is without merit and nonsensical. The volumes transported
17 and the revenues generated therefrom in 1993 (*i.e.*, January 1993 through July 1993)
18 are not Pre-EPAAct period B events. Simply because Buckeye's rate increase occurred
19 within calendar year 1992 (*i.e.*, Pre-EPAAct B Period), this does not artificially transform
20 all activity associated with this rate increase into a Pre-EPAAct event. Indeed, if Mr.
21 Van Hoecke truly believed that the representative Pre-EPAAct Period should be the
22 twelve-month period ending July 15, 1993, he would have indicated that such revenues
23 be matched with corresponding costs; yet, Mr. Van Hoecke fails to make this
24 recommendation. Accordingly, Mr. Van Hoecke's proposal reflects nothing more than

⁴²² *Id.*

⁴²³ Buckeye's response to request nos. AIRLINES-BUCKEYE 1-3, 1-4, and 1-5, and the document Bates stamped BUC 007900, included in Exhibit No. AIR-31.

⁴²⁴ See Buckeye response to request no. AIRLINES-BUCKEYE 4-4, included in Exhibit No. AIR-30.

⁴²⁵ See Exh. No. BUC-73 at 61 fn. 120 citing *Santee I*, at p. 61,759 ("Comparisons of data for 1987 to data for 1993 cannot be the basis for showing a change in economic circumstances since enactment of the EPAAct.").

⁴²⁶ Exh. No. BUC-73 at 61.

⁴²⁷ *Id.*

1 an attempt to skew the derivation of the Pre-EPAAct period B rate of return on equity by
2 mismatching cost and revenue figures. Unlike Mr. Van Hoecke's proposal, my Period
3 B analysis conforms to the Commission's established policy and calculates a rate of
4 return on equity based on costs and corresponding revenue without the incorporation of
5 post-EPAAct Period data.

6 **Q. What is Mr. Van Hoecke's criticism with your development of rates of return on**
7 **equity on a system basis in performing your substantially changed circumstances**
8 **analysis?**

9 A. Mr. Van Hoecke contends that because I develop rates of return on equity on a system
10 basis, rather than on an individual rate basis, I have committed an alleged "fatal flaw"
11 based on Commission precedent.⁴²⁸

12 **Q. Do you agree with Mr. Van Hoecke's criticism on this issue?**

13 A. No. Mr. Van Hoecke's criticism seriously mischaracterizes the precedent he cites and
14 omits material and relevant facts. Specifically, albeit ignored by Mr. Van Hoecke, the
15 Commission clarified in his referenced "March 2004 Order" that where rates are not
16 developed on an individual line or destination basis, it is appropriate to evaluate
17 substantially changed circumstances on a system basis.⁴²⁹ Here, no evidence has been
18 presented and no Buckeye witness has identified that the New York City area rates for
19 jet fuel were developed, at any time, on anything other than on a system basis.
20 Accordingly, consistent with my analysis, a substantially changed circumstances
21 analysis is reasonable to be performed on a system basis.

22 Further, while Mr. Van Hoecke accurately notes that the language of the referenced
23 order made a determination of changed circumstances, in the alternative, on a

⁴²⁸ Exh. No. BUC-73 at 61 citing "March 2004 Order at P 62,152 (para 77)" (*i.e.*, *SFPP, L.P.*, 106 FERC P 61,300 (2004)).

⁴²⁹ *ARCO Products Co. et al. v. SFPP, L.P.*, 106 FERC ¶ 61,300 at P 77 (2004) ("The complainant parties and Staff are correct that SFPP prepared the cost justifications for its rates on the West and North Lies by developing costs for the entire line, and not applying those costs to specific delivery point on the lines, the specific rates, or the individual commodities. To the extent that SFPP itself designed and justified the rates at issue by reference to the aggregated costs of all the rates in the year that the rates were established, then that portion of economic basis for each individual rate can be evaluated on the same basis.").

1 destination basis,⁴³⁰ Mr. Van Hoecke again ignores relevant and material facts
2 associated with that determination, including the complete rejection of the methodology
3 used to perform an alternative destination-based substantially changed circumstances
4 evaluation. In particular, the Commission's changed circumstances findings with
5 respect to those destinations were based on an analysis where volumes (whether on a
6 system or destination-specific basis) were used as a proxy for revenues whereby the
7 change in volumes, on a percentage basis, was assumed to equal the change in revenue,
8 on a percentage basis. This percentage change was then added to the percentage
9 change in cost of service to evaluate whether there was substantially changed
10 circumstances. As the Commission explained in *America West, et al. v. Calnev*, 121
11 FERC ¶ 61,241 (2007), subsequent to Mr. Van Hoecke's referenced "March 2004
12 Order" and its related adding of percentages methodology, this analysis was found to be
13 inappropriate and mathematically flawed. Specifically, the Commission stated:

14 [it] was informed through the appellate arguments in *ExxonMobil* that it is
15 incorrect to use the sum of the changes in two percentages as a measure of
16 absolute change when the percentages have different bases. While this
17 error and others were not addressed on appeal in *ExxonMobil* because the
18 parties had not raised the issues to the Commission, the argument
19 presented on appeal is mathematically correct. Thus, to the extent the
20 Complainants used the total swing in percentages as an analytical
21 approach, they incorporated this error.⁴³¹

22 The Commission reconfirmed the invalidity of the "March 2004 Order's" methodology
23 and the related analysis referenced by Mr. Van Hoecke in the *Tesoro Refining* decision
24 where it explained that "volumes should not be used as a proxy for revenues in
25 evaluating whether there are substantially changed circumstances. There should be no
26 further debate on this issue given this language requiring the use of revenues and
27 expenses in determining if there are substantially changed circumstances."⁴³²
28 Accordingly, Mr. Van Hoecke's criticism regarding my development of rates of return
29 on equity on a system basis are both factually flawed and seriously misplaced.⁴³³

⁴³⁰ See Exh. No. BUC-73, pages 61–62.

⁴³¹ *America West, et al. v. Calnev*, 121 FERC ¶ 61,241 at P 8 (2007).

⁴³² *Tesoro Refining*, 134 FERC ¶ 61,124 at P 40 (2011).

⁴³³ *Id.* at P 53 ("the Commission now clarifies *America West* should be understood as contemplating a shift away from . . . the broad measure of change used earlier in March 2004 and June 2005 Commission orders") (footnote omitted).

1 **Q. What is Mr. Van Hoecke's test for evaluating the existence of substantially**
2 **changed circumstances regarding the challenged and alleged grandfathered jet**
3 **fuel rates?**

4 A. Mr. Van Hoecke appears to advocate two different methodologies for assessing
5 substantially changed circumstances with regard to the referenced rates – one in
6 response to my Direct Testimony and an alternative methodology in response to the
7 answering testimony of Trial Staff.

8 **Q. What type of substantially changed circumstances analysis did Mr. Van Hoecke**
9 **propose in response to your Direct Testimony?**

10 A. Mr. Van Hoecke asserts that because he believes that the economic circumstances
11 underlying the challenged jet fuel rates was Buckeye's Experimental Rate Program, the
12 Commission could assess the existence of substantially changed circumstances by
13 determining whether the challenged rates complied with the Experimental Rate
14 Program.⁴³⁴ According to Mr. Van Hoecke, if the challenged rates complied with the
15 Experimental Rate Program, substantially changed circumstances cannot be shown.⁴³⁵

16 **Q. Does Mr. Van Hoecke's referenced substantially changed circumstances analysis**
17 **have any validity?**

18 A. No. Mr. Van Hoecke's analysis completely ignores the Commission's established
19 methodology for evaluating the existence of substantially changed circumstances based
20 on the degree of change in Buckeye's realized rate of return on equity between the "B"
21 Pre-EPA period and the "C" Complaint Period, relative to the realized return in the
22 "A" Basis Period.⁴³⁶ Moreover, as discussed above, the Commission's approved
23 methodology for assessing the existence of substantially changed circumstances based
24 on the change in the rate of return properly does not look to or depend on the
25 methodology, such as the Experimental Rate Program, used to calculate the alleged

⁴³⁴ Ex. No. BUC-73 at 73.

⁴³⁵ *Id.* at 73.

⁴³⁶ *Tesoro Refining*, 134 FERC ¶ 61,124 at P 53 ("Therefore, the Commission holds that the appropriate method to determine whether there are substantially changed circumstances is to measure the change in the rate of return on equity from that embedded in the grandfathered rate.")

1 grandfathered rate. As the D.C. Circuit in *ExxonMobil* explained, “§ 1893 does not
2 necessarily depend on the method used to compute the grandfathered rate. Rather,
3 § 1803 *assumes* that the ‘economic circumstances’ of a pipeline were a basis for its
4 rate, regardless of how the rate was actually established.”⁴³⁷ In turn, the D.C. Circuit
5 approved the Commission’s cost-based rate of return metric for evaluating substantially
6 changed circumstances as “a perfectly reasonable means of interpreting and applying
7 § 1803.”⁴³⁸

8 Finally, notwithstanding that the methodology used to calculate the challenged rates is
9 immaterial to a substantially changed circumstances analysis, Mr. Van Hoecke’s
10 summary claim that the economic basis of the challenged jet fuel rates was the
11 Experimental Rate Program, in my opinion, lacks any viable support. Specifically,
12 Buckeye’s FERC Tariff No. 67, filed June 5, 1991 increased tariff rates, effective July
13 6, 1992, to the NYC Airport Destinations by approximately 3.5% while Buckeye’s
14 Experimental Rate Program permitted a rate increase for these destinations of 3.86%.⁴³⁹
15 Accordingly, some reason other than Buckeye’s Experimental Rate Program was the
16 basis for setting the approximately 3.5% July 1991 rate increase.

17 The Airlines sought in discovery an explanation for why Buckeye’s rates to the NYC
18 Airport Destinations were increased by approximately 3.5% rather than the 3.86%
19 permitted by Buckeye’s Experimental Rate Program.⁴⁴⁰ Buckeye responded that it did
20 not know why the rate from Linden Station, Port Reading, and Sewaren to the NYC
21 Airport Destinations were increased by approximately 3.5% versus the 3.86% permitted
22 by the Experimental Rate Program.⁴⁴¹ In short, the ambiguity associated with

⁴³⁷ *ExxonMobil*, 487 F.3d 945, 961 (emphasis in original).

⁴³⁸ *ExxonMobil*, 487 F.3d at 961.

⁴³⁹ See Exh. No AIR-3 (Bates numbered document BUC 001497).

⁴⁴⁰ See Buckeye’s response to request no. AIRLINES-BUCKEYE 9-1, included in Exhibit No. AIR-136.

⁴⁴¹ *Id.* Notably, Buckeye increased its rates to the non-airport destinations on the LIS by levels less than the 3.86% permitted by the Experimental Rate Program. *Id.*; see also Buckeye’s response to request nos. AIRLINES-BUCKEYE 9-2 and 9-3, included in Exhibit No. AIR-136. Notably, Mr. Van Hoecke’s claims that the New York City jet fuel rates were developed on a competitive basis (Exh. No. BUC-136, pages 21-25) is without merit because: (1) the New York City market has never been found to be competitive (*Buckeye Pipe Line Company, L.P.*, 53 FERC ¶ 61,473, at 62,674 (1990)); and (2) as discussed herein, Buckeye set its jet fuel rates at a level below the level permitted by the

1 identifying the specific basis of a rate at the time it was established provides direct
2 support for the Commission's determination to rely on a cost-of-service-based rate of
3 return methodology for evaluating substantially changed circumstances as explained by
4 the D.C. Circuit in *ExxonMobil*.⁴⁴²

5 **Q. Mr. Van Hoecke submitted testimony responding to the Commission Trial Staff's**
6 **Answering Testimony, did you have a chance to review that testimony?**

7 A. Yes.

8 **Q. In this testimony, did Mr. Van Hoecke raise any new or additional arguments**
9 **regarding how to evaluate substantially change circumstances as it respect the**
10 **challenged NYC jet fuel rates?**

11 A. Yes. Mr. Van Hoecke continues to advance his flawed theory that the economic basis
12 of the challenged jet fuel rates was Buckeye's Experimental Rate Program and that any
13 evaluation of substantially changed circumstances can only be performed by reference
14 to this program.⁴⁴³ However, Mr. Van Hoecke now claims that no justification has
15 been presented for application of the substantially changed circumstances evaluation
16 established by the Commission in *Tesoro Refining* as compared to the Commission's
17 prior methodology.⁴⁴⁴ Mr. Van Hoecke also proposes for the first time an alternative
18 methodology for evaluating substantially changed circumstances which is the same
19 methodology that was ultimately rejected by the Commission in the *Tesoro Refining*
20 decision.⁴⁴⁵

21 **Q. Please summarize the basis for Mr. Van Hoecke's argument.**

22 A. Overall, it appears that Mr. Van Hoecke is attempting to reargue claims that were
23 rejected by the Commission in the *Tesoro Refining* decision. First, Mr. Van Hoecke
24 appears to dispute the validity of the *Tesoro Refining* decision since he claims that this

Expiramental Rate Program and Buckeye itself does not know how the rates were set (*see* Buckeye's response to request nos. AIRLINES-BUCKEYE 9-1, 9-2, and 9-3, included in Exhibit No. AIR-136).

⁴⁴² *ExxonMobil*, 487 F.3d at 961.

⁴⁴³ *See* Exh. No. BUC-136, page 25, lines 1–16.

⁴⁴⁴ *See* Exh. No. BUC-136, page 47.

⁴⁴⁵ *Id.* at 51–54.

1 decision adopts a methodology which he asserts was rejected previously.⁴⁴⁶ In turn,
2 Mr. Van Hoecke contends that there has been no justification presented in this
3 proceeding for a shift in methodologies from that relied on in the 2004-2005 *SFPP*
4 orders to that established in the 2011 *Tesoro Refining* decision.⁴⁴⁷ Mr. Van Hoecke
5 next asserts that a substantially changed circumstances analysis should only rely on
6 revenues generated from the grandfathered portion of the rate.⁴⁴⁸ Finally, Mr. Van
7 Hoecke purports to apply the methodology relied on in the *SFPP* matter and then
8 claims that no substantially changed circumstances have occurred.⁴⁴⁹

9 **Q. What is the specific methodology Mr. Van Hoecke relies on for performing this**
10 **alleged alternative evaluation of substantially changed circumstances?**

11 A. Mr. Van Hoecke, with the assistance of Buckeye witness Wetmore, develops a cost of
12 service for (i) the period July 6, 1991 to July 16, 1992 (*i.e.*, the A period) annualized to
13 a 365-day period (by averaging the 1991 and 1992 costs of service), (ii) calendar year
14 1992 (*i.e.*, the B period), and (iii) for calendar years 2012 and 2011.⁴⁵⁰ Mr. Van
15 Hoecke next develops volume data for each of the periods for the LIS and on an origin
16 and destination pair basis.⁴⁵¹ Mr. Van Hoecke then purports to compute the change in
17 Buckeye's cost of service on both an LIS and origin and destination pair basis. Finally,
18 Mr. Van Hoecke states that he calculated a separate percentage change in cost of
19 service from the percentage change in volume to derive the purported "degree of
20 change in economic circumstances in accordance with the SFPP methodology."⁴⁵² Mr.
21 Van Hoecke contends that "[m]easuring the change in volume on a percentage basis
22 and summing that change with the change in the carrier's cost-of-service is
23 conceptually equivalent to using the change in grandfathered revenues and cost-of-
24 service."⁴⁵³

⁴⁴⁶ See Exh. No. BUC-136, page 31.

⁴⁴⁷ Exh. No. BUC-136, page 47.

⁴⁴⁸ *Id.* at 36-46.

⁴⁴⁹ *Id.* at 51-54.

⁴⁵⁰ *Id.* at 52.

⁴⁵¹ *Id.*

⁴⁵² *Id.* at 53.

⁴⁵³ *Id.* at 49.

1 **Q. Is Mr. Van Hoecke's claim that no justification has been presented for the**
2 **Commission's methodology established in *Tesoro Refining* versus the referenced**
3 ***SFPP* methodology valid?**

4 A. No. Mr. Van Hoecke's claim is a failure to acknowledge the Commission's discussion
5 and rational presented in the *Tesoro Refining* decision for departing from the *SFPP*
6 methodology. Although ignored by Mr. Van Hoecke in his testimony, the Commission
7 went through an extensive and detailed discussion and analysis of how its new
8 methodology for evaluating substantially changed circumstances was consistent with
9 the D.C. Circuit's rulings in *ExxonMobil* and how its prior methodology, as articulated
10 in its prior orders—specifically in the *SFPP* proceeding and the *America West et al.*
11 proceeding—were materially flawed. Indeed, Mr. Van Hoecke's proposed alternative,
12 including its purported reliance on grandfathered rate related revenues has already been
13 considered and rejected by the Commission.

14 **Q. Please explain why you believe the Commission has already considered and**
15 **rejected Mr. Van Hoecke's proposed alternative methodology.**

16 A. As noted above, Mr. Van Hoecke's alternative methodology subtracts the percentage
17 change in cost of service from the percentage change in volume (which is used as a
18 proxy for revenue) to derive an alleged degree of change in economic circumstances.⁴⁵⁴
19 As the Commission explained in its *America West et al.* decision, this mathematical
20 formula is unsound and defective.

21 Specifically, the Commission stated that it:

22 was informed through the appellate arguments in *ExxonMobil* that it is
23 incorrect to use the sum of the changes in two percentages as a measure of
24 absolute change when the percentages have different bases. While this
25 error and others were not addressed on appeal in *ExxonMobil* because the
26 parties had not raised the issues to the Commission, the argument
27 presented on appeal is mathematically correct. Thus, to the extent the
28 Complainants used the total swing in percentages as an analytical
29 approach, they incorporated this error.⁴⁵⁵

⁴⁵⁴ See Exh. No. BUC-136, page 53.

⁴⁵⁵ *America West*, 121 FERC ¶ 61,241 at P 8.

1 The Commission reaffirmed the unsoundness of this calculation in its *Tesoro Refining*
2 decision where it stated that “volumes should not be used as a proxy for revenues in
3 evaluating whether there are substantially changed circumstances. There should be no
4 further debate on this issue given this language requiring the use of revenues and
5 expenses in determining if there are substantially changed circumstances.”⁴⁵⁶
6 Accordingly, Mr. Van Hoecke’s proposed alternative methodology is, at its core,
7 untenable and should be ignored. Indeed, albeit not mentioned in his testimony, Mr.
8 Van Hoecke has previously acknowledged the unsoundness and defective nature of the
9 calculation he now appears to support.

10 **Q. What support do you have for claiming that Mr. Van Hoecke has previously**
11 **recognized the unsoundness and defective nature of his proposed calculation?**

12 A. Mr. Van Hoecke, in 2008, submitted an affidavit in support of Calnev Pipe Line LLC’s
13 answer to various amended complaints which ultimately were addressed by the
14 Commission in the *Tesoro Refining* decision. In this affidavit, Mr. Van Hoecke
15 expressly stated:

16 Adding percentages calculated using different bases can lead to
17 misleading or even meaningless comparisons. The base unit of measure
18 (e.g., barrels vs. dollars) can affect the relative impact a percentage change
19 has on the overall economic circumstances. In addition, it is incorrect to
20 simply add the two percentages together and assume that the percentages
21 are derived from factors of equal size.⁴⁵⁷

22 Mr. Van Hoecke also stated in this affidavit “that more current Commission guidance
23 suggests that adding the percentage change in volume and the percentage change in cost
24 is incorrect. I agree with this guidance.”⁴⁵⁸ Accordingly, it does not make sense for
25 Mr. Van Hoecke to now propose a methodology for evaluating substantially changed
26 circumstances which he has already recognized and agreed with the Commission is
27 mathematically unsound and defective.

⁴⁵⁶ *Tesoro Refining*, 134 FERC ¶ 61,214 at P 40.

⁴⁵⁷ See Exh. No. AIR-137 at 9–10 (Affidavit of Robert G. Van Hoecke attached to the Answer of Calnev to Amended Complaints of ExxonMobil Oil Corp., Tesoro Refining and Marketing Co., America West Airlines, Inc., Chevron Products Co., Continental Airlines, Inc., Northwest Airlines, Inc., Southwest Airlines Co., US Airways, Inc., Valero Marketing and Supply Co., ConocoPhillips Co., and BP West Coast Products LLC. (dated March 3, 2008).

⁴⁵⁸ *Id.* at 23

1 **Q. What other aspects of Mr. Van Hoecke’s proposed alternative methodology for**
 2 **evaluating substantially changed circumstances have been previously rejected by**
 3 **the Commission?**

4 A. A central component of Mr. Van Hoecke’s flawed alternative methodology for
 5 measuring substantially changed circumstances is his claim that evaluating substantially
 6 changed circumstances should only be performed by reference to revenues generated by
 7 the grandfathered portion of the challenged rate.⁴⁵⁹ Indeed, Mr. Van Hoecke contends
 8 that “[m]easuring the change in volume [as a proxy for revenue] on a percentage basis
 9 and summing that change with the change in the carrier’s cost-of-service is
 10 conceptually equivalent to using the change in grandfathered revenues and cost-of-
 11 service.”⁴⁶⁰ However, absent from Mr. Van Hoecke’s testimony is any recognition that
 12 the Commission has specifically rejected this same proposition.

13 Specifically, in the *Tesoro Refining* decision, the Commission reversed its conclusion in
 14 *America West, et al.* indicating that revenues generated by the non-grandfathered
 15 portion of a rate should be excluded from the determination of substantially changed
 16 circumstances.⁴⁶¹ Agreeing with an Initial Decision issued in a complaint proceeding
 17 involving SFPP in Docket No. OR03-05-001, the Commission explained that “*America*
 18 *West* [and its proposed exclusion of non-grandfathered rate related revenues] did not
 19 allow for situations where the indexing mechanism might be the means, or one of the
 20 means, by which the pipeline’s return is sustained or enhanced.”⁴⁶² As a result, the
 21 Commission reasonably concluded that arbitrarily excluding revenue not associated
 22 with the grandfathered portion of the challenged rate would unreasonably “understate
 23 the implied revenue in return...regardless of how the concept of ‘return’ is defined.”⁴⁶³

24 **A. UPDATED REALIZED RETURN IN THE “A” BASE PERIOD**

25 **Q. What are the updated realized returns you calculate for the EPS (including LIS)**
 26 **and the LIS in the “A” Basis Period using Buckeye’s unadjusted cost-of-service**

⁴⁵⁹ Exh. No. BUC-136, pages 36–37.

⁴⁶⁰ *Id.* at 49.

⁴⁶¹ *See Tesoro Refining, et al.*, 134 FERC ¶ 61,214 at P 42.

⁴⁶² *Id.* at P 43.

⁴⁶³ *Id.* at P 43.

1 **and 1991 revenue data that reflects the July 1991 rate increase being collected for**
2 **a full year?**

- 3 A. Figure 11 below (which is identical to Figure 16 in my Direct Testimony) shows my
4 updated realized return in the “A” Basis period based on Buckeye’s cost-of-service and
5 revenue data. These realized returns are based on Buckeye’s unadjusted 1991 cost-of-
6 service data and calendar-year 1991 revenue increased by 1.93% to reflect a full-year of
7 collecting the average 3.86% rate increases effective July 6, 1991, as discussed above
8 (see footnote 116 of my Direct Testimony).⁴⁶⁴ As seen in Figure 11, Buckeye’s cost-
9 of-service data reflects an under-recovery of costs for both the EPS (including LIS) and
10 the LIS, and the resulting realized returns on equity rate base for the “A” Basis period
11 are 9.8% for the EPS (including LIS) and 7.3% for the LIS.

⁴⁶⁴ See Buckeye’s response to request no. AIRLINES-BUCKEYE 6-2 and the document Bates stamped BUC 015746, included in Exhibit No. AIR-134.

Figure 11
Buckeye Pipe Line Company, L.P.
Realized Return on Equity Based on Buckeye's 1991 Unadjusted Cost of Service
(\$ Millions)

		LIS	EPS (incl. LIS)
[1]		[2]	[3]
Revenue	[a]	\$25.11	\$79.88
Cost of service	[b]	\$28.79	\$82.54
Over/Under-Recovery	[c]=[a]-[b]	-\$3.68	-\$2.66
Income Tax Rate	[d]	34.19%	34.19%
Less Income Taxes on Over/Under-Recovery	[e]=[c]*[d]	-\$1.26	-\$0.91
After-tax Over/Under-Recovery	[f]=[c]-[e]	-\$2.42	-\$1.75
Allowed Return on Rate Base	[g]	\$9.68	\$24.17
Less Interest Expense	[h]	\$2.07	\$4.89
Allowed Equity Return	[i]=[g]-[h]	\$7.61	\$19.29
Total Return on Equity Rate Base	[j]=[f]+[i]	\$5.18	\$17.54
Equity Portion of Rate Base	[k]	\$71.20	\$179.80
Estimated Realized Return on Equity Rate Base	[l]=[j]/[k]	7.28%	9.75%

Sources/Notes:

Updated 1991 Cost of Service Arthur workpapers, included in Exhibit No. AIR-138 (CONF).
Buckeye's unadjusted 1991 cost of service calculations are in the document Bates Stamped
BUC 009959, included in Exhibit No. AIR-29 (CONF).

- 1 **Q. What are the updated realized returns you calculate for the EPS (including LIS)**
2 **and the LIS in the “A” Basis Period based on all of your and Mr. O’Loughlin’s**
3 **adjustments to Buckeye’s cost-of-service and revenue data?**
- 4 A. Figure 12 below (which is an update to my Figure 17 in my Direct Testimony) shows
5 the realized return in the “A” Basis period based on my and Mr. O’Loughlin’s
6 recommended adjustments to Buckeye’s cost-of-service and revenue data.⁴⁶⁵ These

⁴⁶⁵ Exhibit No. AIR-138 contains the workpapers associated with my updated adjusted 1991 EPS (including LIS) and LIS costs of service. Note that in its Answering Testimony, Buckeye reports small adjustments to the direct labor balances that it reported in prior data responses that I relied on for the 1991 and 1992 direct labor balances used in my Direct Testimony. See Buckeye’s response to request nos. 9-26 and 11-5, and the documents Bates stamped BUC 013144 and BUC 023964, included in Exhibit No. AIR-128. These changes do not have a material impact on the allocations of

1 realized returns are based on Buckeye's adjusted 1991 cost-of-service data and
2 calendar-year 1991 revenue conservatively increased by 1.93% to reflect a full-year of
3 collecting the average 3.86% rate increases effective July 6, 1991, as discussed above
4 (*see* footnote 116 of my Direct Testimony) as well an adjustment for the reported
5 amount of EPS (including LIS) and LIS Account 250 and 260 revenues which was not
6 available at the time of the filing of my Direct Testimony.⁴⁶⁶ As seen in Figure 12,
7 Buckeye's cost-of-service data reflects an over-recovery of costs for both the EPS
8 (including LIS) and the LIS, and the resulting realized returns on equity rate base for
9 the "A" Basis period are 23.4% for the EPS (including LIS) and 26.7% for the LIS.

common costs, the total cost of service, and the estimated realized return, and I have not incorporated these changes into my updated adjusted 1991 and 1992 cost of service calculations.

⁴⁶⁶ See Buckeye's response to request no. AIRLINES-BUCKEYE 6-2 and the document Bates stamped BUC 015746, included in Exhibit No. AIR-134.

Figure 12
Buckeye Pipe Line Company, L.P.
Realized Return on Equity Based on Buckeye's 1991 Adjusted Cost of Service
With No Income Tax Allowance
(\$ Millions)

		LIS	EPS (incl. LIS)
[1]		[2]	[3]
Revenue	[a]	\$25.11	\$79.88
Cost of service	[b]	\$18.36	\$66.68
Over/Under-Recovery	[c]=[a]-[b]	\$6.75	\$13.21
Income Tax Rate	[d]	0.00%	0.00%
Less Income Taxes on Over/Under-Recovery	[e]=[c]*[d]	\$0.00	\$0.00
After-tax Over/Under-Recovery	[f]=[c]-[e]	\$6.75	\$13.21
Allowed Return on Rate Base	[g]	\$8.21	\$22.01
Less Interest Expense	[h]	\$1.94	\$5.45
Allowed Equity Return	[i]=[g]-[h]	\$6.27	\$16.56
Total Return on Equity Rate Base	[j]=[f]+[i]	\$13.02	\$29.77
Equity Portion of Rate Base	[k]	\$48.72	\$127.35
Estimated Realized Return on Equity Rate Base	[l]=[j]/[k]	26.72%	23.37%

Sources/Notes:

1991 Cost of Service Arthur workpapers, included in Exhibit No. AIR-138 (CONF).

Buckeye's unadjusted 1991 cost of service calculations are in the document Bates Stamped BUC 009959, included in Exhibit No. AIR-29 (CONF).

Q. What are the updated realized returns you calculate for the EPS (including LIS) and the LIS in the “A” Basis Period based on all of your and Mr. O’Loughlin’s adjustments to Buckeye’s cost-of-service and revenue data, except incorporating Buckeye’s recommendations for income tax allowance?

A. Figure 13 below (which is an update to my Figure 18 in my Direct Testimony) shows the realized return in the “A” Basis period based on my and Mr. O’Loughlin’s recommended adjustments to Buckeye’s cost-of-service and revenue data, except incorporating Buckeye’s recommendation for income tax allowance. These realized returns are based on Buckeye’s adjusted 1991 cost-of-service data and calendar-year 1991 revenue increased by 1.93% to reflect a full-year of collecting the average 3.86% rate increases effective July 6, 1991, as discussed above (*see* footnote 116 of my Direct Testimony) as well an adjustment for the reported amount of EPS (including LIS) and

1 LIS Account 250 and 260 revenues which was not available at the time of the filing of
 2 my Direct Testimony.⁴⁶⁷ As seen in Figure 13, Buckeye's cost-of-service data reflects
 3 an over-recovery of costs for both the EPS (including LIS) and the LIS, and the
 4 resulting realized returns on equity rate base for the "A" Basis period are 15.5% for the
 5 EPS (including LIS) and 17.8% for the LIS.

Figure 13
Buckeye Pipe Line Company, L.P.
Realized Return on Equity Based on Buckeye's 1991 Adjusted Cost of Service
Using Buckeye's Income Tax Allowance
(\$ Millions)

			LIS	EPS (incl. LIS)
[1]			[2]	[3]
	Revenue	[a]	\$25.11	\$79.88
	Cost of service	[b]	\$21.54	\$75.18
	Over/Under-Recovery	[c]=[a]-[b]	\$3.57	\$4.70
	Income Tax Rate	[d]	34.19%	34.19%
	Less Income Taxes on Over/Under-Recovery	[e]=[c]*[d]	\$1.22	\$1.61
	After-tax Over/Under-Recovery	[f]=[c]-[e]	\$2.35	\$3.09
	Allowed Return on Rate Base	[g]	\$7.90	\$21.21
	Less Interest Expense	[h]	\$1.81	\$5.11
	Allowed Equity Return	[i]=[g]-[h]	\$6.09	\$16.09
	Total Return on Equity Rate Base	[j]=[f]+[i]	\$8.44	\$19.19
	Equity Portion of Rate Base	[k]	\$47.43	\$124.02
	Estimated Realized Return on Equity Rate Base	[l]=[j]/[k]	17.80%	15.47%

Sources/Notes:

1991 Cost of Service Arthur workpapers, included in Exhibit No. AIR-138 (CONF).

Buckeye's unadjusted 1991 cost of service calculations are in the document Bates Stamped BUC 009959, included in Exhibit No. AIR-29 (CONF).

⁴⁶⁷ See Buckeye's response to request no. AIRLINES-BUCKEYE 6-2 and the document Bates stamped BUC 015746, included in Exhibit No. AIR-134.

B. UPDATED REALIZED RETURN IN THE “B” PRE-EPACT PERIOD

Q. What are the updated realized returns you calculate for the EPS (including LIS) and the LIS in the “B” Pre-EPACT Period using Buckeye’s unadjusted cost-of-service and revenue data?

A. Figure 14 below (which is identical to my Figure 19 in my Direct Testimony) shows the realized return in the “B” Pre-EPACT Period based on Buckeye’s unadjusted cost-of-service and revenue data.⁴⁶⁸ As seen in Figure 14, Buckeye’s cost-of-service data reflects an under-recovery of costs for both the EPS (including LIS) and the LIS, and the resulting realized returns on equity rate base for the “B” Pre-EPACT Period are 10.6%% for the EPS (including LIS) and 4.6% for the LIS.

⁴⁶⁸ See Buckeye’s response to request no. AIRLINES-BUCKEYE 6-2 and the document Bates stamped BUC 015746, included in Exhibit No. AIR-134.

Figure 14
Buckeye Pipe Line Company, L.P.
Realized Return on Equity Based on Buckeye's 1992 Unadjusted Cost of Service
(\$ Millions)

		LIS	EPS (incl. LIS)
[1]		[2]	[3]
Revenue	[a]	\$26.74	\$84.88
Cost of service	[b]	\$33.55	\$85.63
Over/Under-Recovery	[c]=[a]-[b]	-\$6.80	-\$0.75
Income Tax Rate	[d]	34.19%	34.19%
Less Income Taxes on Over/Under-Recovery	[e]=[c]*[d]	-\$2.33	-\$0.26
After-tax Over/Under-Recovery	[f]=[c]-[e]	-\$4.48	-\$0.50
Allowed Return on Rate Base	[g]	\$9.82	\$24.34
Less Interest Expense	[h]	\$2.09	\$4.88
Allowed Equity Return	[i]=[g]-[h]	\$7.73	\$19.46
Total Return on Equity Rate Base	[j]=[f]+[i]	\$3.26	\$18.96
Equity Portion of Rate Base	[k]	\$71.26	\$178.54
Estimated Realized Return on Equity Rate Base	[l]=[j]/[k]	4.57%	10.62%

Sources/Notes:

1992 Cost of Service Arthur workpapers, included in Exhibit No. AIR-139 (CONF).

Buckeye's unadjusted 1992 cost of service calculations are in Document Bates Stamped BUC 007900, included in Exhibit No. AIR-31 (CONF).

- 1 **Q. What are the updated realized returns you calculate for the EPS (including LIS)**
2 **and the LIS in the “B” Pre-EPAct Period based on all of your and Mr.**
3 **O’Loughlin’s adjustments to Buckeye’s cost-of-service and revenue data?**
- 4 A. Figure 15 below (which is an update to my Figure 20 in my Direct Testimony) shows
5 the realized return in the “B” Pre-EPAct Period based on my and Mr. O’Loughlin’s
6 recommended adjustments to Buckeye’s cost-of-service and revenue data,⁴⁶⁹ including

⁴⁶⁹ Exhibit No. AIR-139 contains the workpapers associated with my updated adjusted 1992 EPS (including LIS) and LIS costs of service. Note that in its Answering Testimony, Buckeye reports small adjustments to the direct labor balances that it reported in prior data responses that I relied on for the 1991 and 1992 direct labor balances used in my Direct Testimony. See Buckeye’s response to request nos. 9-26 and 11-5, and the documents Bates stamped BUC 013144 and BUC 023964, included in Exhibit No. AIR-128. These changes do not have a material impact on the allocations of

1 Buckeye's reported amount of EPS (including LIS) and LIS Account 250 and 260
 2 revenues which was not available at the time of the filing of my Direct Testimony.⁴⁷⁰
 3 As seen in Figure 15, Buckeye's cost-of-service data reflects an over-recovery of costs
 4 for both the EPS (including LIS) and the LIS, and the resulting realized returns on
 5 equity rate base for the "B" Pre-EPA Act Period are 25.2% for the EPS (including LIS)
 6 and 20.8% for the LIS.

Figure 15
Buckeye Pipe Line Company, L.P.
Realized Return on Equity Based on Buckeye's 1992 Adjusted Cost of Service
With No Income Tax Allowance
(\$ Millions)

			LIS	EPS (incl. LIS)
[1]			[2]	[3]
Revenue	[a]		\$26.74	\$84.88
Cost of service	[b]		\$22.92	\$69.31
Over/Under-Recovery	[c]=[a]-[b]		\$3.82	\$15.56
Income Tax Rate	[d]		0.00%	0.00%
Less Income Taxes on Over/Under-Recovery	[e]=[c]*[d]		\$0.00	\$0.00
After-tax Over/Under-Recovery	[f]=[c]-[e]		\$3.82	\$15.56
Allowed Return on Rate Base	[g]		\$8.19	\$22.04
Less Interest Expense	[h]		\$1.89	\$5.38
Allowed Equity Return	[i]=[g]-[h]		\$6.30	\$16.66
Total Return on Equity Rate Base	[j]=[f]+[i]		\$10.12	\$32.22
Equity Portion of Rate Base	[k]		\$48.78	\$127.66
Estimated Realized Return on Equity Rate Base	[l]=[j]/[k]		20.75%	25.24%

Sources/Notes:

1992 Cost of Service Arthur workpapers, included in Exhibit No. AIR-139 (CONF).

Buckeye's unadjusted 1992 cost of service calculations are in Document Bates Stamped BUC 007900, included in Exhibit No. AIR-31 (CONF).

common costs, the total cost of service, and the estimated realized return, and I have not incorporated these changes into my updated adjusted 1991 and 1992 cost of service calculations.

⁴⁷⁰ See Buckeye's response to request no. AIRLINES-BUCKEYE 6-2 and the document Bates stamped BUC 015746, included in Exhibit No. AIR-134.

1 **Q. What are the updated realized returns you calculate for the EPS (including LIS)**
2 **and the LIS in the “B” Pre-EPA Act Period based on all of your and Mr.**
3 **O’Loughlin’s adjustments to Buckeye’s cost-of-service and revenue data, except**
4 **incorporating Buckeye’s recommendations for income tax allowance?**

5 A. Figure 16 below (which is an update to my Figure 21 in my Direct Testimony) shows
6 the realized return in the “B” Pre-EPA Act Period based on my and Mr. O’Loughlin’s
7 recommended adjustments to Buckeye’s cost-of-service and revenue data (including
8 Buckeye’s reported amount of EPS (including LIS) and LIS Account 250 and 260
9 revenues which was not available at the time of the filing of my Direct Testimony⁴⁷¹),
10 except incorporating Buckeye’s recommendation for income tax allowance. As seen in
11 Figure 16, Buckeye’s cost-of-service data reflects an under-recovery of costs for the
12 LIS and over-recovery of costs for the EPS (including LIS), and the resulting realized
13 returns on equity rate base for the “B” Pre-EPA Act Period are 16.8% for the EPS
14 (including LIS) and 13.8% for the LIS.

⁴⁷¹ See Buckeye’s response to request no. AIRLINES-BUCKEYE 6-2 and the document Bates stamped BUC 015746, included in Exhibit No. AIR-134.

Figure 16
Buckeye Pipe Line Company, L.P.
Realized Return on Equity Based on Buckeye's 1992 Adjusted Cost of Service
Using Buckeye's Income Tax Allowance
(\$ Millions)

			LIS	EPS (incl. LIS)
[1]			[2]	[3]
Revenue	[a]		\$26.74	\$84.88
Cost of service	[b]		\$26.06	\$77.73
Over/Under-Recovery	[c]=[a]-[b]		\$0.68	\$7.15
Income Tax Rate	[d]		34.19%	34.19%
Less Income Taxes on Over/Under-Recovery	[e]=[c]*[d]		\$0.23	\$2.44
After-tax Over/Under-Recovery	[f]=[c]-[e]		\$0.45	\$4.71
Allowed Return on Rate Base	[g]		\$7.82	\$21.07
Less Interest Expense	[h]		\$1.74	\$4.98
Allowed Equity Return	[i]=[g]-[h]		\$6.08	\$16.09
Total Return on Equity Rate Base	[j]=[f]+[i]		\$6.53	\$20.79
Equity Portion of Rate Base	[k]		\$47.20	\$123.60
Estimated Realized Return on Equity Rate Base	[l]=[j]/[k]		13.83%	16.82%

Sources/Notes:

1992 Cost of Service Arthur workpapers, included in Exhibit No. AIR-139 (CONF).

Buckeye's unadjusted 1992 cost of service calculations are in Document Bates Stamped

BUC 007900, included in Exhibit No. AIR-31 (CONF).

1 **C. UPDATED REALIZED RETURN IN THE 2011 COMPLAINT PERIOD OR “C”**
2 **PERIOD**

3 **Q. What are the realized returns you calculate for the EPS (including LIS) and the**
4 **LIS in the 2011 Complaint Period, or “C” Period, using Buckeye's unadjusted**
5 **cost-of-service and revenue data?**

6 A. Figure 17 below (which is the same as Figure 22 in my Direct Testimony) shows the
7 realized return in the “2011 Complaint Period, or “C” Period, based on Buckeye's
8 unadjusted cost-of-service and revenue data. These realized returns are based on
9 Buckeye's unadjusted 2011 cost-of-service data and calendar-year 2011 revenue

1 reported in its Form 6, page 700 workpapers.⁴⁷² As seen in Figure 17, Buckeye's cost-
2 of-service data reflects an over-recovery of costs for both the EPS (including LIS) and
3 the LIS, and the resulting realized returns on equity rate base for the 2011 Complaint
4 Period, or "C" Period, are 32.7% for the EPS (including LIS) and 27.0% for the LIS.
5 These are the same realized returns for the 2011 Complaint Period that I calculated in
6 my Direct Testimony. Note that I could have calculated Buckeye's "C" Period
7 unadjusted realized return on equity for the LIS using the cost of service calculations in
8 Buckeye's Answering Testimony. However, Buckeye significantly lowered its
9 unadjusted LIS cost of service calculation to \$40.4 million⁴⁷³ from that reported in its
10 Form 6, page 700 workpapers of \$45.6 million,⁴⁷⁴ which would serve to increase the
11 estimated realized return on equity to 32.1%.⁴⁷⁵ However, as discussed further below,
12 because the unadjusted Buckeye numbers in its 2011 Form 6, page 700 workpapers
13 indicate that there is a substantial change in economic circumstances, and thus, the
14 2011 cost of service data presented in its Answering Testimony would result in an even
15 higher degree of change.

⁴⁷² Buckeye's 2011 cost-of-service workpapers are included in Exhibit No. AIR-13.

⁴⁷³ Exhibit No. BUC-119A, Schedule 1.

⁴⁷⁴ Buckeye's 2011 cost-of-service workpapers are included in Exhibit No. AIR-13.

⁴⁷⁵ My calculation of Buckeye's 2011 realized return on equity based on its 2011 LIS cost of service presented in its Answering Testimony is included in Exhibit No. AIR-140.

Figure 17
Buckeye Pipe Line Company, L.P.
Realized Return on Equity Based on Buckeye's 2011 Unadjusted Cost of Service
(\$ Millions)

			LIS	EPS (Including LIS)
[1]			[2]	[3]
	Revenue	[a]	\$58.40	\$178.92
	Cost of service	[b]	\$45.56	\$129.21
	Over/Under-Recovery	[c]=[a]-[b]	\$12.85	\$49.71
	Income Tax Rate	[d]	34.31%	34.31%
	Less Income Taxes on Over/Under-Recovery	[e]=[c]*[d]	\$4.41	\$17.06
	After-tax Over/Under-Recovery	[f]=[c]-[e]	\$8.44	\$32.65
	Allowed Return on Rate Base	[g]	\$7.70	\$22.24
	Less Interest Expense	[h]	\$1.31	\$4.22
	Allowed Equity Return	[i]=[g]-[h]	\$6.39	\$18.01
	Total Return on Equity Rate Base	[j]=[f]+[i]	\$14.83	\$50.67
	Equity Portion of Rate Base	[k]	\$54.92	\$154.87
	Estimated Realized Return on Equity	[l]=[j]/[k]	27.00%	32.72%

Sources/Notes:

Buckeye's Unadjusted 2011 p700 Workpapers (document Bates stamped BUC 001478)

EPS (incl. LIS) Cost of Service is computed by combining WP1 inputs for EPS (excl. LIS) and LIS

1

2 **Q. What are the updated realized returns you calculate for the EPS (including LIS)**
3 **and the LIS in the 2011 Complaint Period, or "C" Period, based on all of your and**
4 **Mr. O'Loughlin's adjustments to Buckeye's cost-of-service and revenue data?**

5 A. Figure 18 below (which is an update to my Figure 23 in my Direct Testimony) shows
6 the updated realized return in the 2011 Complaint Period, or "C" Period, based on my
7 and Mr. O'Loughlin's recommended adjustments to Buckeye's cost-of-service and
8 revenue data. As seen in Figure 18, Buckeye's cost-of-service data reflects an over-
9 recovery of costs for both the EPS (including LIS) and the LIS, and the resulting
10 realized returns on equity rate base for the 2011 Complaint Period, or "C" Period, are
11 86.2% for the EPS (including LIS) and 113.8% for the LIS.

Figure 18
Buckeye Pipe Line Company, L.P.
Realized Return on Equity Based on Buckeye's 2011 Adjusted Cost of Service
With No Income Tax Allowance
(\$ Millions)

		LIS	EPS (Including LIS)
[1]		[2]	[3]
Revenue	[a]	\$58.40	\$178.92
Cost of service	[b]	\$19.96	\$72.55
Over/Under-Recovery	[c]=[a]-[b]	\$38.45	\$106.37
Income Tax Rate	[d]	0.00%	0.00%
Less Income Taxes on Over/Under-Recovery	[e]=[c]*[d]	\$0.00	\$0.00
After-tax Over/Under-Recovery	[f]=[c]-[e]	\$38.45	\$106.37
Allowed Return on Rate Base	[g]	\$3.79	\$14.74
Less Interest Expense	[h]	\$1.00	\$4.32
Allowed Equity Return	[i]=[g]-[h]	\$2.79	\$10.43
Total Return on Equity Rate Base	[j]=[f]+[i]	\$41.24	\$116.80
Equity Portion of Rate Base	[k]	\$36.26	\$135.49
Estimated Realized Return on Equity	[l]=[j]/[k]	113.75%	86.20%

Sources/Notes:

2011 Cost of Service Arthur workpapers, included in Exhibits No. AIR-129 (CONF) and AIR-130 (CONF).

1 **Q. What are the updated realized returns you calculate for the EPS (including LIS)**
2 **and the LIS in the “C” Period based on all of your and Mr. O’Loughlin’s**
3 **adjustments to Buckeye’s cost-of-service and revenue data, except incorporating**
4 **Buckeye’s recommendations for income tax allowance?**

5 A. Figure 19 below (which is an update to my Figure 24 in my Direct Testimony) shows
6 the updated realized return in the “C” Period based on my and Mr. O’Loughlin’s
7 recommended adjustments to Buckeye’s cost-of-service and revenue data, except
8 incorporating Buckeye’s recommendation for income tax allowance. As seen in Figure
9 19, Buckeye’s cost-of-service data reflects an over-recovery of costs for both the EPS
10 (including LIS) and the LIS, and the resulting realized returns on equity rate base for
11 the “C” Period are 63.8% for the EPS (including LIS) and 84.6% for the LIS.

Figure 19
Buckeye Pipe Line Company, L.P.
Realized Return on Equity Based on Buckeye's 2011 Adjusted Cost of Service
Using Buckeye's Income Tax Allowance
(\$ Millions)

		LIS	EPS (Including LIS)
[1]		[2]	[3]
Revenue	[a]	\$58.40	\$178.92
Cost of service	[b]	\$21.13	\$76.69
Over/Under-Recovery	[c]=[a]-[b]	\$37.27	\$102.23
Income Tax Rate	[d]	34.31%	34.31%
Less Income Taxes on Over/Under-Recovery	[e]=[c]*[d]	\$12.79	\$35.08
After-tax Over/Under-Recovery	[f]=[c]-[e]	\$24.48	\$67.16
Allowed Return on Rate Base	[g]	\$3.30	\$12.94
Less Interest Expense	[h]	\$0.84	\$3.73
Allowed Equity Return	[i]=[g]-[h]	\$2.45	\$9.22
Total Return on Equity Rate Base	[j]=[f]+[i]	\$26.94	\$76.38
Equity Portion of Rate Base	[k]	\$31.85	\$119.66
Estimated Realized Return on Equity	[l]=[j]/[k]	84.58%	63.83%

Sources/Notes:

2011 Cost of Service Arthur workpapers, included in Exhibits No. AIR-129 (CONF) and AIR-130 (CONF).

D. UPDATED DEGREE OF CHANGE IN REALIZED RETURN

Q. What is the updated degree of change in Buckeye's realized return on equity between the "B" Pre-EPA period and the "C" Complaint Period, relative to the realized return in the "A" Basis Period based on Buckeye's unadjusted cost-of-service and revenue data?

A. Based on Buckeye's unadjusted cost-of-service and revenue data, as shown in Figure 20 below (which is an update to my Figure 25 in my Direct Testimony), the updated degree of change in Buckeye's realized return on equity between the "B" Pre-EPA period and the "C" Complaint Period, relative to the realized return in the "A" Basis Period is a 217% increase for the EPS (including LIS) and a 279% increase for the LIS.

Figure 20
Buckeye Pipe Line Company, L.P.
Degree of Change in Realized Return on Equity
Based on Buckeye's Unadjusted Cost of Service and Revenue Data

[1]		[2]	[3]
		LIS	EPS (incl. LIS)
"A" 1991 Basis Period Realized Return on Equity	[a]	7.28%	9.75%
"B" 1992 Pre-EPA Act Period Realized Return on Equity	[b]	4.57%	10.62%
"C" 2011 Complaint Period Realized Return on Equity	[c]	27.00%	32.72%
Post-EPA Act Change Relative to Basis Period	$((c)-[b])/[a]$	279%	217%
Post-EPA Act Change Relative to Pre-EPA Act Period	$((c)-[b])/[b]$	491%	208%

Sources/Notes:

1991 Cost of Service Arthur workpapers, included in Exhibit No. AIR-138 (CONF).

1992 Cost of Service Arthur workpapers, included in Exhibit No. AIR-139 (CONF).

Buckeye's Unadjusted 2011 p700 Workpapers (Document Bates Stamped BUC001478)

1 **Q. Isn't it true that Buckeye presented an updated LIS 2011 cost of service in its**
2 **testimony in this proceeding that is not reflected in your calculations presented in**
3 **Figure 20 above?**

4 A. Yes. I could have calculated Buckeye's "C" Period unadjusted realized return on
5 equity for the LIS using the cost of service calculations in Buckeye's Answering
6 Testimony. However, Buckeye significantly lowered its unadjusted LIS cost of service
7 calculation to \$40.4 million⁴⁷⁶ from that reported in its Form 6, page 700 workpapers of
8 \$45.6 million,⁴⁷⁷ which would serve to increase the estimated realized return on equity
9 to 32.10%.⁴⁷⁸ Thus, using the 2011 cost of service data presented in Buckeye's
10 Answering Testimony would result in an even higher degree of change than that shown
11 in Figure 20 above.

12 **Q. What is the updated degree of change in Buckeye's realized return on equity**
13 **between the "B" Pre-EPA Act period and the "C" Complaint Period, relative to the**
14 **realized return in the "A" Basis Period based on all of your and Mr. O'Loughlin's**
15 **recommended adjustments to Buckeye's cost-of-service and revenue data?**

⁴⁷⁶ Exhibit No. BUC-119A, Schedule 1.

⁴⁷⁷ Buckeye's 2011 cost-of-service workpapers are included in Exhibit No. AIR-13.

⁴⁷⁸ My calculation of Buckeye's 2011 realized return on equity based on its 2011 LIS cost of service presented in its Answering Testimony is included in Exhibit No. AIR-140.

- 1 A. Based on all of my and Mr. O'Loughlin's recommended adjustments to Buckeye's
 2 cost-of-service and revenue data, as shown in Figure 21 below (which is an update to
 3 my Figure 26 in my Direct Testimony), the updated degree of change in Buckeye's
 4 realized return on equity between the "B" Pre-EPAAct period and the "C" Complaint
 5 Period, relative to the realized return in the "A" Basis Period is a 261% increase for the
 6 EPS (including LIS) and a 348% increase for the LIS.

Figure 21
Buckeye Pipe Line Company, L.P.
Degree of Change in Realized Return on Equity
Based on Buckeye's Adjusted Cost of Service and Revenue Data
With No Income Tax Allowance

[1]		[2]	[3]
		LIS	EPS (incl. LIS)
"A" 1991 Basis Period Realized Return on Equity	[a]	26.72%	23.37%
"B" 1992 Pre-EPAAct Period Realized Return on Equity	[b]	20.75%	25.24%
"C" 2011 Complaint Period Realized Return on Equity	[c]	113.75%	86.20%
Post-EPAAct Change Relative to Basis Period	$[(c)-[b])/[a]]$	348%	261%
Post-EPAAct Change Relative to Pre-EPAAct Period	$[(c)-[b])/[b]]$	448%	241%

Sources/Notes:

1991 Cost of Service Arthur workpapers, included in Exhibit No. AIR-138(CONF).

1992 Cost of Service Arthur workpapers, included in Exhibit No. AIR-139 (CONF).

2011 Complaint Year Cost of Service Arthur workpapers, included in Exhibit Nos. AIR-25 (CONF) and AIR-26 (CONF).

- 7 **Q. What is the updated degree of change in Buckeye's realized return on equity**
 8 **between the "B" Pre-EPAAct period and the "C" Complaint Period, relative to the**
 9 **realized return in the "A" Basis Period based on all of your and Mr. O'Loughlin's**
 10 **recommended adjustments to Buckeye's cost-of-service and revenue data, except**
 11 **incorporating Buckeye's recommended income tax allowance?**

- 12 A. Based on all of my and Mr. O'Loughlin's recommended adjustments to Buckeye's
 13 cost-of-service and revenue data except incorporating Buckeye's recommended income
 14 tax allowance, as shown in Figure 22 below (which is an update to my Figure 27 in my
 15 Direct Testimony), the updated degree of change in Buckeye's realized return on equity
 16 between the "B" Pre-EPAAct period and the "C" Complaint Period, relative to the
 17 realized return in the "A" Basis Period is a 304% increase for the EPS (including LIS)
 18 and a 398% increase for the LIS.

Figure 22
Buckeye Pipe Line Company, L.P.
Degree of Change in Realized Return on Equity
Based on Buckeye's Adjusted Cost of Service and Revenue Data
Using Buckeye's Income Tax Allowance

[1]		[2]	[3]
		LIS	EPS (incl. LIS)
"A" 1991 Basis Period Realized Return on Equity	[a]	17.80%	15.47%
"B" 1992 Pre-EPA Act Period Realized Return on Equity	[b]	13.83%	16.82%
"C" 2011 Complaint Period Realized Return on Equity	[c]	84.58%	63.83%
Post-EPA Act Change Relative to Basis Period	$((c)-[b])/[a]$	398%	304%
Post-EPA Act Change Relative to Pre-EPA Act Period	$((c)-[b])/[b]$	512%	279%

Sources/Notes:

1991 Cost of Service Arthur workpapers, included in Exhibit No. AIR-138(CONF).

1992 Cost of Service Arthur workpapers, included in Exhibit No. AIR-139 (CONF).

2011 Complaint Year Cost of Service Arthur workpapers, included in Exhibit Nos. AIR-25 (CONF) and AIR-26 (CONF).

Q. If the “A” Basis Period data is not considered to be a reasonable representation of the economic basis of Buckeye’s grandfathered historical rate levels, what is the degree of change between the “B” Pre-EPA Act Period and the “C” Complaint Period relative to the realized return in the “B” Pre-EPA Act Period?

A. Each of Figure 20, 21, and 22 above shows the degree of change in Buckeye’s realized return on equity between the “B” Pre-EPA Act period and the “C” Complaint Period, relative to the realized return in the “B” Pre-EPA Act Period. As shown in each the Figures 20, 21, and 22, all of the degrees of Post-EPA Act change in realized return relative to the Pre-EPA Act period exceed 200% whether it be for the EPS (including LIS) or the LIS alone.

Q. Do the Post-EPA Act increases in realized returns relative to either the “A” Basis Period or the “B” Pre-EPA Act Period indicate that Buckeye has experienced a substantial change in the economic circumstances that are the basis of its grandfathered rates?

A. Yes. As shown in each of Figure 20, 21, and 22 above, the degree of Post-EPA Act increase in Buckeye’s realized return on equity all exceed 200%, whether the calculations are based on Buckeye’s unadjusted cost-of-service and revenue data, or based on adjustments to Buckeye’s cost-of-service and revenue data. All of these calculations of the degree of change in realized return on equity exceed the 25%

threshold specified by the Commission in its *Tesoro Refining* decision.⁴⁷⁹ Based on this data, there is evidence that Buckeye has experienced a substantial change in the economic circumstances such that its historical rate levels to the NYC Airport Destinations should no longer be grandfathered if it is found that Buckeye has grandfathered rate levels.

Q. Is there evidence that Buckeye's realized return in the "C" Complaint Period is representative relative to realized returns in the surrounding years?

A. Yes. As shown in Figure 4 of my Direct Testimony and discussed above, Buckeye's unadjusted cost-of-service and revenue data for the EPS (including LIS) and the LIS show that Buckeye experienced significant over-recovery of costs exceeding 20% in each year during the 2009 through 2012 period. In addition, in its testimony in this proceeding, Buckeye significantly reduced its calculations of its 2011 and 2012 costs of service, decreasing its 2011 cost of service from \$45.6 million to \$37.7 million (or an over-recovery of 54.9%), and decreasing its 2012 cost of service from \$48.6 million to \$39.6 million (or an over-recovery of 49.2%).⁴⁸⁰ Thus, Buckeye's over-recoveries in 2011 and 2012 were consistent with, or higher than, its reported over-recoveries for 2009 and 2010. It is clear that Buckeye has sustained significant over-recoveries, and associated high realized returns on equity during the period 2009 through 2012. The high realized returns on equity experienced by Buckeye in 2011 are not unrepresentative of the realized returns achieved in the surrounding years.

Q. Is there evidence that Buckeye's realized return in the "C" Complaint Period is unreasonable relative to the range of returns approved at the Commission?

A. Yes. All of the realized returns on equity for Buckeye in the "C" Complaint Period calculated above in Figures 20, 21, and 22 exceed 27.0%, with estimated realized returns as high as 113.8%, which is well above the allowed nominal return on equity of 11.62% recommend by Buckeye in this proceeding for 2011,⁴⁸¹ and well outside any

⁴⁷⁹ *Tesoro Refining*, 134 FERC at PP 60–62.

⁴⁸⁰ See Exhibit Nos. BUC-103, BUC-104A, and BUC-105A.

⁴⁸¹ Exhibit No. BUC-105A, Workpaper 1, line 4.

1 zone of reasonableness for levels of allowed return on equity approved by the
2 Commission.⁴⁸²

3 **Q. Does this conclude your testimony?**

4 A. Yes.

⁴⁸² See *El Paso Natural Gas Company*, 145 FERC ¶ 61,040 at P 686, n. 904 (2013) (approving a ROE of 10.55% for a test period ending March 31, 2011). See also *Seaway Crude Pipeline Company LLC*, 147 FERC ¶ 63,009 at P 329 (2014). In *Seaway*, for a test period of June 2012 through May 2013, the presiding judge's determination regarding ROE was as follows: "The Presiding Judge adopts Staff's determination that Seaway's nominal rate of return on equity is 10.68 percent, and its real rate of return on equity is 8.52 percent for the period ended October 31, 2012. For the period ended December 31, 2011, which is used in the calculation of AFUDC, Seaway's nominal rate of return on equity is 11.16 percent and the real rate of return on equity is 8.19 percent." *Id.*

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	

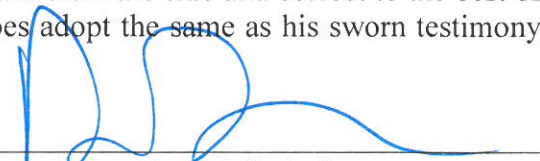
v.

Buckeye Pipe Line Company, L.P.)	
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AFFIDAVIT

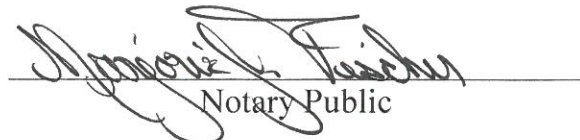
COMMONWEALTH OF MASSACHUSETTS)	
)	ss.
COUNTY OF MIDDLESEX)	

Daniel S. Arthur, being first duly sworn, deposes and says he is the same Daniel S. Arthur, whose testimony accompanies this Affidavit, that such testimony was prepared by him; that he is familiar with the contents thereof; and the facts set forth herein are true and correct to the best of his knowledge, information, and belief; and that he does adopt the same as his sworn testimony in this proceeding.

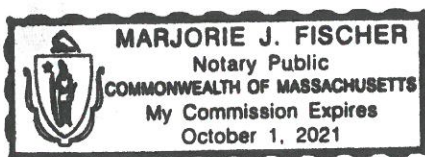


Daniel S. Arthur

On this 26th day of January, 2015, before me, the undersigned notary public, personally appeared Daniel S. Arthur, proved to me through satisfactory evidence of identification, which were personally known to Notary to be the person whose name is signed above, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of his knowledge and belief.



Notary Public



My commission expires October 1, 2021

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.,)
Continental Airlines, Inc.,)
JetBlue Airways Corporation,)
United Air Lines, Inc., and)
US Airways, Inc.)

v.)

Docket No. OR12-28-001

Buckeye Pipe Line Company, L.P.)

**COMMISSION TRIAL STAFF'S INITIAL RESPONSES TO THE
COMPLAINANT AIRLINES' FIRST SET OF DATA REQUESTS**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 C.F.R. §§ 385.406, Commission Trial Staff (Trial Staff) hereby provides its initial responses to Complainants' Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and U.S. Airways, Inc. First Set of Data Requests.

AIRLINES-STAFF 1-2 With respect to Exh. No. S-1, at 7, ll. 1-4 and 7, l. 17 through 8, l. 2, please provide the following:

- a. Describe and explain whether Ms. McComb is proposing that Buckeye's LIS rates should be indexed in 2012 in light of her proposal to establish LIS rates on a 2011 test period.
- b. To the extent Ms. McComb is advocating the indexation of Buckeye's LIS rates for 2012 given a 2011 test period, describe and explain the basis for this recommendation, including citation to any FERC precedent she is relying on.
- c. Describe and explain whether FERC Staff's LIS 2011 test period cost of service is based on Buckeye's actual LIS costs for 2011.

OBJECTION: In addition to Trial Staff's objections to the Instructions and Definitions, Trial Staff objects to part (c) of this request as vague and ambiguous with respect to the meaning of the phrase "actual LIS costs of 2011." Subject to its objections, Trial Staff will respond in good faith and will use best efforts to provide a response by January 5, 2015.

RESPONSE: Trial Staff is working diligently to provide a response to this request, and will provide a response by January 7, 2015.

Prepared by Counsel
January 5, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.,)	
Continental Airlines, Inc.,)	
JetBlue Airways Corporation,)	
United Air Lines, Inc., and)	
US Airways, Inc.)	
)	
v.	)	Docket No. OR12-28-001
)	
Buckeye Pipe Line Company, L.P.)	

**COMMISSION TRIAL STAFF'S FIRST SUPPLEMENTAL RESPONSES TO
THE COMPLAINANT AIRLINES' FIRST SET OF DATA REQUESTS**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 C.F.R. §§ 385.406, Commission Trial Staff (Trial Staff) hereby provides its first supplemental responses to Complainants' Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and U.S. Airways, Inc. First Set of Data Requests.

AIRLINES-STAFF 1-2 With respect to Exh. No. S-1, at 7, ll. 1-4 and 7, l. 17 through 8, l. 2, please provide the following:

- a. Describe and explain whether Ms. McComb is proposing that Buckeye's LIS rates should be indexed in 2012 in light of her proposal to establish LIS rates on a 2011 test period.
- b. To the extent Ms. McComb is advocating the indexation of Buckeye's LIS rates for 2012 given a 2011 test period, describe and explain the basis for this recommendation, including citation to any FERC precedent she is relying on.
- c. Describe and explain whether FERC Staff's LIS 2011 test period cost of service is based on Buckeye's actual LIS costs for 2011.

OBJECTION: In addition to Trial Staff's objections to the Instructions and Definitions, Trial Staff objects to part (c) of this request as vague and ambiguous with respect to the meaning of the phrase "actual LIS costs of 2011." Subject to its objections, Trial Staff will respond in good faith and will use best efforts to provide a response by January 5, 2015.

RESPONSE: Trial Staff is working diligently to provide a response to this request, and will provide a response by January 13, 2015.

Prepared by: Counsel
January 7, 2015

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.,)
Continental Airlines, Inc.,)
JetBlue Airways Corporation,)
United Air Lines, Inc., and)
US Airways, Inc.)

v.)

Docket No. OR12-28-001

Buckeye Pipe Line Company, L.P.)

**COMMISSION TRIAL STAFF'S SECOND SUPPLEMENTAL RESPONSES TO
THE COMPLAINANT AIRLINES' FIRST SET OF DATA REQUESTS**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 C.F.R. §§ 385.406, Commission Trial Staff (Trial Staff) hereby provides its second supplemental responses to Complainants' Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and U.S. Airways, Inc. First Set of Data Requests.

AIRLINES-STAFF 1.2 With respect to Exh. No. S-1, at 7, ll. 1-4 and 7, l. 17 through 8, l. 2, please provide the following:

- a. Describe and explain whether Ms. McComb is proposing that Buckeye's LIS rates should be indexed in 2012 in light of her proposal to establish LIS rates on a 2011 test period.
- b. To the extent Ms. McComb is advocating the indexation of Buckeye's LIS rates for 2012 given a 2011 test period, describe and explain the basis for this recommendation, including citation to any FERC precedent she is relying on.
- c. Describe and explain whether FERC Staff's LIS 2011 test period cost of service is based on Buckeye's actual LIS costs for 2011.

OBJECTION: In addition to Trial Staff's objections to the Instructions and Definitions, Trial Staff objects to part (c) of this request as vague and ambiguous with respect to the meaning of the phrase "actual LIS costs of 2011." Subject to its objections, Trial Staff will respond in good faith and will use best efforts to provide a response by January 5, 2015.

RESPONSE: Trial Staff is working diligently to provide a response to this request, and will provide a response by January 13, 2015.

Prepared by Counsel
January 7, 2015

RESPONSE:

- a. To the extent that the Commission agrees a calendar year 2011 test period should be used, Ms. McComb is recommending the indexing of the rates based on the 2011 test period beginning on July 1, 2013 in accordance with SFPP, L.P., Opinion No. 511-A, 137 FERC ¶ 61,220, at PP 405-411 (2011).
- b. N/A
- c. Please see Exhibit No. S-1, pages 6-8, Exhibit No. S-11, Exhibit No. S-15, and Exhibit No. S-20. While it is Ms. McComb's position that calendar year 2011 should be used as the test period for calculating the LIS's rates, several Staff witnesses made adjustments to actual 2011 expenses in order to account for unusual or abnormal costs.

Prepared by: Meagan K. McComb
January 13, 2015

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Chevron Products Company,	§	
BP West Coast Products LLC	§	
And ExxonMobil Oil Corporation,	§	
ConocoPhillips Company	§	Docket No. OR03-5-001
v.	§	
SFPP, L.P.	§	
	§	

**MOTION FOR APPROVAL OF STIPULATION
REGARDING USE OF AND PREPARATION OF
COST-OF-SERVICE STUDIES**

To: The Honorable Lawrence Brenner
Presiding Administrative Law Judge

Pursuant to 18 C.F.R § § 385.212 and 385.410(c) (2006), the undersigned participants hereby request approval of the stipulation set forth in Part B below.

I. Background

On March 10, 2006, Staff served its first data requests to SFPP, which sought to require SFPP to produce ten different cost-of-service studies, one for SFPP's Oregon Line for 1985, one for SFPP's North Line for 1989, and one for both the North Line and Oregon Line for each of the years 1992, 2002, 2003, 2004, and 2005. SFPP objected to preparing the cost-of-service studies that it had not already prepared in other proceedings, and Staff moved to compel production of the studies.

In an effort to resolve SFPP's objections, SFPP and Staff discussed, including with the other participants, the possibility of reducing the number of cost-of-service studies that are required for this proceeding. Subject to a formal agreement regarding the use and effect of cost-

of-service studies, the participants agreed that 2002 and 2005 cost-of-service studies would not be required and that a 1985 Oregon Line cost-of-service study would not be required.

On May 23, 2006, the Presiding Judge heard oral argument regarding Staff's motion to compel and a related SFPP motion to limit discovery. The Presiding Judge found that 1992 cost-of-service studies for the North Line and Oregon Line (made part of the record in Docket No. OR96-2, *et al.*) and a 2004 North Line cost-of-service study (made part of the record in Docket No. IS05-230) will be available to all participants upon entry of a protective order in this proceeding, if any participant chooses to use those studies for any purpose. "Order Confirming Ruling on Discovery," Docket No. OR03-5-001, at P 1, issued May 30, 2006 ("May 30 Order"). The Presiding Judge ruled that SFPP is required to prepare four cost-of-service studies: (1) a cost-of-service study that reflects SFPP's attempt to replicate a cost-of-service calculation referred to as the 1989 North Line top sheets, (2) a 2003 North Line cost-of-service study, (3) a 2003 Oregon Line cost-of-service study, and (4) a 2004 Oregon Line cost-of-service study. May 30 Order at P 2. The Presiding Judge noted that the participants had reached agreement regarding the years for which cost-of-service studies were required and ordered the participants to file a stipulation formalizing that agreement.

On May 24, 2006, the Presiding Judge issued an order adopting a protective order in this proceeding.

II. Stipulation

The undersigned participants stipulate and agree as follows:

A. SFPP will have no obligation to prepare 2002 or 2005 (or any later period) cost-of-service studies for the Oregon Line or the North Line on the express stipulation that these costs of service and related volumes, revenues, and rate design are not required for any purpose in this case.

B. For complaints filed in 2003, SFPP waives the right to claim that Staff or Complainants failed in their burden of proof or in claims for reparations because they used 2003

calendar year cost-of-service data for the Oregon Line and the North Line rather than cost-of-service data for the 12-month period immediately preceding the date of the complaint. For complaints filed in 2004, SFPP waives the right to claim that Staff or Complainants failed in their burden of proof or in their claim for reparations because they used 2004 calendar year cost-of-service data for the Oregon Line and the North Line rather than cost-of-service data for the 12-month period immediately preceding the date of the complaint. SFPP waives the right to argue that the use of calendar year 2003 and 2004 data modifies or otherwise forecloses the right of any Complainant to receive reparations calculated from at least¹ the filing date of such complaints, if reparations are ordered.

C. Cost of service, volumes and revenue presentations for years 2003 and 2004 will serve for all purposes for both (a) calculation of a “substantial change” in “economic circumstances” of SFPP’s North Line and Oregon Line rates at issue in this proceeding under Section 1803(b) of the Energy Policy Act of 1992 (“EPAAct”); and (b) a determination of whether the North Line and Oregon Line rates at issue are “just and reasonable” under the Interstate Commerce Act (“ICA”) and Section 1803(b) of the EPAAct. The ultimate burden of persuasion with respect to (a) whether a “substantial change” in “economic circumstances” underlying SFPP’s rates has occurred, and (b) a determination of whether the rates are “just and reasonable” under the ICA and Section 1803(b) of the EPAAct remains that of Complainants and Staff.

D. The burden of production and of persuasion with respect to any income tax allowance remains that of SFPP, as set forth in the Policy Statement on Income Tax Allowances, 111 FERC ¶ 61,139 (2005) (“Policy Statement”), assuming, *arguendo*, that the Policy Statement survives challenge as being inconsistent with the decision of the Court of Appeals in *BP West Coast Products v. FERC*. Staff and other participants are not restricted in any way from gathering and presenting evidence about the appropriate income tax allowances in this case.

E. Impasse occurred with respect to a stipulation relating to whether the costs of service found by the Commission in the Phase I decisions in OR96-2 would suffice, without further evidence, to show the “economic basis” of the Oregon and North Line rates for the “basis year,” if any, and for 1992. Therefore, discovery will be pursued by one or more complainants on the subject.

F. Staff and all parties reserve the right to contest in whole or in part the costs of service and related data to be provided by SFPP, L.P pursuant to this stipulation. SFPP reserves the right to contest in whole or in part the costs of service and related data provided by Staff or other parties.

¹ Complainants reserve the right to argue that the Commission may order reparations for periods prior to the filing date of a complaint, whereas SFPP’s view is that the Energy Policy Act of 1992 forecloses reparations for the period prior to the filing date of a complaint that challenges rates grandfathered under that act.

III. Conclusion

For the reasons set forth herein, the undersigned participants request that the Presiding Judge approve the stipulation of the participants as set forth herein.

Respectfully submitted,

/s/ Dean H. Lefler

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Counsel for BP West Coast Products LLC
and ExxonMobil Oil Corporation

Dated: July 10, 2006

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document by first-class U.S. mail, postage prepaid, and by e-mail upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 10th day of July, 2006.

/s/ Andrea M. Halverson
Andrea M. Halverson
Vinson & Elkins L.L.P.
1455 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
202-639-6554

EXHIBIT NO. AIR-96

**HIGHLY CONFIDENTIAL
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BUCKEYE PIPE LINE COMPANY

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**FEDERAL ENERGY
 REGULATORY
 COMMISSION**

 5 Radnor Corporate Center
 Suite 500
 100 Matsonford Road
 Radnor, Pennsylvania 19087
 Tel (610) 254-4600
 Fax (610) 254-4615

ORIGINAL
PUBLIC

January 20, 2000

 Honorable David P. Boergers
 Office of the Secretary
 Federal Energy Regulatory Commission
 888 First Street, N.E.
 Washington, D.C. 20426

IS 87-14-000

OR 88-3-000

ORIGINAL

Dear Mr. Boergers:

Enclosed with this letter are an original and fourteen copies of the Annual Report of Buckeye Pipe Line Company, L.P. on its Market-Based Rate Program Approved in Opinion No. 360.¹ In Opinion No. 360, the Commission required Buckeye Pipe Line Company, L.P. ("Buckeye") to:

[S]ubmit annual reports, on January 20 of each year, detailing price and revenue changes under each of its tariffs in all its markets and relevant GNP inflation calculations. Specifically, for each tariff in each market, Buckeye must give the initial rate (\$/Bbl), volume (MBD), and revenue (\$/yr.). Then, Buckeye must give any percentage change in each rate during each 12-month ... period and corresponding changes in revenue. Buckeye must also show how it calculated applicable price caps for its markets in which it does have significant market power for each ... period.

(53 FERC at 62,684). The attached report contains schedules that provide the required information. The schedules compare results from calendar years 1998 and 1999 and are based upon the latest available data. Schedule 1 provides a market-by-market summary of changes in volumes and revenue. Schedule 2 provides detailed data for each rate within each market. The manner in which Buckeye's price cap and trigger were calculated for the 1999 rate changes is shown in Attachment A.

Schedule 1 is being publicly submitted in its entirety. Schedule 2 contains certain information that is submitted under seal, with a request for confidential treatment. The report is therefore being submitted in two versions. Fourteen complete copies of the report marked "Contains Confidential Information -- Do Not Release," are being submitted under seal. Fourteen redacted copies of the report are being submitted for the public file, without data relating to the volumes and revenues of individual rates.

¹ Buckeye Pipe Line Company, L.P., 53 FERC ¶ 61,473(1990). The Market-Based Rate Program was extended through December 31, 1994 by order of the Commission on March 24, 1994 (66 FERC ¶ 61,348) and then continued without expiration by order of the Commission on December 6, 1994 (69 FERC ¶ 61,302).

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[Handwritten signature]

Honorable David P. Boergers
January 20, 2000
Page 2

Request For Confidential Treatment

Pursuant to 18 C.F.R. §388.112, Buckeye requests that the information redacted from the public copy of Schedule 2 be withheld from public disclosure and exempted from the mandatory public disclosure requirements of the Freedom of Information Act, 5 U.S.C. §552. Several reasons support non-public treatment of this data: (1) 49 U.S.C. §15(13)(1978) prohibits Buckeye from publishing individual rates (i.e., origin-destination) volume data; (2) release of rate-specific volume information would cause Buckeye competitive harm; and (3) certain of the data reflects confidential joint tariff divisions.

(1) Section 15(13). Section 15(13) of the Interstate Commerce Act prohibits disclosure by common carriers of information pertaining to the business activities of their shippers.² A number of the origin and/or destination points of Buckeye's filed rates have only one, or a few shippers. Therefore, disclosing the volume of petroleum products moved between these origin and destination points would in effect disclose a shipper's product movements to its competitors.

Such a result would be contrary to the Act. The intent of §15(13) is to protect shippers from the competitive harm that inevitably flows from disclosures that would enable the shippers' competitors to determine the nature or extent of their transportation on a particular common carrier. The Chief Administrative Law Judge has consistently recognized that under Section 15(13) the production of shipper data should be compelled only subject to a protective order, to "preclude disclosure of competitively sensitive information which could be used to the detriment of a shipper." Williams Pipeline Company, 51 FERC ¶63,024(1990); see also, Southern Pacific Pipe Lines, Inc., 35 FERC ¶63,044(1986). For these reasons, the volume and revenue data from individual rates should be treated as confidential, non-public information.

(2) Competitive Harm to Buckeye. The rate-by-rate volume data would also provide an unfair advantage to Buckeye's competitors. To the best of Buckeye's knowledge, volume data on an origin-destination basis is not reported to this Commission by any oil pipeline. Oil pipelines treat such data as confidential business information. If Buckeye were regularly required to disclose detailed information about its volumes on an origin-destination basis, Buckeye's competitors could use this data to

² "It shall be unlawful for any common carrier subject to the provisions of this part, or any officer, agent, or employee of such common carrier, or for any other person or corporation lawfully authorized by such common carrier to receive information therefrom, knowingly to disclose to or permit to be acquired by any person or corporation other than the shipper or consignee, without the consent of such shipper or consignee, any information concerning the nature, kind, quantity, destination, consignee, or routing of any property tendered to such common carrier for the interstate transportation, which information may be used to the detriment or prejudice of such shipper or consignee, or which may improperly disclose his business transactions to a competitor; and it shall also be unlawful for any person or corporation to solicit or knowingly receive any such information which may be so used."

Honorable David P. Boergers
January 20, 2000
Page 3

Buckeye's competitive harm. In contrast, Buckeye has no corresponding information about the volumes of rival pipelines and other competitors.

Requiring public disclosure here would be particularly inappropriate in light of the Commission's finding that Buckeye lacks significant market power in most of its markets. The Commission acknowledged this point when it gave Buckeye an opportunity to establish that it lacked significant market power and to demonstrate an entitlement to "light-handed" regulation.³

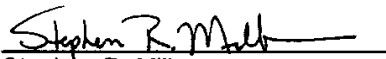
(3) Joint Rate Divisions. Buckeye maintains a number of joint rates with connecting carriers. The originating carrier publishes these rates as a single through rate, and the two carriers then divide the revenue based upon mutual agreement. Divisions are not subject to Commission regulation except under very limited circumstances. Joint rate divisions are not publicly filed or reported. Carriers are free to change the level of the divisions without any tariff filing. Joint rate division information also has traditionally been treated as a confidential matter between connecting carriers. To provide a complete review of its volume and revenue data, Buckeye is submitting joint rate data as part of its report; however, public disclosure is neither required nor appropriate.

Any communications regarding this report should be addressed to Stephen Milbourne.

BUCKEYE PIPE LINE COMPANY, L.P.

By: Buckeye Pipe Line Company
General Partner

By: William H Shea, Jr., President

Per: 
Stephen R. Milbourne
Manager, Financial
Planning & Analysis

Enclosures

³ Buckeye Pipe Line Company, L.P., 44 FERC ¶61,066(1988). There the Commission specifically recognized that if Buckeye were able to show that it lacks significant market power, Buckeye must be subject to public disclosure of only "generalized" cost information, in contrast to companies regulated as traditional utilities. *Id.* at 61,185-187.

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COMMISSION

ANNUAL REPORT

Of

BUCKEYE PIPE LINE COMPANY, L.P.

On Its

COMPETITIVE MARKET RATE PROGRAM

January 20, 2000

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JAN 20 2000



ORIGINAL

1/20/2000

Schedule 1
BUCKEYE PIPE LINE COMPANY, L.P.
SUMMARY REPORT BY BEA
1998-1999

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FEDERAL ENERGY
REGULATORY
COMMISSION

BEA	DESCRIPTION	DELIVERIES (B/D)			REVENUE				
		1998	1999	Variance	Change	1998	1999	Variance	Change
COMPETITIVE									
6	Hartford-NewHaven-Springfield	45,360	50,670	5,434	12.0%	\$6,771,110	\$7,448,696	\$677,585	10.0%
13	Scranton-Wilkes Barre, PA	28,530	28,424	(28)	-0.1%	\$7,832,880	\$7,836,017	\$3,137	0.0%
16	Pittsburgh, PA	76,076	83,431	7,563	9.9%	\$17,655,539	\$19,179,700	\$1,524,161	8.6%
17	Harrisburg-York-Lancaster, PA	35,276	37,359	2,180	6.2%	\$6,329,778	\$6,660,268	\$330,489	5.2%
18	Philadelphia, PA	36,229	34,871	(1,259)	-3.5%	\$6,776,733	\$6,362,503	(\$414,230)	-6.1%
66	Columbus, OH	16,205	14,436	(1,725)	-10.6%	\$2,835,731	\$2,722,878	(\$112,853)	-4.0%
68	Lima, OH	11,877	10,018	(1,826)	-15.4%	\$1,487,484	\$1,435,454	(\$52,030)	-3.5%
70	Toldeo, OH	12,679	25,887	13,243	104.5%	\$1,433,630	\$3,905,928	\$2,472,098	172.4%
71	Detroit, MI	87,463	86,847	(378)	-0.4%	\$13,423,174	\$13,702,273	\$279,098	2.1%
72	Bay City, MI	6,239	8,270	1,550	23.0%	\$2,038,747	\$2,320,920	\$291,173	14.3%
76	Fort-Wayne, IN	13,294	17,503	4,245	31.9%	\$2,957,080	\$3,959,953	\$1,002,873	33.9%
79	Indianapolis, IN	8,937	8,299	(614)	-6.9%	\$1,398,690	\$1,317,337	(\$81,353)	-5.8%
		378,665	406,016	28,386	7.5%	\$70,940,777	\$76,860,926	\$5,920,149	8.3%
LESS COMPETITIVE									
8	Syracuse-Utica, NY	39,007	46,844	7,944	20.4%	\$16,883,061	\$20,147,542	\$3,264,481	19.3%
9	Rochester, NY	22,750	26,741	4,053	17.8%	\$9,761,343	\$11,409,209	\$1,647,866	16.9%
11	Brighton-Elmira, NY	12,362	13,281	953	7.7%	\$4,850,244	\$5,210,139	\$359,895	7.4%
65	Cleveland, OH	105,492	99,594	(5,620)	-5.3%	\$14,816,392	\$13,567,697	(\$1,248,695)	-8.4%
		179,611	186,450	7,330	4.1%	\$46,311,041	\$50,334,587	\$4,023,546	8.7%
NO FERC FINDING									
12	New York City	265,909	278,525	13,343	5.0%	\$32,976,361	\$34,691,401	\$1,715,040	5.2%
		265,909	278,525	13,343	5.0%	\$32,976,361	\$34,691,401	\$1,715,040	5.2%
	TOTAL	824,185	870,992	49,058	6.0%	\$150,228,178	\$161,886,914	\$11,658,736	7.8%

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1998 Barrels	1998 Revenue	B/D	Barrels	1999 Revenue	B/D	1999 Tariff Revenue Change
194	01/01/98	Macungie	Syracuse	\$0.9450	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Port Reading	Syracuse	\$1.1940	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Sewaren	Syracuse	\$1.1940	Current	-	-	-	-	-	-	-	-	-
172	08/01/96	Linden	Utica	\$1.2110	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Linden	Utica	\$1.2260	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Macungie	Utica	\$1.0170	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Port Reading	Utica	\$1.2660	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Sewaren	Utica	\$1.2660	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Linden	Utica Vol. Inc.	\$1.2070	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Sewaren	Utica Vol. Inc.	\$1.2470	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Linden	Van Buren	\$1.1540	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Macungie	Van Buren	\$0.9450	Current	-	-	-	-	-	-	-	-	-
172	08/01/96	Port Reading	Van Buren	\$1.1760	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Port Reading	Van Buren	\$1.1940	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Sewaren	Van Buren	\$1.1940	Current	-	-	-	-	-	-	-	-	-
TOTAL Syracuse-Utica, NY								14,237,667	\$16,883,061	39,007	17,098,218	\$20,147,542	46,844	\$0
172	08/01/96	Linden	Caledonia	\$1.1570	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Linden	Caledonia	\$1.1750	Current	-	-	-	-	-	-	-	-	-
172	08/01/96	Macungie	Caledonia	\$0.8520	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Macungie	Caledonia	\$0.9670	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Sewaren	Caledonia	\$1.2150	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Linden	Caledonia Ex. Vol.	\$0.7760	Current	-	-	-	-	-	-	-	-	-
172	08/01/96	Linden	Geneva	\$1.0980	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Linden	Geneva	\$1.1150	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Macungie	Geneva	\$0.9080	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Port Reading	Geneva	\$1.1550	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Sewaren	Geneva	\$1.1550	Current	-	-	-	-	-	-	-	-	-
172	08/01/96	Linden	Rochester	\$1.1580	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Linden	Rochester	\$1.1760	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Macungie	Rochester	\$0.9680	Current	-	-	-	-	-	-	-	-	-
172	08/01/96	Port Reading	Rochester	\$1.1980	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Port Reading	Rochester	\$1.2160	Current	-	-	-	-	-	-	-	-	-
172	08/01/96	Sewaren	Rochester	\$1.1980	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Sewaren	Rochester	\$1.2160	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Linden	Rochester	\$1.1150	Current	-	-	-	-	-	-	-	-	-
TOTAL Rochester, NY								8,303,725	\$9,761,343	22,750	9,760,320	\$11,409,209	26,741	\$0
172	08/01/96	Linden	Vestal	\$1.0490	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Linden	Vestal	\$1.0650	Current	-	-	-	-	-	-	-	-	-
194	01/01/98	Macungie	Vestal	\$0.8580	Current	-	-	-	-	-	-	-	-	-

1/20/2000

Page 2

Buckeye Pipe Line Company - Competitive Market Program Report

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1999 Barrels	1999 Revenue	B/D	1999 Barrels	1999 Revenue	B/D	1999 Tariff Revenue Change
172	08/01/95	Port Reading	Vestal	\$1.0890	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Port Reading	Vestal	\$1.1050	Current	-	-	-	-	-	-	-	-	-
172	08/01/95	Sewaren	Vestal	\$1.0890	194	-	-	-	-	-	-	-	-	-
194	01/01/98	Sewaren	Vestal	\$1.1050	Current	-	-	-	-	-	-	-	-	-
TOTAL Binghamton-Elmira, NY														
								4,512,143	\$4,850,244	12.362	4,847,597	\$5,210,139	13.281	\$0
187	07/01/97	Linden	Inwood	\$0.3270	192/215	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Linden	Inwood	\$0.3320	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Linden	Inwood	\$0.3320	Current	-	-	-	-	-	-	-	-	-
187	07/01/97	Port Reading	Inwood	\$0.3270	192/215	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Port Reading	Inwood	\$0.3320	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Port Reading	Inwood	\$0.3320	Current	-	-	-	-	-	-	-	-	-
187	07/01/97	Sewaren	Inwood	\$0.3270	192/215	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Sewaren	Inwood	\$0.3320	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Sewaren	Inwood	\$0.3320	Current	-	-	-	-	-	-	-	-	-
187	07/01/97	Linden	Inwood Vol. Inc.	\$0.3120	192/215	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Linden	Inwood Vol. Inc.	\$0.3160	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Linden	Inwood Vol. Inc.	\$0.3160	Current	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Port Reading	Inwood Vol. Inc.	\$0.3160	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Port Reading	Inwood Vol. Inc.	\$0.3160	Current	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Sewaren	Inwood Vol. Inc.	\$0.3160	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Sewaren	Inwood Vol. Inc.	\$0.3160	Current	-	-	-	-	-	-	-	-	-
166	08/01/96	Linden	J.F.K. Airport	\$0.3960	193/204	-	-	-	-	-	-	-	-	-
193/204	01/01/98	Linden	J.F.K. Airport	\$0.4040	Current	-	-	-	-	-	-	-	-	-
193/204	02/01/98	Linden	J.F.K. Airport	\$0.4040	Current	-	-	-	-	-	-	-	-	-
193/204	01/01/98	Port Reading	J.F.K. Airport	\$0.4040	Current	-	-	-	-	-	-	-	-	-
193/204	02/01/98	Port Reading	J.F.K. Airport	\$0.4040	Current	-	-	-	-	-	-	-	-	-
193/204	01/01/98	Sewaren	J.F.K. Airport	\$0.4040	Current	-	-	-	-	-	-	-	-	-
193/204	02/01/98	Sewaren	J.F.K. Airport	\$0.4040	Current	-	-	-	-	-	-	-	-	-
166	08/01/96	Linden	LaGuardia Airport	\$0.3340	193/204	-	-	-	-	-	-	-	-	-
193/204	01/01/98	Linden	LaGuardia Airport	\$0.3390	Current	-	-	-	-	-	-	-	-	-
193/204	02/01/98	Linden	LaGuardia Airport	\$0.3390	Current	-	-	-	-	-	-	-	-	-
193/204	01/01/98	Port Reading	LaGuardia Airport	\$0.3390	Current	-	-	-	-	-	-	-	-	-
193/204	02/01/98	Port Reading	LaGuardia Airport	\$0.3390	Current	-	-	-	-	-	-	-	-	-
166	08/01/96	Sewaren	LaGuardia Airport	\$0.3340	193/204	-	-	-	-	-	-	-	-	-
193/204	01/01/98	Sewaren	LaGuardia Airport	\$0.3390	Current	-	-	-	-	-	-	-	-	-
193/204	02/01/98	Sewaren	LaGuardia Airport	\$0.3390	Current	-	-	-	-	-	-	-	-	-
187	07/01/97	Linden	LaGuardia Airport	\$0.3390	Current	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Linden	Linden	\$0.0630	192/215	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Linden	Linden	\$0.0640	Current	-	-	-	-	-	-	-	-	-
187	07/01/97	Linden	Linden	\$0.0640	Current	-	-	-	-	-	-	-	-	-
187	07/01/97	Linden	Long Island City	\$0.3160	192/215	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Linden	Long Island City	\$0.3210	Current	-	-	-	-	-	-	-	-	-

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Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	Barrels	Revenue	B/D	Barrels	Revenue	B/D	1999 Tariff Revenue Change
192/215	07/01/98	Linden	Long Island City	\$0.3210	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Linden	Long Island City	\$0.3050	Current	-	-	-	-	-	-	-	-	-
187	07/01/97	Port Reading	Long Island City	\$0.3160	192/215	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Port Reading	Long Island City	\$0.3210	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Port Reading	Long Island City	\$0.3210	Current	-	-	-	-	-	-	-	-	-
187	07/01/97	Sewaren	Long Island City	\$0.3160	192/215	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Sewaren	Long Island City	\$0.3210	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Sewaren	Long Island City	\$0.3210	Current	-	-	-	-	-	-	-	-	-
187	07/01/97	Linden	Long Island City Vol. Inc	\$0.3010	192/215	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Linden	Long Island City Vol. Inc	\$0.3050	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Linden	Long Island City Vol. Inc	\$0.3050	Current	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Port Reading	Long Island City Vol. Inc	\$0.3050	Current	-	-	-	-	-	-	-	-	-
192/215	01/01/98	Sewaren	Long Island City Vol. Inc	\$0.3050	Current	-	-	-	-	-	-	-	-	-
192/215	07/01/98	Sewaren	Long Island City Vol. Inc	\$0.3050	Current	-	-	-	-	-	-	-	-	-
166	08/01/96	Linden	Newark Airport	\$0.3170	193/204	-	-	-	-	-	-	-	-	-
193/204	01/01/98	Linden	Newark Airport	\$0.3210	Current	-	-	-	-	-	-	-	-	-
193/204	02/01/98	Linden	Newark Airport	\$0.3210	Current	-	-	-	-	-	-	-	-	-
193/204	01/01/98	Port Reading	Newark Airport	\$0.3210	Current	-	-	-	-	-	-	-	-	-
193/204	02/01/98	Port Reading	Newark Airport	\$0.3210	Current	-	-	-	-	-	-	-	-	-
193/204	01/01/98	Sewaren	Newark Airport	\$0.3210	Current	-	-	-	-	-	-	-	-	-
193/204	02/01/98	Sewaren	Newark Airport	\$0.3210	Current	-	-	-	-	-	-	-	-	-
TOTAL New York City								97,056,794	\$32,976,361	265,909	101,661,713	\$34,691,401	278,525	\$0
189	07/01/97	Linden	Dupont	\$0.7290	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Linden	Dupont	\$0.7500	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Linden	Dupont	\$0.7500	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Linden	Dupont	\$0.7500	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Linden	Dupont	\$0.7500	Current	\$0.7500	-	-	-	-	-	-	-	-
195/211	01/01/98	Macungie	Dupont	\$0.6500	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Macungie	Dupont	\$0.6500	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Macungie	Dupont	\$0.6500	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Macungie	Dupont	\$0.6500	Current	\$0.6500	-	-	-	-	-	-	-	-
195/211	05/01/98	Port Reading	Dupont	\$0.7900	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Port Reading	Dupont	\$0.7900	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Port Reading	Dupont	\$0.7900	Current	\$0.7900	-	-	-	-	-	-	-	-
189	07/01/97	Sewaren	Dupont	\$0.7690	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Sewaren	Dupont	\$0.7900	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Sewaren	Dupont	\$0.7900	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Sewaren	Dupont	\$0.7900	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Sewaren	Dupont	\$0.7900	Current	\$0.7900	-	-	-	-	-	-	-	-
TOTAL Scanton-Wilkes Barre, PA								10,413,502	\$7,832,880	28,530	10,374,899	\$7,836,017	28,424	\$0

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Tariff Number	Efile Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	***** 1998 *****			***** 1999 *****			1999 Tariff Revenue Change
								Barrels	Revenue	B/D	Barrels	Revenue	B/D	

189	07/01/97	Booth	Conaspolis	\$0.6230	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Booth	Conaspolis	\$0.6340	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Booth	Conaspolis	\$0.6340	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Booth	Conaspolis	\$0.6340	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Booth	Conaspolis	\$0.6340	Current	\$0.6340	-	-	-	-	-	-	-	-
Cd Jt 47	05/01/98	Booth	Conaspolis	\$0.5000	Cd Jt 49	-	-	-	-	-	-	-	-	-
Cd Jt 49	07/01/98	Booth	Conaspolis	\$0.5000	Current	-	-	-	-	-	-	-	-	-
189	07/01/97	Chelsea Junction	Conaspolis	\$0.6340	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Chelsea Junction	Conaspolis	\$0.6340	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Chelsea Junction	Conaspolis	\$0.6340	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Chelsea Junction	Conaspolis	\$0.6340	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Chelsea Junction	Conaspolis	\$0.6340	Current	\$0.6340	-	-	-	-	-	-	-	-
189	07/01/97	Eagle Point	Conaspolis	\$0.6900	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Eagle Point	Conaspolis	\$0.6940	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Eagle Point	Conaspolis	\$0.6940	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Eagle Point	Conaspolis	\$0.6940	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Eagle Point	Conaspolis	\$0.6940	Current	\$0.6940	-	-	-	-	-	-	-	-
145	01/25/95	Indiana	Conaspolis	\$0.2100	167	-	-	-	-	-	-	-	-	-
197/206	01/01/98	Indiana	Conaspolis	\$0.2170	219	-	-	-	-	-	-	-	-	-
197/206	02/25/98	Indiana	Conaspolis	\$0.2170	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Indiana	Conaspolis	\$0.2170	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Indiana	Conaspolis	\$0.2170	Current	\$0.2170	-	-	-	-	-	-	-	-
190	08/01/97	Lima	Conaspolis	\$0.8000	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Lima	Conaspolis	\$0.8120	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Conaspolis	\$0.8120	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Conaspolis	\$0.8120	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Lima	Conaspolis	\$0.8120	Current	\$0.8120	-	-	-	-	-	-	-	-
189	07/01/97	Linden	Conaspolis	\$0.7830	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Linden	Conaspolis	\$0.7940	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Linden	Conaspolis	\$0.7940	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Linden	Conaspolis	\$0.7940	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Linden	Conaspolis	\$0.7940	Current	\$0.7940	-	-	-	-	-	-	-	-
196	01/01/98	Macungie	Conaspolis	\$0.7350	Current	-	-	-	-	-	-	-	-	-
185	04/01/97	Toledo	Conaspolis	\$0.7620	168	-	-	-	-	-	-	-	-	-
190	08/01/97	Toledo	Conaspolis	\$0.7730	218/223	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Toledo	Conaspolis	\$0.7730	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Conaspolis	\$0.7730	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Toledo	Conaspolis	\$0.7730	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Conaspolis	\$0.7730	Current	\$0.7730	-	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Conaspolis	\$0.7730	Current	\$0.7730	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Toledo	Conaspolis Ex. Vol.	\$0.6840	218/223	-	-	-	-	-	-	-	-	-

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1998 Barrels	1998 Revenue	B/D	1999 Barrels	1999 Revenue	B/D	1999 Tariff Revenue Change
203/09/16	01/01/98	Toledo	Corapolis Ex. Vol.	\$0.5460	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Toledo	Corapolis Ex. Vol.	\$0.5460	218/223	-	-	-	-	-	-	-	-	-
197/206	02/25/98	Indianola	Corapolis Exchange	\$0.3500	219	-	-	-	-	-	-	-	-	-
189	07/01/97	Linden	Corapolis Gasoline	\$0.7430	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Linden	Corapolis Gasoline	\$0.7650	211	-	-	-	-	-	-	-	-	-
224	11/01/99	Linden	Corapolis Gasoline	\$0.7650	Current	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Sewaren	Corapolis Gasoline	\$0.8050	211	-	-	-	-	-	-	-	-	-
224	11/01/99	Indianola	Corapolis Inc. Vol.	\$0.1500	Current	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Booth	Delmont	\$0.5820	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Booth	Delmont	\$0.5820	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Booth	Delmont	\$0.5820	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Booth	Delmont	\$0.5820	Current	\$0.5820	-	-	-	-	-	-	-	-
195/211	01/01/98	Chelsea Junction	Delmont	\$0.5820	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Chelsea Junction	Delmont	\$0.5820	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Chelsea Junction	Delmont	\$0.5820	224	-	-	-	-	-	-	-	-	-
189	07/01/97	Eagle Point	Delmont	\$0.6380	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Eagle Point	Delmont	\$0.6420	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Eagle Point	Delmont	\$0.6420	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Eagle Point	Delmont	\$0.6420	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Eagle Point	Delmont	\$0.6420	Current	\$0.6420	-	-	-	-	-	-	-	-
195/211	01/01/98	Linden	Delmont	\$0.7420	211	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Toledo	Delmont	\$1.0230	218/223	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Booth	East Freedom	\$0.5520	211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Chelsea Junction	East Freedom	\$0.5520	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Chelsea Junction	East Freedom	\$0.5520	219	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Eagle Point	East Freedom	\$0.6120	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Eagle Point	East Freedom	\$0.6120	219	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Linden	East Freedom	\$0.7120	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Linden	East Freedom	\$0.7120	219	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Port Reading	East Freedom	\$0.7520	219	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Sewaren	East Freedom	\$0.7520	211	-	-	-	-	-	-	-	-	-
189	07/01/97	Booth	Eldorado	\$0.4910	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Booth	Eldorado	\$0.5020	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Booth	Eldorado	\$0.5020	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Booth	Eldorado	\$0.5020	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Booth	Eldorado	\$0.5020	Current	\$0.5020	-	-	-	-	-	-	-	-
189	07/01/97	Chelsea Junction	Eldorado	\$0.5020	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Chelsea Junction	Eldorado	\$0.5020	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Chelsea Junction	Eldorado	\$0.5020	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Chelsea Junction	Eldorado	\$0.5020	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Chelsea Junction	Eldorado	\$0.5020	Current	\$0.5020	-	-	-	-	-	-	-	-
189	07/01/97	Eagle Point	Eldorado	\$0.5580	195/211	-	-	-	-	-	-	-	-	-

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Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Rate	Old Rate	1998 %				1998				1999				1999 Tariff Revenue Change
							Change	Barrels	Revenue	B/D	Barrels	Revenue	B/D	Barrels	Revenue	B/D	Barrels	Revenue	
195211	01/01/98	Eagle Point	Eldorado	\$0.5920	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	05/01/98	Eagle Point	Eldorado	\$0.5920	219	-	-	-	-	-	-	-	-	-	-	-	-	-	-
219	04/01/99	Eagle Point	Eldorado	\$0.5920	224	-	-	-	-	-	-	-	-	-	-	-	-	-	-
224	11/01/99	Eagle Point	Eldorado	\$0.5920	Current	\$0.5920	-	-	-	-	-	-	-	-	-	-	-	-	-
189	07/01/97	Uden	Eldorado	\$0.6510	195211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	01/01/98	Uden	Eldorado	\$0.6520	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	05/01/98	Uden	Eldorado	\$0.6520	219	-	-	-	-	-	-	-	-	-	-	-	-	-	-
219	04/01/99	Uden	Eldorado	\$0.6520	224	-	-	-	-	-	-	-	-	-	-	-	-	-	-
224	11/01/99	Uden	Eldorado	\$0.6520	Current	\$0.6520	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	01/01/98	Port Reading	Eldorado	\$0.7020	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	05/01/98	Port Reading	Eldorado	\$0.7020	219	-	-	-	-	-	-	-	-	-	-	-	-	-	-
189	07/01/97	Sewaren	Eldorado	\$0.6910	195211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	01/01/98	Sewaren	Eldorado	\$0.7020	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
219	04/01/99	Sewaren	Eldorado	\$0.7020	224	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	01/01/98	Booth	Greensburg	\$0.5920	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	05/01/98	Booth	Greensburg	\$0.5920	219	-	-	-	-	-	-	-	-	-	-	-	-	-	-
219	04/01/99	Booth	Greensburg	\$0.5920	224	-	-	-	-	-	-	-	-	-	-	-	-	-	-
224	11/01/99	Booth	Greensburg	\$0.5920	Current	\$0.5920	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	01/01/98	Chelsea Junction	Greensburg	\$0.5920	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	05/01/98	Chelsea Junction	Greensburg	\$0.5920	219	-	-	-	-	-	-	-	-	-	-	-	-	-	-
219	04/01/99	Chelsea Junction	Greensburg	\$0.5920	224	-	-	-	-	-	-	-	-	-	-	-	-	-	-
224	11/01/99	Chelsea Junction	Greensburg	\$0.5920	Current	\$0.5920	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	01/01/98	Eagle Point	Greensburg	\$0.6520	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	05/01/98	Eagle Point	Greensburg	\$0.6520	219	-	-	-	-	-	-	-	-	-	-	-	-	-	-
219	04/01/99	Eagle Point	Greensburg	\$0.6520	224	-	-	-	-	-	-	-	-	-	-	-	-	-	-
224	11/01/99	Eagle Point	Greensburg	\$0.6520	Current	\$0.6520	-	-	-	-	-	-	-	-	-	-	-	-	-
190	06/01/97	Toledo	Greensburg	\$1.0120	20309/16	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20309/16	01/01/98	Toledo	Greensburg	\$1.0230	219/223	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20309/16	04/01/98	Toledo	Greensburg	\$1.0230	195211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
189	07/01/97	Booth	Indiana	\$0.7730	195211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	01/01/98	Booth	Indiana	\$0.7840	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	05/01/98	Booth	Indiana	\$0.7840	219	-	-	-	-	-	-	-	-	-	-	-	-	-	-
219	04/01/99	Booth	Indiana	\$0.7840	224	-	-	-	-	-	-	-	-	-	-	-	-	-	-
224	11/01/99	Booth	Indiana	\$0.7840	Current	\$0.7840	-	-	-	-	-	-	-	-	-	-	-	-	-
189	07/01/97	Chelsea Junction	Indiana	\$0.7840	195211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	01/01/98	Chelsea Junction	Indiana	\$0.7840	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
195211	05/01/98	Chelsea Junction	Indiana	\$0.7840	219	-	-	-	-	-	-	-	-	-	-	-	-	-	-
219	11/01/99	Chelsea Junction	Indiana	\$0.7840	224	-	-	-	-	-	-	-	-	-	-	-	-	-	-
224	08/01/96	Conapolls	Indiana	\$0.1530	197206	-	-	-	-	-	-	-	-	-	-	-	-	-	-
197206	01/01/98	Conapolls	Indiana	\$0.1550	219	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	Barrels	Revenue	B/D	1999 Tariff Revenue Change
197/206	02/25/98	Corapolis	Indianola	\$0.1550	219	-	-	-	-	-	-
219	04/01/99	Corapolis	Indianola	\$0.1550	224	\$0.1550	-	-	-	-	-
197/206	01/01/98	Corapolis (Barge)	Indianola	\$0.4140	219	-	-	-	-	-	-
197/206	02/25/98	Corapolis (Barge)	Indianola	\$0.4140	219	-	-	-	-	-	-
219	04/01/99	Corapolis (Barge)	Indianola	\$0.4140	224	\$0.4140	-	-	-	-	-
190	08/01/97	Detroit	Indianola	\$1.0140	203/09/16	-	-	-	-	-	-
203/09/16	01/01/98	Detroit	Indianola	\$1.0270	218/223	-	-	-	-	-	-
203/09/16	04/01/98	Detroit	Indianola	\$1.0270	218/223	-	-	-	-	-	-
203/09/16	10/01/98	Detroit	Indianola	\$1.0270	218/223	-	-	-	-	-	-
218/223	04/01/99	Detroit	Indianola	\$1.0270	Current	\$1.0270	-	-	-	-	-
218/223	10/01/99	Detroit	Indianola	\$1.0270	Current	\$1.0270	-	-	-	-	-
203/09/16	01/01/98	East Chicago	Indianola	\$1.3130	218/223	-	-	-	-	-	-
203/09/16	04/01/98	East Chicago	Indianola	\$1.3130	218/223	-	-	-	-	-	-
203/09/16	10/01/98	East Chicago	Indianola	\$1.3130	218/223	-	-	-	-	-	-
190	08/01/97	Lima	Indianola	\$0.9500	203/09/16	-	-	-	-	-	-
203/09/16	01/01/98	Lima	Indianola	\$0.9630	218/223	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Indianola	\$0.9630	218/223	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Indianola	\$0.9630	218/223	-	-	-	-	-	-
218/223	04/01/99	Lima	Indianola	\$0.9630	Current	\$0.9630	-	-	-	-	-
218/223	10/01/99	Lima	Indianola	\$0.9630	Current	\$0.9630	-	-	-	-	-
189	07/01/97	Linden	Indianola	\$0.7830	195/211	-	-	-	-	-	-
195/211	01/01/98	Linden	Indianola	\$0.7940	211	-	-	-	-	-	-
195/211	05/01/98	Linden	Indianola	\$0.7940	219	-	-	-	-	-	-
219	04/01/99	Linden	Indianola	\$0.7940	224	-	-	-	-	-	-
224	11/01/99	Linden	Indianola	\$0.7940	Current	\$0.7940	-	-	-	-	-
203/09/16	01/01/98	Toledo	Indianola	\$0.9240	218/223	-	-	-	-	-	-
203/09/16	10/01/98	Toledo	Indianola	\$0.9240	218/223	-	-	-	-	-	-
218/223	04/01/99	Toledo	Indianola	\$0.9240	Current	-	-	-	-	-	-
195/211	01/01/98	Chelsea Junction	Indianola Inc. Vol.	\$0.6840	211	-	-	-	-	-	-
195/211	05/01/98	Chelsea Junction	Indianola Inc. Vol.	\$0.6840	219	-	-	-	-	-	-
219	04/01/99	Chelsea Junction	Indianola Inc. Vol.	\$0.6840	224	-	-	-	-	-	-
203/09/16	10/01/98	East Chicago	Indianola Inc. Vol.	\$1.1130	218/223	-	-	-	-	-	-
218/223	04/01/99	East Chicago	Indianola Inc. Vol.	\$1.1130	Current	-	-	-	-	-	-
218/223	10/01/99	East Chicago	Indianola Inc. Vol.	\$1.1130	Current	-	-	-	-	-	-
205	02/25/98	Corapolis	Indianola IPP	\$0.6990	221	-	-	-	-	-	-
195/211	05/01/98	Booth	Midland	\$0.6840	219	-	-	-	-	-	-
219	04/01/99	Booth	Midland	\$0.6840	224	-	-	-	-	-	-
224	11/01/99	Booth	Midland	\$0.6840	Current	\$0.6840	-	-	-	-	-
Col Jt 47	05/01/98	Booth	Midland	\$0.6000	Col Jt 49	-	-	-	-	-	-
Col Jt 49	07/01/98	Booth	Midland	\$0.6000	Current	-	-	-	-	-	-
219	04/01/99	Chelsea Junction	Midland	\$0.6840	224	-	-	-	-	-	-
224	11/01/99	Chelsea Junction	Midland	\$0.6840	Current	\$0.6840	-	-	-	-	-

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1998 Barrels	1998 Revenue	B/D	1999 Barrels	1999 Revenue	B/D	1999 Tariff Revenue Change
195/211	05/01/98	Eagle Point	Midland	\$0.7440	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Eagle Point	Midland	\$0.7440	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Eagle Point	Midland	\$0.7440	Current	\$0.7440	-	-	-	-	-	-	-	-
224	11/01/99	Indianola	Midland	\$0.2690	Current	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Linden	Midland	\$0.8440	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Linden	Midland	\$0.8440	224	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Linden	Midland Gasoline	\$0.7660	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Linden	Midland Gasoline	\$0.7660	224	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Sewaren	Midland Gasoline	\$0.8060	219	-	-	-	-	-	-	-	-	-
189	07/01/97	Booth	Neville Island	\$0.6730	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Booth	Neville Island	\$0.6840	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Booth	Neville Island	\$0.6840	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Booth	Neville Island	\$0.6840	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Booth	Neville Island	\$0.6840	Current	\$0.6840	-	-	-	-	-	-	-	-
189	07/01/97	Chelsea Junction	Neville Island	\$0.6840	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Chelsea Junction	Neville Island	\$0.6840	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Chelsea Junction	Neville Island	\$0.6840	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Chelsea Junction	Neville Island	\$0.6840	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Chelsea Junction	Neville Island	\$0.6840	Current	\$0.6840	-	-	-	-	-	-	-	-
195/211	05/01/98	Eagle Point	Neville Island	\$0.7440	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Eagle Point	Neville Island	\$0.7440	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Eagle Point	Neville Island	\$0.7440	Current	\$0.7440	-	-	-	-	-	-	-	-
218/223	10/01/99	Lima	Neville Island	\$0.8630	Current	-	-	-	-	-	-	-	-	-
219	04/01/99	Sewaren	Neville Island	\$0.8060	224	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Linden	Neville Island Gasoline	\$0.7660	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Linden	Neville Island Gasoline	\$0.7660	224	-	-	-	-	-	-	-	-	-
189	07/01/97	Booth	Pittsburgh	\$0.6160	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Booth	Pittsburgh	\$0.6270	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Booth	Pittsburgh	\$0.6270	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Booth	Pittsburgh	\$0.6270	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Booth	Pittsburgh	\$0.6270	Current	\$0.6270	-	-	-	-	-	-	-	-
195/211	01/01/98	Chelsea Junction	Pittsburgh	\$0.6270	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Chelsea Junction	Pittsburgh	\$0.6270	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Chelsea Junction	Pittsburgh	\$0.6270	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Chelsea Junction	Pittsburgh	\$0.6270	Current	\$0.6270	-	-	-	-	-	-	-	-
195/211	01/01/98	Eagle Point	Pittsburgh	\$0.6870	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Eagle Point	Pittsburgh	\$0.6870	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Eagle Point	Pittsburgh	\$0.6870	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Eagle Point	Pittsburgh	\$0.6870	Current	\$0.6870	-	-	-	-	-	-	-	-
219	04/01/99	Indianola	Pittsburgh	\$0.4020	224	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Pittsburgh	\$1.0620	218/223	-	-	-	-	-	-	-	-	-
189	07/01/97	Linden	Pittsburgh	\$0.7760	195/211	-	-	-	-	-	-	-	-	-

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1998 % Change	1998 Barrels	1998 Revenue	B/D	1999 Barrels	1999 Revenue	B/D	1999 Tariff Revenue Change
219	04/01/99	Linden	Pittsburgh	\$0.7870	224	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Toledo	Pittsburgh	\$1.0230	218/223	-	-	-	-	-	-	-	-	-
181	08/01/96	Booth	Pittsburgh Airport	\$0.8080	196	-	-	-	-	-	-	-	-	-
196	01/01/98	Booth	Pittsburgh Airport	\$0.8190	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Booth	Pittsburgh Airport	\$0.8190	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Chelsea Junction	Pittsburgh Airport	\$0.8190	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Chelsea Junction	Pittsburgh Airport	\$0.8190	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Eagle Point	Pittsburgh Airport	\$0.8790	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Eagle Point	Pittsburgh Airport	\$0.8790	Current	-	-	-	-	-	-	-	-	-
181	08/01/96	Lima	Pittsburgh Airport	\$0.8330	196	-	-	-	-	-	-	-	-	-
196	01/01/98	Lima	Pittsburgh Airport	\$0.9640	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Lima	Pittsburgh Airport	\$0.9640	Current	-	-	-	-	-	-	-	-	-
181	08/01/96	Linden	Pittsburgh Airport	\$0.9680	196	-	-	-	-	-	-	-	-	-
196	01/01/98	Linden	Pittsburgh Airport	\$0.8790	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Linden	Pittsburgh Airport	\$0.9790	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Macungie	Pittsburgh Airport	\$0.8310	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Chelsea Junction	Tioga Tank Farm	\$0.7340	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Lima	Tioga Tank Farm	\$0.8790	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Linden	Tioga Tank Farm	\$0.8840	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Port Reading	Tioga Tank Farm	\$0.9340	Current	-	-	-	-	-	-	-	-	-
196	01/01/98	Sewaren	Tioga Tank Farm	\$0.9340	Current	-	-	-	-	-	-	-	-	-
TOTAL Pittsburgh, PA														
								27,767,876	\$17,655,539	76.076	30,452,416	\$19,179,700	83.431	\$0
219	04/01/99	Chelsea Junction	Carlisle	\$0.4350	224	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Eagle Point	Carlisle	\$0.4950	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Eagle Point	Carlisle	\$0.4950	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Eagle Point	Carlisle	\$0.4950	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Eagle Point	Carlisle	\$0.4950	Current	\$0.4950	-	-	-	-	-	-	-	-
189	07/01/97	Booth	Highspire	\$0.3730	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Booth	Highspire	\$0.3840	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Booth	Highspire	\$0.3840	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Booth	Highspire	\$0.3840	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Booth	Highspire	\$0.3840	Current	\$0.3840	-	-	-	-	-	-	-	-
189	07/01/97	Chelsea Junction	Highspire	\$0.3840	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Chelsea Junction	Highspire	\$0.3840	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Chelsea Junction	Highspire	\$0.3840	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Chelsea Junction	Highspire	\$0.3840	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Chelsea Junction	Highspire	\$0.3840	Current	\$0.3840	-	-	-	-	-	-	-	-
189	07/01/97	Eagle Point	Highspire	\$0.4400	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Eagle Point	Highspire	\$0.4440	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Eagle Point	Highspire	\$0.4440	219	-	-	-	-	-	-	-	-	-

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1998			1999			1999 Tariff Rate Change
								Barrels	Revenue	B/D	Barrels	Revenue	B/D	
219	04/01/99	Eagle Point	Highspire	\$0.4440	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Eagle Point	Highspire	\$0.4440	Current	\$0.4440	-	-	-	-	-	-	-	-
189	07/01/97	Linden	Highspire	\$0.6120	211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Linden	Highspire	\$0.6120	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Linden	Highspire	\$0.6120	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Linden	Highspire	\$0.6120	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Linden	Highspire	\$0.6120	Current	\$0.6120	-	-	-	-	-	-	-	-
195/211	01/01/98	Sewann	Highspire	\$0.6520	211	-	-	-	-	-	-	-	-	-
189	07/01/97	Linden	Inglenook	\$0.6960	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Linden	Inglenook	\$0.6960	211	-	-	-	-	-	-	-	-	-
219	04/01/99	Linden	Inglenook	\$0.6960	219	-	-	-	-	-	-	-	-	-
189	07/01/97	Linden	Inglenook	\$0.6960	224	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Linden	Inglenook	\$0.6960	195/211	-	-	-	-	-	-	-	-	-
219	07/01/97	Linden	Lucknow	\$0.6960	211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Linden	Lucknow	\$0.6960	219	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Linden	Lucknow	\$0.6960	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Linden	Lucknow	\$0.6960	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Linden	Lucknow	\$0.6960	Current	\$0.6960	-	-	-	-	-	-	-	-
195/211	05/01/98	Port Reading	Lucknow	\$0.7360	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Port Reading	Lucknow	\$0.7360	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Port Reading	Lucknow	\$0.7360	Current	\$0.7360	-	-	-	-	-	-	-	-
189	07/01/97	Sewann	Lucknow	\$0.7360	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Sewann	Lucknow	\$0.7360	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Sewann	Lucknow	\$0.7360	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Sewann	Lucknow	\$0.7360	219	-	-	-	-	-	-	-	-	-
224	11/01/99	Sewann	Lucknow	\$0.7360	224	-	-	-	-	-	-	-	-	-
179	07/01/96	Sewann	Lucknow	\$0.7360	Current	\$0.7360	-	-	-	-	-	-	-	-
195/211	01/01/98	Linden	Lucknow Gasco. Contr.	\$0.4650	185	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Linden	Lucknow Gasco. Contr.	\$0.4650	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Linden	Lucknow Gasco. Contr.	\$0.4650	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Linden	Lucknow Gasco. Contr.	\$0.4650	224	-	-	-	-	-	-	-	-	-
224	11/01/99	Linden	Lucknow Gasco. Contr.	\$0.4650	Current	\$0.4650	-	-	-	-	-	-	-	-
189	07/01/97	Booth	Mechanicsburg	\$0.3970	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Booth	Mechanicsburg	\$0.3970	211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Booth	Mechanicsburg	\$0.3970	219	-	-	-	-	-	-	-	-	-
219	04/01/99	Booth	Mechanicsburg	\$0.3970	219	-	-	-	-	-	-	-	-	-
224	11/01/99	Booth	Mechanicsburg	\$0.3970	224	-	-	-	-	-	-	-	-	-
189	07/01/97	Chelsea Junction	Mechanicsburg	\$0.3970	Current	\$0.3970	-	-	-	-	-	-	-	-
195/211	01/01/98	Chelsea Junction	Mechanicsburg	\$0.3970	195/211	-	-	-	-	-	-	-	-	-
195/211	05/01/98	Chelsea Junction	Mechanicsburg	\$0.3970	211	-	-	-	-	-	-	-	-	-
219	04/01/99	Chelsea Junction	Mechanicsburg	\$0.3970	219	-	-	-	-	-	-	-	-	-
224	11/01/99	Chelsea Junction	Mechanicsburg	\$0.3970	224	-	-	-	-	-	-	-	-	-
189	07/01/97	Eagle Point	Mechanicsburg	\$0.3970	Current	\$0.3970	-	-	-	-	-	-	-	-
195/211	01/01/98	Eagle Point	Mechanicsburg	\$0.4530	195/211	-	-	-	-	-	-	-	-	-
195/211	01/01/98	Eagle Point	Mechanicsburg	\$0.4570	211	-	-	-	-	-	-	-	-	-

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/Repl.	Old Rate	1999 % Change	***** 1998 *****	***** 1999 *****	1999 Tariff Revenue Change
								Barrels	Revenue	B/D
195211	05/01/98	Eagle Point	Mechanicsburg	\$0.4570	219	-	-			
219	04/01/99	Eagle Point	Mechanicsburg	\$0.4570	224	-	-			
224	11/01/99	Eagle Point	Mechanicsburg	\$0.4570	Current	\$0.4570	-			
195211	01/01/98	Linden	Mechanicsburg	\$0.6120	211	-	-			
195211	05/01/98	Linden	Mechanicsburg	\$0.6120	219	-	-			
219	04/01/99	Linden	Mechanicsburg	\$0.6120	224	-	-			
219	04/01/99	Sewaren	Mechanicsburg	\$0.6520	224	-	-			
195211	01/01/98	Booth	New Kingstown	\$0.4060	211	-	-			
195211	05/01/98	Booth	New Kingstown	\$0.4060	219	-	-			
219	04/01/99	Booth	New Kingstown	\$0.4060	224	-	-			
224	11/01/99	Booth	New Kingstown	\$0.4060	Current	\$0.4060	-			
195211	04/01/98	Chelsea Junction	New Kingstown	\$0.4060	224	-	-			
195211	01/01/98	Eagle Point	New Kingstown	\$0.4660	211	-	-			
195211	05/01/98	Eagle Point	New Kingstown	\$0.4660	219	-	-			
219	04/01/99	Eagle Point	New Kingstown	\$0.4660	224	-	-			
224	11/01/99	Eagle Point	New Kingstown	\$0.4660	Current	\$0.4660	-			
TOTAL		Harrisburg-York-Lancaster, PA						12,875,636	\$6,329,778	35.276
								13,636,157	\$6,660,268	37.359
										\$0

189	07/01/97	Linden	Fullerton	\$0.5310	195/211	-	-			
195211	01/01/98	Linden	Fullerton	\$0.5460	211	-	-			
195211	05/01/98	Linden	Fullerton	\$0.5460	219	-	-			
219	04/01/99	Linden	Fullerton	\$0.5460	224	-	-			
224	11/01/99	Linden	Fullerton	\$0.5460	Current	\$0.5460	-			
185211	01/01/98	Macungie (Linden)	Fullerton	\$0.5460	211	-	-			
185211	05/01/98	Sewaren	Fullerton	\$0.5860	219	-	-			
219	04/01/99	Sewaren	Fullerton	\$0.5860	224	-	-			
224	11/01/99	Sewaren	Fullerton	\$0.5860	Current	\$0.5860	-			
189	07/01/97	Linden	Macungie	\$0.5310	195/211	-	-			
195211	01/01/98	Linden	Macungie	\$0.5460	211	-	-			
195211	05/01/98	Linden	Macungie	\$0.5460	219	-	-			
219	04/01/99	Linden	Macungie	\$0.5460	224	-	-			
224	11/01/99	Linden	Macungie	\$0.5460	Current	\$0.5460	-			
189	07/01/97	Port Reading	Macungie	\$0.5710	195/211	-	-			
195211	01/01/98	Port Reading	Macungie	\$0.5860	211	-	-			
195211	05/01/98	Port Reading	Macungie	\$0.5860	219	-	-			
219	04/01/99	Port Reading	Macungie	\$0.5860	224	-	-			
224	11/01/99	Port Reading	Macungie	\$0.5860	Current	\$0.5860	-			
189	07/01/97	Sewaren	Macungie	\$0.5710	195/211	-	-			
195211	01/01/98	Sewaren	Macungie	\$0.5860	211	-	-			
195211	05/01/98	Sewaren	Macungie	\$0.5860	219	-	-			
219	04/01/99	Sewaren	Macungie	\$0.5860	224	-	-			

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	..... 1998 .....			..... 1999			1999 Tariff Revenue Change
								Barrels	Revenue	B/D	Barrels	Revenue	B/D	
224	11/01/99	Sewaren	Macungie	\$0.5960	Current	\$0.5960	-							
189	07/01/97	Booth	Sinking Spring	\$0.3180	195211	-	-							
195211	01/01/98	Booth	Sinking Spring	\$0.3290	211	-	-							
195211	05/01/98	Booth	Sinking Spring	\$0.3290	219	-	-							
219	04/01/99	Booth	Sinking Spring	\$0.3290	224	-	-							
224	11/01/99	Booth	Sinking Spring	\$0.3290	Current	\$0.3290	-							
189	07/01/97	Chelsea Junction	Sinking Spring	\$0.3290	195211	-	-							
195211	01/01/98	Chelsea Junction	Sinking Spring	\$0.3290	211	-	-							
195211	05/01/98	Chelsea Junction	Sinking Spring	\$0.3290	219	-	-							
219	04/01/99	Chelsea Junction	Sinking Spring	\$0.3290	224	-	-							
224	11/01/99	Chelsea Junction	Sinking Spring	\$0.3290	Current	\$0.3290	-							
189	07/01/97	Eagle Point	Sinking Spring	\$0.3860	195211	-	-							
195211	01/01/98	Eagle Point	Sinking Spring	\$0.3860	211	-	-							
195211	05/01/98	Eagle Point	Sinking Spring	\$0.3860	219	-	-							
219	04/01/99	Eagle Point	Sinking Spring	\$0.3860	224	-	-							
224	11/01/99	Eagle Point	Sinking Spring	\$0.3860	Current	\$0.3860	-							
189	07/01/97	Linden	Sinking Spring	\$0.6120	195211	-	-							
195211	01/01/98	Linden	Sinking Spring	\$0.6120	211	-	-							
195211	05/01/98	Linden	Sinking Spring	\$0.6120	219	-	-							
219	04/01/99	Linden	Sinking Spring	\$0.6120	224	-	-							
224	11/01/99	Linden	Sinking Spring	\$0.6120	Current	\$0.6120	-							
189	07/01/97	Port Reading	Sinking Spring	\$0.6520	211	-	-							
195211	01/01/98	Sewaren	Sinking Spring	\$0.6520	195211	-	-							
189	07/01/97	Sewaren	Sinking Spring	\$0.6520	219	-	-							
219	04/01/99	Sewaren	Sinking Spring	\$0.6520	224	-	-							
189	07/01/97	Sewaren	Sinking Spring	\$0.6520	195211	-	-							
195211	01/01/98	Linden	Tuckerton	\$0.6120	211	-	-							
195211	05/01/98	Linden	Tuckerton	\$0.6120	219	-	-							
219	04/01/99	Linden	Tuckerton	\$0.6120	224	-	-							
224	11/01/99	Linden	Tuckerton	\$0.6120	Current	\$0.6120	-							
195211	05/01/98	Port Reading	Tuckerton	\$0.6520	219	-	-							
219	04/01/99	Port Reading	Tuckerton	\$0.6520	224	-	-							
189	07/01/97	Sewaren	Tuckerton	\$0.6520	195211	-	-							
195211	01/01/98	Sewaren	Tuckerton	\$0.6520	211	-	-							
219	04/01/99	Sewaren	Tuckerton	\$0.6520	219	-	-							
219	04/01/99	Sewaren	Tuckerton	\$0.6520	224	-	-							
TOTAL Philadelphia, PA								13,223,669	\$6,776,733	36.229	12,728,055	\$6,362,503	34.871	\$0
184	04/01/97	Detroit	Aurora	\$0.6560	202208	-	-							
202208	01/01/98	Detroit	Aurora	\$0.6600	217	-	-							
202208	04/01/98	Detroit	Aurora	\$0.6600	217	-	-							

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	***** 1998 *****			***** 1999 *****			1999 Tariff Revenue Change
								Barrels	Revenue	B/D	Barrels	Revenue	B/D	
217	04/01/99	Detroit	Aurora	\$0.6600	Current	\$0.6600	-							
184	04/01/97	East Chicago	Aurora		202/206		-							
202/208	01/01/98	East Chicago	Aurora	\$0.9430	217		-							
202/208	04/01/98	East Chicago	Aurora	\$0.9430	217		-							
217	04/01/99	East Chicago	Aurora	\$0.9430	Current	\$0.9430	-							
202/208	04/01/98	Findlay	Aurora	\$0.5530	217		-							
202/208	04/01/98	Huntington	Aurora	\$0.6000	217		-							
217	04/01/99	Huntington	Aurora	\$0.6000	Current	\$0.6000	-							
202/208	04/01/98	Huntington	Aurora	\$0.6000	217		-							
202/208	04/01/98	Lima	Aurora	\$0.5980	Current	\$0.5980	-							
217	04/01/99	Lima	Aurora	\$0.5980	Current	\$0.5980	-							
184	04/01/97	Toledo	Aurora	\$0.6530	217		-							
202/208	01/01/98	Toledo	Aurora	\$0.6530	217		-							
202/208	04/01/98	Toledo	Aurora	\$0.6530	Current	\$0.6530	-							
217	04/01/99	Toledo	Aurora	\$0.6530	217		-							
202/208	01/01/98	Findlay	Belleue	\$0.5010	217		-							
202/208	04/01/98	Findlay	Belleue	\$0.5010	217		-							
217	04/01/99	Lima	Belleue	\$0.5470	217		-							
217	04/01/99	Toledo	Belleue	\$0.5470	Current	\$0.5470	-							
184	04/01/97	Detroit	Brecksville	\$0.5100	Current	\$0.5100	-							
202/208	01/01/98	Detroit	Brecksville	\$0.5100	202/208		-							
202/208	04/01/98	Detroit	Brecksville	\$0.6550	217		-							
217	04/01/99	Detroit	Brecksville	\$0.6550	217		-							
184	04/01/97	East Chicago	Brecksville	\$0.6550	Current	\$0.6550	-							
202/208	01/01/98	East Chicago	Brecksville	\$0.8340	202/208		-							
202/208	04/01/98	East Chicago	Brecksville	\$0.8340	217		-							
217	04/01/99	East Chicago	Brecksville	\$0.8340	217		-							
202/208	01/01/98	East Chicago	Brecksville	\$0.9390	217		-							
202/208	04/01/98	East Chicago	Brecksville	\$0.9390	Current	\$0.9390	-							
217	04/01/99	East Chicago	Brecksville	\$0.9390	217		-							
202/208	01/01/98	Lima	Brecksville	\$0.5940	217		-							
202/208	04/01/98	Lima	Brecksville	\$0.5940	Current	\$0.5940	-							
184	04/01/97	Toledo	Brecksville	\$0.5590	202/206		-							
202/208	01/01/98	Toledo	Brecksville	\$0.5590	217		-							
202/208	04/01/98	Toledo	Brecksville	\$0.5590	217		-							
217	04/01/99	Toledo	Brecksville	\$0.5590	Current	\$0.5590	-							
202/208	01/01/98	Findlay	Brecksville Vol. Inc.	\$0.4900	217		-							
202/208	04/01/98	Findlay	Brecksville Vol. Inc.	\$0.4900	217		-							
202/208	01/01/98	Findlay	Brecksville Vol. Inc.	\$0.5310	217		-							
202/208	04/01/98	Lima	Brecksville Vol. Inc.	\$0.5310	217		-							
202/208	04/01/98	Lima	Brecksville Vol. Inc.	\$0.5410	217		-							
217	04/01/99	Lima	Brecksville Vol. Inc.	\$0.5410	Current	\$0.5410	-							
202/208	01/01/98	Toledo	Brecksville Vol. Inc.	\$0.5510	217		-							
202/208	04/01/98	Toledo	Brecksville Vol. Inc.	\$0.5510	217		-							
217	04/01/99	Toledo	Brecksville Vol. Inc.	\$0.5100	Current	\$0.5100	-							
202/208	01/01/98	Toledo	Brecksville Vol. Inc.	\$0.5100	217		-							
202/208	04/01/98	Toledo	Brecksville Vol. Inc.	\$0.5200	Current	\$0.5200	-							

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Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1998 Barrels	1998 Revenue	B/D	1999 Barrels	1999 Revenue	B/D	1999 Tariff Revenue Change
170	08/01/96	Toledo	Cleveland (Bradley Roa	\$0.2660	199	-	-	-	-	-	-	-	-	-
199	01/01/98	Toledo	Cleveland (Bradley Roa	\$0.2700	Current	-	-	-	-	-	-	-	-	-
184	04/01/97	Detroit	Cleveland (Drydock)	\$0.6600	202/208	-	-	-	-	-	-	-	-	-
202/208	01/01/98	East Chicago	Cleveland (Drydock)	\$0.9470	217	-	-	-	-	-	-	-	-	-
202/208	04/01/98	East Chicago	Cleveland (Drydock)	\$0.9470	217	-	-	-	-	-	-	-	-	-
217	04/01/99	East Chicago	Cleveland (Drydock)	\$0.9470	Current	\$0.9470	-	-	-	-	-	-	-	-
202/208	01/01/98	Huntington	Cleveland (Drydock)	\$0.6040	217	-	-	-	-	-	-	-	-	-
202/208	04/01/98	Huntington	Cleveland (Drydock)	\$0.6040	217	-	-	-	-	-	-	-	-	-
217	04/01/99	Huntington	Cleveland (Drydock)	\$0.6040	Current	\$0.6040	-	-	-	-	-	-	-	-
202/208	04/01/98	Lima	Cleveland (Drydock)	\$0.6030	217	-	-	-	-	-	-	-	-	-
217	04/01/99	Lima	Cleveland (Drydock)	\$0.6030	Current	\$0.6030	-	-	-	-	-	-	-	-
202/208	01/01/98	Toledo	Cleveland (Drydock)	\$0.5670	217	-	-	-	-	-	-	-	-	-
202/208	04/01/98	Toledo	Cleveland (Drydock)	\$0.5670	217	-	-	-	-	-	-	-	-	-
217	04/01/99	Toledo	Cleveland (Drydock)	\$0.5670	Current	\$0.5670	-	-	-	-	-	-	-	-
170	08/01/96	Toledo	Lorain	\$0.2660	199	-	-	-	-	-	-	-	-	-
199	01/01/98	Toledo	Lorain	\$0.2700	Current	-	-	-	-	-	-	-	-	-
TOTAL Cleveland, OH								38,504,579	\$14,816,392	105,492	36,348,156	\$13,567,697	99,584	\$46,174
203/09/16	01/01/98	Detroit	Columbus	\$0.7710	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Detroit	Columbus	\$0.7710	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Detroit	Columbus	\$0.7710	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Detroit	Columbus	\$0.7710	Current	\$0.7710	-	-	-	-	-	-	-	-
203/09/16	01/01/98	East Chicago	Columbus	\$0.9520	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	East Chicago	Columbus	\$0.9520	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	East Chicago	Columbus	\$0.9520	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	East Chicago	Columbus	\$0.9520	Current	\$0.9520	-	-	-	-	-	-	-	-
218/223	10/01/99	East Chicago	Columbus	\$0.9520	Current	\$0.9520	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Huntington	Columbus	\$0.5580	218/223	-	-	-	-	-	-	-	-	-
190	08/01/97	Lima	Columbus	\$0.4280	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Lima	Columbus	\$0.4360	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Columbus	\$0.4360	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Columbus	\$0.4360	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Lima	Columbus	\$0.4360	Current	\$0.4360	-	-	-	-	-	-	-	-
218/223	10/01/99	Lima	Columbus	\$0.4360	Current	\$0.4360	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Columbus	\$0.6610	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Columbus	\$0.6610	Current	\$0.6610	-	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Columbus	\$0.6610	Current	\$0.6610	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Lima	Columbus Vol. Inc.	\$0.3850	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Columbus Vol. Inc.	\$0.3920	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Columbus Vol. Inc.	\$0.3920	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Toledo	Columbus Vol. Inc.	\$0.5950	218/223	-	-	-	-	-	-	-	-	-

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1998 Barrels	1998 Revenue	B/D	1999 Barrels	1999 Revenue	B/D	1999 Tariff Revenue Change
190	08/01/97	East Chicago	Hilliards	\$0.9430	203/09/16	-	-							
203/09/16	01/01/98	East Chicago	Hilliards	\$0.9520	218/223	-	-							
203/09/16	04/01/98	East Chicago	Hilliards	\$0.9520	218/223	-	-							
203/09/16	10/01/98	East Chicago	Hilliards	\$0.9520	218/223	-	-							
218/223	04/01/99	East Chicago	Hilliards	\$0.9520	Current	\$0.9520	-							
218/223	04/01/99	Huntington	Hilliards	\$0.5590	Current	-	-							
203/09/16	01/01/98	Lima	Hilliards	\$0.4360	218/223	-	-							
203/09/16	04/01/98	Lima	Hilliards	\$0.4360	218/223	-	-							
203/09/16	10/01/98	Lima	Hilliards	\$0.4360	218/223	-	-							
218/223	04/01/99	Lima	Hilliards	\$0.4360	Current	\$0.4360	-							
218/223	10/01/99	Lima	Hilliards	\$0.4360	Current	\$0.4360	-							
TOTAL Columbus, OH														\$0
								5,914,775	\$2,835,731	16,205	5,269,043	\$2,722,878	14,436	
203/09/16	01/01/98	Detroit	Lima	\$0.5320	218/223	-	-							
203/09/16	04/01/98	Detroit	Lima	\$0.5320	218/223	-	-							
203/09/16	10/01/98	Detroit	Lima	\$0.5320	218/223	-	-							
218/223	04/01/99	Detroit	Lima	\$0.5320	Current	\$0.5320	-							
203/09/16	01/01/98	East Chicago	Lima	\$0.7140	218/223	-	-							
203/09/16	10/01/98	East Chicago	Lima	\$0.7140	218/223	-	-							
218/223	04/01/99	Huntington	Lima	\$0.3520	Current	-	-							
203/09/16	01/01/98	Huntington	Lima	\$0.3520	218/223	-	-							
203/09/16	04/01/98	Huntington	Lima	\$0.3520	218/223	-	-							
203/09/16	10/01/98	Huntington	Lima	\$0.3520	218/223	-	-							
218/223	04/01/99	Huntington	Lima	\$0.3520	Current	\$0.3520	-							
218/223	10/01/99	Huntington	Lima	\$0.3520	Current	\$0.3520	-							
190	08/01/97	Lima	Lima	\$0.0960	203/09/16	-	-							
203/09/16	01/01/98	Lima	Lima	\$0.0970	218/223	-	-							
203/09/16	04/01/98	Lima	Lima	\$0.0970	218/223	-	-							
203/09/16	10/01/98	Lima	Lima	\$0.0970	218/223	-	-							
218/223	04/01/99	Lima	Lima	\$0.0970	Current	\$0.0970	-							
200/07/12	02/25/98	Morris	Lima	\$1.2670	220	-	-							
203/09/16	10/01/98	Toledo	Lima	\$0.3960	218/223	-	-							
218/223	04/01/99	Toledo	Lima	\$0.3960	Current	-	-							
203/09/16	01/01/98	Woodhaven	Lima	\$0.5680	218/223	-	-							
200/07/12	01/01/98	East Chicago	Lima LPG	\$0.7770	220	-	-							
220	04/01/99	East Chicago	Lima LPG	\$0.7770	222	-	-							
200/07/12	01/01/98	Lima	Lima LPG	\$0.1070	220	-	-							
200/07/12	02/25/98	Lima	Lima LPG	\$0.1070	220	-	-							
200/07/12	05/01/98	Lima	Lima LPG	\$0.1070	220	-	-							
220	04/01/99	Lima	Lima LPG	\$0.1070	222	\$0.1070	-							
222	10/01/99	Lima	Lima LPG	\$0.1070	Current	\$0.1070	-							

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	.....1998.....	.....1999.....	1999 Tariff Revenue Change
								Barrels	Revenue	B/D
200/07/12	02/25/98	Woodhaven	Lima LPG	\$0.7000	220	-	-			
200/07/12	05/01/98	Woodhaven	Lima LPG Vol.Inc.	\$0.5000	220	-	-			
220	04/01/99	Woodhaven	Lima LPG Vol.Inc.	\$0.5000	222	-	-			
222	10/01/99	Woodhaven	Lima LPG Vol.Inc.	\$0.5000	Current	\$0.5000	-			
203/09/16	01/01/98	Lima	Lima MTBE	\$0.2210	218/223	-	-			
203/09/16	04/01/98	Lima	Lima MTBE	\$0.2210	218/223	-	-			
TOTAL Lima, OH								4,335,248	\$1,487,484	11,877
								3,656,731	\$1,435,454	10,018
										\$0
190	08/01/97	Detroit	Toledo	\$0.4850	203/09/16	-	-			
203/09/16	01/01/98	Detroit	Toledo	\$0.4920	218/223	-	-			
203/09/16	04/01/98	Detroit	Toledo	\$0.4920	218/223	-	-			
203/09/16	10/01/98	Detroit	Toledo	\$0.4920	218/223	-	-			
218/223	04/01/99	Detroit	Toledo	\$0.4920	Current	\$0.4920	-			
218/223	10/01/99	Detroit	Toledo	\$0.4920	Current	\$0.4920	-			
203/09/16	01/01/98	East Chicago	Toledo	\$0.7660	218/223	-	-			
203/09/16	04/01/98	East Chicago	Toledo	\$0.7660	218/223	-	-			
203/09/16	10/01/98	East Chicago	Toledo	\$0.7660	218/223	-	-			
218/223	04/01/99	East Chicago	Toledo	\$0.7660	Current	\$0.7660	-			
218/223	10/01/99	East Chicago	Toledo	\$0.7660	Current	\$0.7660	-			
203/09/16	01/01/98	Huntington	Toledo	\$0.4360	218/223	-	-			
203/09/16	04/01/98	Huntington	Toledo	\$0.4360	218/223	-	-			
203/09/16	10/01/98	Huntington	Toledo	\$0.4360	218/223	-	-			
218/223	04/01/99	Huntington	Toledo	\$0.4360	Current	\$0.4360	-			
203/09/16	01/01/98	Lima	Toledo	\$0.2780	218/223	-	-			
203/09/16	04/01/98	Lima	Toledo	\$0.2780	218/223	-	-			
203/09/16	10/01/98	Lima	Toledo	\$0.2780	218/223	-	-			
218/223	04/01/99	Lima	Toledo	\$0.2780	Current	\$0.2780	-			
218/223	10/01/99	Lima	Toledo	\$0.2780	Current	\$0.2780	-			
218/223	10/01/99	Nowl (Detroit)	Toledo	\$0.4920	Current	-	-			
203/09/16	10/01/98	Woodhaven	Toledo IPP	\$0.5240	218/223	-	-			
221	06/16/99	East Chicago	Toledo LPG	\$0.8200	Current	-	-			
200/07/12	05/01/98	Lima	Toledo LPG	\$0.3190	220	-	-			
220	04/01/99	Lima	Toledo LPG	\$0.3190	222	-	-			
222	10/01/99	Lima	Toledo LPG	\$0.3190	Current	\$0.3190	-			
TOTAL Toledo, OH								4,627,691	\$1,433,830	12,679
								9,448,815	\$3,905,928	25,887
										\$0
203/09/16	04/01/98	Detroit	Dearborn	\$0.2120	218/223	-	-			
203/09/16	10/01/98	Detroit	Dearborn	\$0.2120	218/223	-	-			
218/223	04/01/99	Detroit	Dearborn	\$0.2120	Current	\$0.2120	-			
218/223	10/01/99	Detroit	Dearborn	\$0.2120	Current	\$0.2120	-			
218/223	04/01/99	East Chicago	Dearborn	\$0.8650	Current	-	-			

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	Barrels	Revenue	B/D	Barrels	Revenue	B/D	1999 Tariff Revenue Change
218/223	10/01/99	East Chicago	Dearborn	\$0.8650	Current	-	-	-	-	-	-	-	-	-
190	08/01/97	Findlay	Dearborn	\$0.3520	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Findlay	Dearborn	\$0.3550	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Findlay	Dearborn	\$0.3550	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Findlay	Dearborn	\$0.3550	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Findlay	Dearborn	\$0.3550	Current	\$0.3550	-	-	-	-	-	-	-	-
218/223	10/01/99	Findlay	Dearborn	\$0.3550	Current	\$0.3550	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Huntington	Dearborn	\$0.4720	218/223	-	-	-	-	-	-	-	-	-
188	07/01/97	Lima	Dearborn	\$0.3560	190	-	-	-	-	-	-	-	-	-
190	08/01/97	Lima	Dearborn	\$0.3530	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Lima	Dearborn	\$0.3560	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Dearborn	\$0.3560	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Dearborn	\$0.3560	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Lima	Dearborn	\$0.3560	Current	\$0.3560	-	-	-	-	-	-	-	-
218/223	10/01/99	Lima	Dearborn	\$0.3560	Current	\$0.3560	-	-	-	-	-	-	-	-
185	04/01/97	Toledo	Dearborn	\$0.3450	188	-	-	-	-	-	-	-	-	-
190	08/01/97	Toledo	Dearborn	\$0.3450	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Toledo	Dearborn	\$0.3480	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Dearborn	\$0.3480	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Toledo	Dearborn	\$0.3480	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Dearborn	\$0.3480	Current	\$0.3480	-	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Dearborn	\$0.3480	Current	\$0.3480	-	-	-	-	-	-	-	-
218/223	10/01/99	Lima	Dearborn Gaso. Ex. Vol.	\$0.2850	Current	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Dearborn Gaso. Ex. Vol.	\$0.2400	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Dearborn Gaso. Ex. Vol.	\$0.2150	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Dearborn Gaso. Ex. Vol.	\$0.1980	218/223	-	-	-	-	-	-	-	-	-
188	07/01/97	Lima	Dearborn Turb. Ex. Vol.	\$0.2830	190	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Lima	Dearborn Turb. Ex. Vol.	\$0.2860	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Dearborn Turb. Ex. Vol.	\$0.2860	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Dearborn Turb. Ex. Vol.	\$0.2860	218/223	-	-	-	-	-	-	-	-	-
190	08/01/97	Toledo	Dearborn Turb. Ex. Vol.	\$0.2760	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Dearborn Turb. Ex. Vol.	\$0.2790	218/223	-	-	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Dearborn Turb. Ex. Vol.	\$0.2880	Current	-	-	-	-	-	-	-	-	-
218/223	04/01/99	East Chicago	Detroit	\$0.8650	Current	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Lima	Detroit	\$0.3550	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Detroit	\$0.3560	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Detroit	\$0.3560	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Lima	Detroit	\$0.3560	218/223	-	-	-	-	-	-	-	-	-
218/223	10/01/99	Lima	Detroit	\$0.3560	Current	\$0.3560	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Toledo	Detroit	\$0.3560	Current	\$0.3560	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Detroit	\$0.3480	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Toledo	Detroit	\$0.3480	218/223	-	-	-	-	-	-	-	-	-

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1998 Barrels	1998 Revenue	B/D	1999 Barrels	1999 Revenue	B/D	1999 Tariff Revenue Change
203/09/16	10/01/98	Toledo	Detroit	\$0.3480	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Detroit	\$0.3480	Current	\$0.3480	-	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Detroit	\$0.3480	Current	\$0.3480	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Detroit Ex. Vol.	\$0.2360	218/223	-	-	-	-	-	-	-	-	-
190	08/01/97	Toledo	Detroit Gaso. Ex. Vol. 1	\$0.2400	203/09/16	-	-	-	-	-	-	-	-	-
205	02/25/98	Lima	Detroit IPP	\$0.5360	221	-	-	-	-	-	-	-	-	-
200/07/12	02/25/98	Lima	Detroit LPG	\$0.4990	220	-	-	-	-	-	-	-	-	-
200/07/12	05/01/98	Lima	Detroit LPG	\$0.4990	220	-	-	-	-	-	-	-	-	-
220	04/01/99	Lima	Detroit LPG	\$0.4990	222	\$0.4990	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Detroit	Flint	\$0.4710	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Detroit	Flint	\$0.4710	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Detroit	Flint	\$0.4710	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Detroit	Flint	\$0.4710	Current	\$0.4710	-	-	-	-	-	-	-	-
218/223	10/01/99	Detroit	Flint	\$0.4710	Current	\$0.4710	-	-	-	-	-	-	-	-
203/09/16	04/01/98	East Chicago	Flint	\$1.0670	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	East Chicago	Flint	\$1.0670	218/223	-	-	-	-	-	-	-	-	-
190	08/01/97	Findlay	Flint	\$0.6380	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Findlay	Flint	\$0.6450	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Findlay	Flint	\$0.6450	218/223	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Lima	Flint	\$0.6510	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Flint	\$0.6510	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Flint	\$0.6510	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Lima	Flint	\$0.6510	Current	\$0.6510	-	-	-	-	-	-	-	-
218/223	10/01/99	Lima	Flint	\$0.6510	Current	\$0.6510	-	-	-	-	-	-	-	-
190	08/01/97	Toledo	Flint	\$0.5380	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Toledo	Flint	\$0.5430	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Flint	\$0.5430	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Toledo	Flint	\$0.5430	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Flint	\$0.5430	Current	\$0.5430	-	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Flint	\$0.5430	Current	\$0.5430	-	-	-	-	-	-	-	-
190	08/01/97	Woodhaven	Flint	\$0.4900	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Woodhaven	Flint	\$0.4950	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Woodhaven	Flint	\$0.4950	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Woodhaven	Flint	\$0.4950	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Woodhaven	Flint	\$0.4950	Current	\$0.4950	-	-	-	-	-	-	-	-
218/223	10/01/99	Woodhaven	Flint	\$0.4950	Current	\$0.4950	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Findlay	Flint Vol. Inc.	\$0.5740	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Findlay	Flint Vol. Inc.	\$0.5850	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Findlay	Flint Vol. Inc.	\$0.5850	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Findlay	Flint Vol. Inc.	\$0.5960	Current	\$0.5850	1.88%	-	-	-	-	-	-	-
218/223	10/01/99	Findlay	Flint Vol. Inc.	\$0.5960	Current	\$0.5850	1.88%	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Flint Vol. Inc.	\$0.5910	218/223	-	-	-	-	-	-	-	-	-

Tariff Number	Effic. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1998			1999			1999 Tariff Revenue Change
								Barrels	Revenue	B/D	Barrels	Revenue	B/D	
20309/16	10/01/98	Lima	Flint Vol. Inc.	\$0.5910	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Lima	Flint Vol. Inc.	\$0.6020	Current	\$0.5910	1.86%	-	-	-	-	-	-	-
20309/16	10/01/99	Lima	Flint Vol. Inc.	\$0.6020	Current	\$0.5910	1.86%	-	-	-	-	-	-	-
20309/16	04/01/98	Toledo	Flint Vol. Inc.	\$0.4640	218/223	-	-	-	-	-	-	-	-	-
20309/16	04/01/98	Toledo	Flint Vol. Inc.	\$0.4640	218/223	-	-	-	-	-	-	-	-	-
20309/16	10/01/98	Toledo	Flint Vol. Inc.	\$0.4930	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Flint Vol. Inc.	\$0.5020	Current	\$0.4930	1.83%	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Flint Vol. Inc.	\$0.5020	Current	\$0.4930	1.83%	-	-	-	-	-	-	-
198/213	05/01/98	Detroit	Instler	\$0.2900	Current	-	-	-	-	-	-	-	-	-
20309/16	04/01/98	Lima	Instler	\$0.3560	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Lima	Instler	\$0.3560	Current	\$0.3560	-	-	-	-	-	-	-	-
20309/16	04/01/98	Toledo	Instler	\$0.3480	218/223	-	-	-	-	-	-	-	-	-
190	08/01/97	East Chicago	Novl	\$0.9570	20309/16	-	-	-	-	-	-	-	-	-
20309/16	01/01/98	East Chicago	Novl	\$0.9660	218/223	-	-	-	-	-	-	-	-	-
20309/16	04/01/98	East Chicago	Novl	\$0.9660	218/223	-	-	-	-	-	-	-	-	-
20309/16	10/01/98	East Chicago	Novl	\$0.9660	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	East Chicago	Novl	\$0.9660	Current	\$0.9660	-	-	-	-	-	-	-	-
218/223	10/01/99	East Chicago	Novl	\$0.9660	Current	\$0.9660	-	-	-	-	-	-	-	-
20309/16	10/01/98	Lima	Novl	\$0.4880	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Lima	Novl	\$0.4880	Current	-	-	-	-	-	-	-	-	-
218/223	10/01/98	Lima	Novl	\$0.4880	Current	-	-	-	-	-	-	-	-	-
185	04/01/97	Toledo	Novl	\$0.4590	188	-	-	-	-	-	-	-	-	-
190	08/01/97	Toledo	Novl	\$0.4590	20309/16	-	-	-	-	-	-	-	-	-
20309/16	01/01/98	Toledo	Novl	\$0.4640	218/223	-	-	-	-	-	-	-	-	-
20309/16	04/01/98	Toledo	Novl	\$0.4640	218/223	-	-	-	-	-	-	-	-	-
20309/16	10/01/98	Toledo	Novl	\$0.4640	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Novl	\$0.4640	Current	\$0.4640	-	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Novl	\$0.4640	Current	\$0.4640	-	-	-	-	-	-	-	-
218/223	04/01/99	Woodhaven	Novl	\$0.4250	Current	-	-	-	-	-	-	-	-	-
185	04/01/97	Toledo	Novl Ex. Vol.	\$0.3450	188	-	-	-	-	-	-	-	-	-
20309/16	01/01/98	Toledo	Novl Ex. Vol.	\$0.3500	218/223	-	-	-	-	-	-	-	-	-
20309/16	04/01/98	Toledo	Novl Ex. Vol.	\$0.3500	218/223	-	-	-	-	-	-	-	-	-
20309/16	10/01/98	Toledo	Novl Ex. Vol.	\$0.3500	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Novl Ex. Vol.	\$0.3500	Current	\$0.3500	-	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Novl Ex. Vol.	\$0.3500	Current	\$0.3500	-	-	-	-	-	-	-	-
218/223	04/01/99	Detroit	Owosso	\$0.6450	Current	-	-	-	-	-	-	-	-	-
175	08/01/96	Detroit	Owosso	\$0.5520	198/213	-	-	-	-	-	-	-	-	-
198/213	01/01/98	Instler	Owosso	\$0.5590	Current	-	-	-	-	-	-	-	-	-
198/213	05/01/98	Instler	Owosso	\$0.5590	Current	-	-	-	-	-	-	-	-	-
20309/16	01/01/98	Toledo	Owosso	\$0.7120	218/223	-	-	-	-	-	-	-	-	-
20309/16	04/01/98	Toledo	Owosso	\$0.7120	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Owosso	\$0.7120	Current	\$0.7120	-	-	-	-	-	-	-	-

1/20/2000

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Buckeye Pipe Line Company - Competitive Market Program Report

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1999 Barrels	1999 Revenue	B/D	1999 Barrels	1999 Revenue	B/D	1999 Tariff Revenue Change
203/09/16	04/01/98	Toledo	Owosso Vol. Inc.	\$0.6590	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Toledo	Owosso Vol. Inc.	\$0.6590	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Owosso Vol. Inc.(New)	\$0.6200	Current	-	-	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Owosso Vol. Inc.(New)	\$0.6050	Current	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Lima	Woodhaven	\$0.3560	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Woodhaven	\$0.3560	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Woodhaven	\$0.3560	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Lima	Woodhaven	\$0.3560	Current	\$0.3560	-	-	-	-	-	-	-	-
218/223	10/01/99	Lima	Woodhaven	\$0.3560	Current	\$0.3560	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Toledo	Woodhaven	\$0.3480	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Woodhaven	\$0.3480	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Toledo	Woodhaven	\$0.3480	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Toledo	Woodhaven	\$0.3480	Current	\$0.3480	-	-	-	-	-	-	-	-
218/223	10/01/99	Toledo	Woodhaven	\$0.3480	Current	\$0.3480	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Woodhaven Ex. Vol.	\$0.2360	218/223	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Toledo	Woodhaven Gaso. Ex.	\$0.2400	218/223	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Toledo	Woodhaven Gaso. Ex.	\$0.2150	218/223	-	-	-	-	-	-	-	-	-
200/07/12	01/01/98	Lima	Woodhaven LPG	\$0.4990	220	-	-	-	-	-	-	-	-	-
200/07/12	02/25/98	Lima	Woodhaven LPG	\$0.4990	220	-	-	-	-	-	-	-	-	-
200/07/12	05/01/98	Lima	Woodhaven LPG	\$0.4990	220	-	-	-	-	-	-	-	-	-
220	04/01/99	Lima	Woodhaven LPG	\$0.4990	222	\$0.4990	-	-	-	-	-	-	-	-
222	10/01/99	Lima	Woodhaven LPG	\$0.4990	Current	\$0.4990	-	-	-	-	-	-	-	-
TOTAL Detroit, MI								31,924,059	\$13,423,174	87.463	31,698,980	\$13,702,273	86.847	\$26,330
203/09/16	10/01/98	Detroit	Bay City	\$0.6470	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Detroit	Bay City	\$0.6470	Current	-	-	-	-	-	-	-	-	-
218/223	10/01/99	Detroit	Bay City	\$0.6470	Current	-	-	-	-	-	-	-	-	-
190	08/01/97	East Chicago	Bay City	\$1.2070	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	East Chicago	Bay City	\$1.2190	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	East Chicago	Bay City	\$1.2190	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	East Chicago	Bay City	\$1.2190	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	East Chicago	Bay City	\$1.2190	Current	\$1.2190	-	-	-	-	-	-	-	-
218/223	04/01/99	Findlay	Bay City	\$0.8310	Current	-	-	-	-	-	-	-	-	-
218/223	10/01/99	Findlay	Bay City	\$0.8310	Current	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Lima	Bay City	\$0.8380	218/223	-	-	-	-	-	-	-	-	-
203/09/16	10/01/98	Lima	Bay City	\$0.8380	218/223	-	-	-	-	-	-	-	-	-
218/223	04/01/99	Lima	Bay City	\$0.8380	Current	\$0.8380	-	-	-	-	-	-	-	-
218/223	10/01/99	Lima	Bay City	\$0.8380	Current	\$0.8380	-	-	-	-	-	-	-	-
190	08/01/97	Toledo	Bay City	\$0.7050	203/09/16	-	-	-	-	-	-	-	-	-
203/09/16	01/01/98	Toledo	Bay City	\$0.7220	218/223	-	-	-	-	-	-	-	-	-
203/09/16	04/01/98	Toledo	Bay City	\$0.7220	218/223	-	-	-	-	-	-	-	-	-

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/Repl.	Old Rate	1999 % Change	*****1998***** Barrels Revenue B/D	*****1999***** Barrels Revenue B/D	1999 Tariff Revenue Change
20309/16	10/01/98	Toledo	Bay City	\$0.7220	218/223	-	-			
218/223	04/01/99	Toledo	Bay City	\$0.7220	Current	\$0.7220	-			
218/223	10/01/99	Toledo	Bay City	\$0.7220	Current	\$0.7220	-			
20309/16	01/01/98	Woodhaven	Bay City	\$0.6740	218/223	-	-			
20309/16	04/01/98	Woodhaven	Bay City	\$0.6740	218/223	-	-			
20309/16	10/01/98	Woodhaven	Bay City	\$0.6740	218/223	-	-			
218/223	10/01/99	Woodhaven	Bay City	\$0.6740	Current	\$0.6740	-			
20309/16	04/01/98	East Chicago	Bay City Ex. Vol.	\$1.0690	218/223	-	-			
20309/16	10/01/98	East Chicago	Bay City Ex. Vol.	\$1.0690	218/223	-	-			
218/223	04/01/99	Lima	Bay City Vol. Inc.	\$0.7780	Current	-	-			
TOTAL Bay City, MI										
								2,459,569	\$2,038,747	6,739
									3,018,709	\$2,329,920 8,270
										\$0
20309/16	01/01/98	Detroit	Huntington	\$0.7030	218/223	-	-			
20309/16	04/01/98	Detroit	Huntington	\$0.7030	218/223	-	-			
20309/16	10/01/98	Detroit	Huntington	\$0.7030	218/223	-	-			
218/223	04/01/99	Detroit	Huntington	\$0.7030	Current	\$0.7030	-			
218/223	10/01/99	Detroit	Huntington	\$0.7030	Current	\$0.7030	-			
190	08/01/97	East Chicago	Huntington	\$0.6590	203/09/16	-	-			
20309/16	01/01/98	East Chicago	Huntington	\$0.6660	218/223	-	-			
20309/16	04/01/98	East Chicago	Huntington	\$0.6660	218/223	-	-			
20309/16	10/01/98	East Chicago	Huntington	\$0.6660	218/223	-	-			
218/223	04/01/99	East Chicago	Huntington	\$0.6660	Current	\$0.6660	-			
218/223	10/01/99	East Chicago	Huntington	\$0.6660	Current	\$0.6660	-			
190	08/01/97	Findlay	Huntington	\$0.5400	203/09/16	-	-			
20309/16	01/01/98	Findlay	Huntington	\$0.5500	218/223	-	-			
20309/16	04/01/98	Findlay	Huntington	\$0.5500	218/223	-	-			
20309/16	10/01/98	Findlay	Huntington	\$0.5500	218/223	-	-			
218/223	04/01/99	Findlay	Huntington	\$0.5500	Current	\$0.5500	-			
190	08/01/97	Lima	Huntington	\$0.5350	203/09/16	-	-			
20309/16	01/01/98	Lima	Huntington	\$0.5450	218/223	-	-			
20309/16	04/01/98	Lima	Huntington	\$0.5450	218/223	-	-			
20309/16	10/01/98	Lima	Huntington	\$0.5450	218/223	-	-			
218/223	04/01/99	Lima	Huntington	\$0.5450	Current	\$0.5450	-			
218/223	10/01/99	Lima	Huntington	\$0.5450	Current	\$0.5450	-			
190	08/01/97	Toledo	Huntington	\$0.6260	203/09/16	-	-			
20309/16	01/01/98	Toledo	Huntington	\$0.6390	218/223	-	-			
20309/16	04/01/98	Toledo	Huntington	\$0.6390	218/223	-	-			
20309/16	10/01/98	Toledo	Huntington	\$0.6390	218/223	-	-			
218/223	04/01/99	Toledo	Huntington	\$0.6390	Current	\$0.6390	-			
218/223	10/01/99	Toledo	Huntington	\$0.6390	Current	\$0.6390	-			
171	08/01/96	East Chicago	Huntington LPQ	\$0.6660	200/07/12	-	-			

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	1998 Barrels	1998 Revenue	B/D	Barrels	1999 Revenue	B/D	1999 Tariff Revenue Change
200/07/12	01/01/98	East Chicago	Huntington LPG	\$0.6810	220	-	-							
220	04/01/99	East Chicago	Huntington LPG	\$0.6810	222	-	-							
222	10/01/99	East Chicago	Huntington LPG	\$0.6810	Current	\$0.6810	-							
TOTAL Fort-Wayne, IN														
								4,852,270	\$2,957,080	13,294	6,388,618	\$3,959,953	17,503	\$0
190	08/01/97	East Chicago	Avon	\$0.5420	203/09/16	-	-							
203/09/16	01/01/98	East Chicago	Avon	\$0.5470	218/223	-	-							
203/09/16	04/01/98	East Chicago	Avon	\$0.5470	218/223	-	-							
203/09/16	10/01/98	East Chicago	Avon	\$0.5470	218/223	-	-							
218/223	04/01/99	East Chicago	Avon	\$0.5470	Current	\$0.5470	-							
203/09/16	01/01/98	Lima	Avon	\$0.4400	218/223	-	-							
203/09/16	04/01/98	Lima	Avon	\$0.4400	218/223	-	-							
203/09/16	10/01/98	Lima	Avon	\$0.4400	218/223	-	-							
218/223	04/01/99	Lima	Avon	\$0.4400	Current	\$0.4400	-							
218/223	10/01/99	Lima	Avon	\$0.4400	Current	\$0.4400	-							
190	08/01/97	East Chicago	Clermont	\$0.4300	203/09/16	-	-							
203/09/16	01/01/98	East Chicago	Clermont	\$0.4360	218/223	-	-							
203/09/16	04/01/98	East Chicago	Clermont	\$0.4360	218/223	-	-							
203/09/16	10/01/98	East Chicago	Clermont	\$0.4360	218/223	-	-							
218/223	04/01/99	East Chicago	Clermont	\$0.4360	Current	\$0.4360	-							
218/223	10/01/99	East Chicago	Clermont	\$0.4360	Current	\$0.4360	-							
190	08/01/97	Lima	Clermont	\$0.3170	203/09/16	-	-							
203/09/16	01/01/98	Lima	Clermont	\$0.3230	218/223	-	-							
203/09/16	04/01/98	Lima	Clermont	\$0.3230	218/223	-	-							
203/09/16	10/01/98	Lima	Clermont	\$0.3230	218/223	-	-							
218/223	04/01/99	Lima	Clermont	\$0.3230	Current	\$0.3230	-							
218/223	10/01/99	Lima	Clermont	\$0.3230	Current	\$0.3230	-							
190	08/01/97	Robinson	Clermont	\$0.3940	203/09/16	-	-							
203/09/16	01/01/98	Robinson	Clermont	\$0.3970	218/223	-	-							
203/09/16	04/01/98	Robinson	Clermont	\$0.3970	218/223	-	-							
190	08/01/97	Toledo	Clermont	\$0.4090	203/09/16	-	-							
203/09/16	01/01/98	Toledo	Clermont	\$0.4170	218/223	-	-							
203/09/16	04/01/98	Toledo	Clermont	\$0.4170	218/223	-	-							
203/09/16	10/01/98	Toledo	Clermont	\$0.4170	218/223	-	-							
218/223	04/01/99	Toledo	Clermont	\$0.4170	Current	\$0.4170	-							
218/223	10/01/99	Toledo	Clermont	\$0.4170	Current	\$0.4170	-							
218/223	10/01/99	East Chicago	Jolietville	\$0.7550	Current	-	-							
TOTAL Indianapolis, IN														
								3,262,019	\$1,398,690	8,937	3,029,002	\$1,317,337	8,299	\$0

Tariff Number	Effec. Date	Receipt Location	Delivery Location	Tariff Rate	Status/ Repl.	Old Rate	1999 % Change	..... 1998 .....			..... 1999			1999 Tariff Rate and Change
								Barrels	Revenue	B/D	Barrels	Revenue	B/D	
TOTAL Option No. 360								300,827,606	\$150,228,178	824,185	317,911,868	\$161,886,914	870,992	\$72,503
TOTAL All Other								21,741,543	\$8,249,699	59,566	12,774,372	\$5,145,614	34,968	
GRAND TOTAL								322,569,149	\$158,477,877	883,751	330,686,270	\$167,032,529	905,960	

Note: "All Other" includes volumes not addressed in FERC Opinion No. 360 such as intrastate movements, Section 22 tenders, and deliveries to Griffith, IN.

Attachment A.

INFORMATION HAS BEEN REMOVED

FOR PRIVILEGED TREATMENT

Schedules

In Support of

BUCKEYE PIPE LINE COMPANY, L.P.

TARIFF FILING

March 1, 1999

3/1/99

Buckeye Pipe Line Company, L.P.
Schedule A

**CALCULATION OF VOLUME WEIGHTED TARIFF INCREASE
COMPETITIVE MARKETS**

Receipt Location	Delivery Location	FERC Tariff Number	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	Proposed Tariff Change (\$/Bbl.)	Percent	1998 Deliveries Barrels	B/D	Volume Weight (Bbls x %)
Lima	Columbus Vol. Inc.	216	39.2	39.9	0.7	1.79%			
Findlay	Flint Vol. Inc.	216	58.5	59.6	1.1	1.88%			
Lima	Flint Vol. Inc.	216	59.1	60.2	1.1	1.86%			
Toledo	Flint Vol. Inc.	216	49.3	50.2	0.9	1.83%			
All Other						0.00%			
						0.101%	138,212,725	378,665	139,757

3/1/99

Buckeye Pipe Line Company, L.P.
Schedule B

CALCULATION OF INFLATION SUMMARY

GDP Implicit Price Deflator

For Rates Increased or <u>Established</u>	Percent Change in Price <u>Deflator</u>	Plus		<u>Rate Trigger</u>
		2 %		
4/1/1997	0.99	2.00		2.99

3/1/99

**Buckeye Pipe Line Company, L.P.
Schedule B-1**

CALCULATION OF INFLATION

FOR RATES INCREASED APRIL 1, 1998

**GDP Implicit Price Deflator
1992 = 100**

<u>Quarter</u>	<u>Year</u>	<u>Proposed Rates</u>	<u>Quarter</u>	<u>Year</u>	<u>Current Rates</u>
I	1998	112.32	I	1997	111.00
II	1998	112.56	II	1997	111.43
III	1998	112.84	III	1997	111.76
IV	1998	113.07	IV	1997	112.08
Average		112.70	Average		111.60
Percentage Change		0.99%			

EXHIBIT NO. AIR-98

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-57 With respect to Buckeye's response to Request No. AIRLINES-BUCKEYE 7-1 and the documents Bates stamped BUC 01731- 015745 AND BUC 015747 – 015791,

- a. Please provide an explanation of why the financial reports in documents Bates stamped BUC 01731- 015745 AND BUC 015747 – 015791 were prepared.
- b. Please provide an explanation of who the financial reports in documents Bates stamped BUC 01731- 015745 AND BUC 015747 – 015791 were prepared for.
- c. Please provide an explanation of why the financial reports in documents Bates stamped BUC 01731- 015745 AND BUC 015747 – 015791 do not contain a report for Buckeye's Long Island System.
- d. Please provide an explanation of whether financial reports for the Eastern Products System in documents Bates stamped BUC 01731- 015745 and BUC 015747 – 015791 include the financial information for Buckeye's Long Island System.

OBJECTION: Buckeye objects to this request to the extent it seeks information that is not within Buckeye's knowledge, possession, custody or control. Subject to this objection, Buckeye will provide a response.

RESOLUTION OF OBJECTION: The parties have not yet reached a resolution concerning Buckeye's objections to this request, but are currently engaged in ongoing discussions to resolve such objections.

RESPONSE: Buckeye is diligently working on this request and anticipates providing a response by November 21, 2014.

Response prepared by: Counsel for Buckeye

Dated: November 14, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**SIXTH SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Sixth Supplemental Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-57 With respect to Buckeye's response to Request No. AIRLINES-BUCKEYE 7-1 and the documents Bates stamped BUC 01731- 015745 AND BUC 015747 – 015791,

- a. Please provide an explanation of why the financial reports in documents Bates stamped BUC 01731- 015745 AND BUC 015747 – 015791 were prepared.
- b. Please provide an explanation of who the financial reports in documents Bates stamped BUC 01731- 015745 AND BUC 015747 – 015791 were prepared for.
- c. Please provide an explanation of why the financial reports in documents Bates stamped BUC 01731- 015745 AND BUC 015747 – 015791 do not contain a report for Buckeye's Long Island System.
- d. Please provide an explanation of whether financial reports for the Eastern Products System in documents Bates stamped BUC 01731- 015745 and BUC 015747 – 015791 include the financial information for Buckeye's Long Island System.

OBJECTION:

Buckeye objects to this request to the extent it seeks information that is not within Buckeye's knowledge, possession, custody or control. Subject to this objection, Buckeye will provide a response.

RESOLUTION:

Buckeye will respond in accordance with its objection. Buckeye will identify current employees who are likely to have knowledge regarding responsive information and will inquire of those individuals. Any such current employees will be asked whether they are aware of former employees who have responsive knowledge. If any former employees of Buckeye are identified, Buckeye will identify those persons to Airlines in its response.

RESPONSE:

- a. The financial reports in documents Bates stamped BUC 01731- 015745 and BUC 015747 – 015791 were prepared by former Buckeye employees who are no longer with the company. The current Buckeye financial reporting group has no knowledge of the reasons these reports were prepared.
- b. The financial reports in documents Bates stamped BUC 01731- 015745 and BUC 015747 – 015791 were prepared by former Buckeye employees who are no longer with the company. The current Buckeye financial reporting group does has no knowledge about whom the reports were prepared for.
- c. The financial reports in documents Bates stamped BUC 01731- 015745 and BUC 015747 – 015791 were prepared by former Buckeye employees who are no longer with the company. The current Buckeye financial reporting group has no knowledge regarding the reasons these reports do not contain a separate report for Buckeye's Long Island System.

- d. Yes, the financial reports for the Eastern Products System in documents Bates stamped BUC 01731- 015745 and BUC 015747 – 015791 include the financial information for Buckeye's Long Island System.

Response prepared by: Hanh Duong

Dated: December 12, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-58 With respect to Buckeye's response to Request No. AIRLINES-BUCKEYE 7-1 and the documents Bates stamped BUC 015780 – 015791,

- a. Please confirm that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 comprise the total financial information for all of Buckeye's operations, including the Long Island System.
 - i. If not, please present the basis for Buckeye's claim that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 do not comprise the total financial information for all of Buckeye's operations, including the Long Island System.
- b. Given the total Expenses and Allocated G&A for 2000 for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 totals \$104.9 million and Buckeye's 2000 Form 6, page 303 reports total expenses, including G&A expenses, of \$104.4 million, please confirm that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 comprise the total financial information for all of Buckeye's operations, including the Long Island System.
 - i. If not, please present the basis for Buckeye's claim that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 do not comprise the total financial information for all of Buckeye's operations, including the Long Island System.
- c. Given the total Revenue for 2000 for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 totals \$171.9 million and Buckeye's 2000 Form 6, page 301 reports total Revenue of \$171.4 million, please confirm that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 comprise the total financial information for all of Buckeye's operations, including the Long Island System.
 - i. If not, please present the basis for Buckeye's claim that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 do not comprise the total financial information for all of Buckeye's operations, including the Long Island System.

- d. Given the total Transportation Revenue for 2000 for Eastern Products System on the pages Bates stamped BUC 01580 totals \$110.767 million, the total Transportation Revenue less Transit Variation for 2000 for Eastern Products System on the pages Bates stamped BUC 01580 totals \$109.547 million, and the total transportation revenue for the BEAs associated with Buckeye's Eastern Products System in Buckeye's January 19, 2001 Annual Report of Buckeye Pipe Line Company, L.P. on its Market-Based Rates Program in Docket No. IS87-14-000 (the Scranton-Wilkes Barre, PA, Pittsburgh, PA, Harrisburg-York-Lancaster, PA, Syracuse-Utica, NY, Rochester, NY, and Binghamton-Elmira, NY BEAs) totals \$71.343 million, please confirm that the financial information reported for Eastern Products System on the pages Bates stamped BUC 01580 contains the total financial information for Buckeye's Eastern Products System and its Long Island System.
 - i. If not, please present the basis for Buckeye's claim that the financial information reported for Eastern Products System on the pages Bates stamped BUC 01580 does not contain the total financial information for Buckeye's Eastern Products System and its Long Island System.
- e. Given the total Transportation Revenue for 2000 for Eastern Products System on the pages Bates stamped BUC 01580 totals \$110.767 million, the total Transportation Revenue less Transit Variation for 2000 for Eastern Products System on the pages Bates stamped BUC 01580 totals \$109.547 million, and the total transportation revenue for the BEAs associated with Buckeye's Eastern Products System and Long Island System in Buckeye's January 19, 2001 Annual Report of Buckeye Pipe Line Company, L.P. on its Market-Based Rates Program in Docket No. IS87-14-000 (the Scranton-Wilkes Barre, PA, Pittsburgh, PA, Harrisburg-York-Lancaster, PA, Syracuse-Utica, NY, Rochester, NY, Binghamton-Elmira, NY, and New York City BEAs) totals \$106.794 million, please confirm that the financial information reported for Eastern Products System on the pages Bates stamped BUC 01580 contains the total financial information for Buckeye's Eastern Products System and its Long Island System.
 - i. If not, please present the basis for Buckeye's claim that the financial information reported for Eastern Products System on the pages Bates stamped BUC 01580 does not contain the total financial information for Buckeye's Eastern Products System and its Long Island System.

OBJECTION: Buckeye objects to this request to the extent it seeks information that is not within Buckeye's knowledge, possession, custody or control. Subject to this objection, Buckeye will provide a response.

RESOLUTION OF OBJECTION: The parties have not yet reached a resolution concerning Buckeye's objections to this request, but are currently engaged in ongoing discussions to resolve such objections.

RESPONSE: Buckeye is diligently working on this request and anticipates providing a response by November 21, 2014.

Response prepared by: Counsel for Buckeye

Dated: November 14, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**SIXTH SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Sixth Supplemental Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-58 With respect to Buckeye's response to Request No. AIRLINES-BUCKEYE 7-1 and the documents Bates stamped BUC 015780 – 015791,

- a. Please confirm that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 015780, BUC 015782, and BUC 015783 comprise the total financial information for all of Buckeye's operations, including the Long Island System.
 - i. If not, please present the basis for Buckeye's claim that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 015780, BUC 015782, and BUC 015783 do not comprise the total financial information for all of Buckeye's operations, including the Long Island System.
- b. Given the total Expenses and Allocated G&A for 2000 for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 totals \$104.9 million and Buckeye's 2000 Form 6, page 303 reports total expenses, including G&A expenses, of \$104.4 million, please confirm that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 015780, BUC 015782, and BUC 015783 comprise the total financial information for all of Buckeye's operations, including the Long Island System.
 - i. If not, please present the basis for Buckeye's claim that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 do not comprise the total financial information for all of Buckeye's operations, including the Long Island System.
- c. Given the total Revenue for 2000 for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 totals \$171.9 million and Buckeye's 2000 Form 6, page 301 reports total Revenue of \$171.4 million, please confirm that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 comprise the total financial information for all of Buckeye's operations, including the Long Island System.
 - i. If not, please present the basis for Buckeye's claim that the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 01580, BUC 015782, and BUC 015783 do not comprise the total financial information for all of Buckeye's operations, including the Long Island System.

- d. Given the total Transportation Revenue for 2000 for Eastern Products System on the pages Bates stamped BUC 01580 totals \$110.767 million, the total Transportation Revenue less Transit Variation for 2000 for Eastern Products System on the pages Bates stamped BUC 01580 totals \$109.547 million, and the total transportation revenue for the BEAs associated with Buckeye's Eastern Products System in Buckeye's January 19, 2001 Annual Report of Buckeye Pipe Line Company, L.P. on its Market-Based Rates Program in Docket No. IS87-14-000 (the Scranton-Wilkes Barre, PA, Pittsburgh, PA, Harrisburg-York-Lancaster, PA, Syracuse-Utica, NY, Rochester, NY, and Binghamton-Elmira, NY BEAs) totals \$71.343 million, please confirm that the financial information reported for Eastern Products System on the pages Bates stamped BUC 01580 contains the total financial information for Buckeye's Eastern Products System and its Long Island System.
 - i. If not, please present the basis for Buckeye's claim that the financial information reported for Eastern Products System on the pages Bates stamped BUC 01580 does not contain the total financial information for Buckeye's Eastern Products System and its Long Island System.
- e. Given the total Transportation Revenue for 2000 for Eastern Products System on the pages Bates stamped BUC 01580 totals \$110.767 million, the total Transportation Revenue less Transit Variation for 2000 for Eastern Products System on the pages Bates stamped BUC 01580 totals \$109.547 million, and the total transportation revenue for the BEAs associated with Buckeye's Eastern Products System and Long Island System in Buckeye's January 19, 2001 Annual Report of Buckeye Pipe Line Company, L.P. on its Market-Based Rates Program in Docket No. IS87-14-000 (the Scranton-Wilkes Barre, PA, Pittsburgh, PA, Harrisburg-York-Lancaster, PA, Syracuse-Utica, NY, Rochester, NY, Binghamton-Elmira, NY, and New York City BEAs) totals \$106.794 million, please confirm that the financial information reported for Eastern Products System on the pages Bates stamped BUC 01580 contains the total financial information for Buckeye's Eastern Products System and its Long Island System.
 - i. If not, please present the basis for Buckeye's claim that the financial information reported for Eastern Products System on the pages Bates stamped BUC 01580 does not contain the total financial information for Buckeye's Eastern Products System and its Long Island System.

OBJECTION:

Buckeye objects to this request to the extent it seeks information that is not within Buckeye's knowledge, possession, custody or control. Subject to this objection, Buckeye will provide a response.

RESOLUTION:

Buckeye will respond in accordance with its objections. Buckeye will identify current employees who are likely to have knowledge regarding responsive information and will inquire of those individuals. Any such current employees will be asked whether they are aware of

former employees who have responsive knowledge. If any former employees of Buckeye are identified, Buckeye will identify those persons to Airlines in its response.

RESPONSE:

- a. Yes, the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 015780, BUC 015782, and BUC 015783 comprise the total financial information for all of Buckeye's operations, including the Long Island System.
 - i. N/A
- b. Yes, the total Expenses and Allocated G&A for year 2000 in the financial information reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 015780, BUC 015782, and BUC 015783 comprise the total financial information for all of Buckeye's operations, including the Long Island System.
 - i. N/A
- c. Yes, the total Revenue for year 2000 reported for Eastern Products System, the Midwest Products System, and the Jet Lines System on the pages Bates stamped BUC 015780, BUC 015782, and BUC 015783 comprise the total financial information for all of Buckeye's operations, including the Long Island System.
 - i. N/A
- d. Yes, the total Transportation Revenue for 2000 for Eastern Products System on the pages Bates stamped BUC 01580 totals \$110.767 million and the total Transportation Revenue less Transit Variation for 2000 for Eastern Products System on the pages Bates stamped BUC 015780 totals \$109.547 million contain the total financial information for Buckeye's Eastern Products System and its Long Island System.
 - i. N/A
- e. Yes, the financial information reported for Eastern Products System on the pages Bates stamped BUC 015780 contains the total financial information for Buckeye's Eastern Products System and its Long Island System.
 - i. N/A

Response prepared by: Hanh Duong

Dated: December 12, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-15

With respect to Exhibit No. BUC-24, page 28, lines 7-9, please state whether the Linden Asset Team personnel are responsible for all activities on the line from Linden to Newark. If not, please identify the personnel, the Asset Team, and the location of the employees responsible for activities on the line from Linden to Newark.

OBJECTION: No objection.

RESPONSE: The Linden Asset Team personnel who are responsible for mainline pipeline for a portion of the Eastern Product System (Linden to the New Jersey/Pennsylvania State Line for the 603 and 620 Lines) and the Long Island System (Linden to the New Jersey/New York State Line for the 601 and 602 Lines) are located at Linden Station.

a. Linden Asset Team 601 Line Mileage = 2.5 miles

Linden Asset Team 602 Line Mileage = 2.5 miles

Linden Asset Team 607 Line Mileage = 7.0 miles

Linden Asset Team 603 Line Mileage = 75 miles

Linden Asset Team 620 Line Mileage = 75 miles

b. The Macungie Asset Team is responsible for the Eastern Products System mainline segments of the 603 Line and the 620 Line from the New Jersey/Pennsylvania border to Macungie Station in Macungie, Pennsylvania. The Long Island Asset Team is responsible for the mainline segments of the 601 Line and the 602 Line from the New Jersey/New York border at Staten Island, New York and continuing through the remainder of the 601 Line and 602 Line segments of the Long Island System.

Response prepared by: Carl Ostach

Dated: November 14, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
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Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-18

With respect to Exhibit No. BUC-1, page 7, lines 21-23,

- a. Please identify all the RCs that are assigned to Buckeye to directly operate and manage the Long Island System.
- b. Please identify all the RCs that are assigned to Buckeye to directly operate and manage the Eastern Product System.
- c. Please provide, for the period 2010 through 2013, all documents, including emails, reviewed and/or developed by Buckeye, its parent and/or affiliated entities of Buckeye, that discuss or evaluate the assignment of RCs to individual subsystems of Buckeye.

OBJECTION: Buckeye objects to subsection (b) of this request to the extent it seeks information for pipeline systems other than the Long Island System. Information regarding pipeline systems other than the Long Island System are not relevant to any material issue in this proceeding and are not reasonably calculated to lead to the discovery of relevant or admissible evidence. Buckeye objects to subsection (c) of this request as irrelevant, overly broad, and unduly burdensome to the extent it seeks “all documents, including emails, reviewed and/or developed by Buckeye, its parent and /or affiliated entities of Buckeye, that discuss or evaluate the assignment of RCs to individual subsystems of Buckeye.” The request for “all documents, including emails” would require an expensive and time-consuming search of a vast number of electronic and hard-copy documents, many of which have little or no connection to this proceeding and no potential evidentiary value. Furthermore, Buckeye believes that such a search would be unlikely to yield responsive materials, and would take in excess of two months of full-time work to complete. Subject to this objection, Buckeye will provide a response for subsections (a) and (b), and will provide a narrative response for subsection (c) describing the method by which RCs are “assigned” to individual subsystems.

RESOLUTION OF OBJECTION: The parties have not yet reached a resolution concerning Buckeye’s objections to this request, but are currently engaged in ongoing discussions to resolve such objections.

RESPONSE: Buckeye is diligently working on this request and anticipates providing a response by November 21, 2014.

Response prepared by: Counsel for Buckeye

Dated: November 14, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**SECOND SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Second Supplemental Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-18

With respect to Exhibit No. BUC-1, page 7, lines 21-23,

- a. Please identify all the RCs that are assigned to Buckeye to directly operate and manage the Long Island System.
- b. Please identify all the RCs that are assigned to Buckeye to directly operate and manage the Eastern Product System.
- c. Please provide, for the period 2010 through 2013, all documents, including emails, reviewed and/or developed by Buckeye, its parent and/or affiliated entities of Buckeye, that discuss or evaluate the assignment of RCs to individual subsystems of Buckeye.

OBJECTION:

Buckeye objects to subsection (b) of this request to the extent it seeks information for pipeline systems other than the Long Island System. Information regarding pipeline systems other than the Long Island System are not relevant to any material issue in this proceeding and are not reasonably calculated to lead to the discovery of relevant or admissible evidence. Buckeye objects to subsection (c) of this request as irrelevant, overly broad, and unduly burdensome to the extent it seeks “all documents, including emails, reviewed and/or developed by Buckeye, its parent and /or affiliated entities of Buckeye, that discuss or evaluate the assignment of RCs to individual subsystems of Buckeye.” The request for “all documents, including emails” would require an expensive and time-consuming search of a vast number of electronic and hard-copy documents, many of which have little or no connection to this proceeding and no potential evidentiary value. Furthermore, Buckeye believes that such a search would be unlikely to yield responsive materials, and would take in excess of two months of fulltime work to complete. Subject to this objection, Buckeye will provide a response for subsections (a) and (b), and will provide a narrative response for subsection (c) describing the method by which RCs are “assigned” to individual subsystems.

RESOLUTION OF OBJECTION:

Buckeye will fully respond to (a) and (b). With respect to subpart (c), Buckeye will provide any formal policies and/or documents governing the assignment of RCs to individual subsystems of Buckeye.

RESPONSE:

- a. As discussed in Exhibit No. BUC-1, page 4, lines 16-19, each business unit is mapped directly to a legal entity, such as Buckeye, and where applicable, to a subsystem, such as the LIS. This mapping is not predicated upon Buckeye’s field operations management structure, described in Exhibit No. BUC-1 at pages 7-9, which involves RCs, Asset Teams, and Districts.

While costs are recorded at the business unit level, it is not practical to manage assets and operations at the same level. For example, it is not practical to have a separate manager

that is responsible for each business unit, as a business unit may consist of a single segment of pipe. Therefore, for managerial purposes, Buckeye has grouped functionally and/or geographically-related business units into RCs, and has appointed a manager for each RC. Similarly, functionally and/or geographically-related RCs are grouped into Asset Teams, which are under the control of the Asset Team Manager, and so on. This organizational structure facilitates management's control and delegation of decision-making authority by organizing reporting relationships in a meaningful and manageable structure that enhances the effectiveness of the management process. For example, District Directors' direct supervisory responsibility is limited to the oversight of the activities of Asset Team Operations Managers, rather than those of each employee of each RC comprising the Asset Team, thereby allowing for effective and efficient delegation of authority and administration of daily operational activities, asset maintenance, management of costs, budgetary controls, and other essential functions.

For these reasons, RCs are not necessarily uniquely assigned to a particular subsystem. Rather, an RC may be comprised of business units that are mapped to different subsystems and joint-use facilities, to the extent that management of those assets is facilitated by grouping them together under a single RC manager. The table below lists RCs that are directly involved in the operation and management of Buckeye's LIS, EPS, and Joint-use Facilities, including Linden, Port Reading, and Sewaren.

Buckeye Pipe Line Company, L.P.	
Listing of RCs Related to LIS, EPS and Shared (Joint-Use) Locations	
System	Responsibility Center
LIS	112 - LONG ISLAND
	201 - LINDEN
EPS	002 - EASTERN SYSTEM
	201 - LINDEN
	211 - MACUNGIE
	222 - MECHANICSBURG - LPL
	228 - CORAOPOLIS - BPL
	243 - AUBURN
LINDEN	112 - LONG ISLAND
	201 - LINDEN
PORT READING	112 - LONG ISLAND
	201 - LINDEN
SEWAREN	201 - LINDEN

- b. Please see Buckeye's response to subsection (a).
- c. As discussed in the response to subsection (a) above, RCs are not specifically assigned to a subsystem. Accordingly, an RC may be comprised of business units that are mapped to different subsystems and joint-use facilities, as shown in the table above. Essentially, the management structure hierarchy, which involves business units RCs, Asset Teams, and Districts, although correlated, is independent from the accounting system hierarchy, which involves business units, subsystems, and legal entities. Although both hierarchies

start with business units (the lowest level of expense, investment, and revenue accumulation and identification, as discussed in Exhibit No. BUC-1, page 4, lines 9-10), business units are the sole common element between the two hierarchies. Accordingly, any relationship between an RC and a subsystem is merely an indirect relationship, predicated upon the mapping of the business units included within the RC. Therefore, considering these facts and circumstances, there are no responsive documents that govern the assignment of RCs to individual subsystems of Buckeye.

Response prepared by: Cyril J. Hahamski

Dated: November 21, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
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Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-19
page 9, line 9,

With respect to Exhibit No. BUC-1, page 8, line 15 through

- a. Please identify all the Asset Teams, and the associated RCs, that are assigned to Buckeye to directly operate and manage the Long Island System.
 - i. Please identify the District Director that each Asset Team reports to.
 - (a) For each District Director identified, please identify all Asset Teams that report to the District Director and identify the Vice President of Domestic Field Operations who the District Director reports to.
 - (1) For each Vice President of Domestic Field Operations identified, please identify all District Directors who report to the Vice President of Domestic Field Operations.
- b. Please identify all the Asset Teams, and the associated RCs, that are assigned to Buckeye to directly operate and manage the Eastern Product System.
 - i. For each District Director identified, please identify all Asset Teams that report to the District Director and identify the Vice President of Domestic Field Operations who the District Director reports to.
 - (a) For each Vice President of Domestic Field Operations identified, please identify all District Directors who report to the Vice President of Domestic Field Operations.
- c. Please provide all documents, including emails, developed and/or reviewed by Buckeye management, or parent or affiliated entities of Buckeye (*i.e.*, at the District Director level and above), that discuss and/or evaluate the assignment of Asset Teams, and the associated RCs, to individual subsystems of Buckeye.

OBJECTION: Buckeye objects to subsections (b) and (c) of this request to the extent it seeks information for pipeline systems other than the Long Island System. Information regarding pipeline systems other than the Long Island System are not relevant to any material issue in this proceeding and are not reasonably calculated to lead to the discovery of relevant or admissible evidence. Buckeye further objects to subsection (c) of this request as irrelevant, overly broad, and unduly burdensome to the extent it seeks “all documents, including emails, developed and/or reviewed by Buckeye management, or parent or affiliated entities of Buckeye, that discuss and/or evaluate the assignment of Asset Teams and the associated RCs, to individual subsystems of Buckeye.” The request for “all documents, including emails ...” would require an expensive and time consuming search of a vast number of documents, many of which have little or no connection to this proceeding and no potential evidentiary value. Furthermore, Buckeye believes that such a search would be unlikely to yield responsive materials, and would take in excess of two months of full-time work to complete. Subject to this objection, Buckeye will provide a response for subsections (a) and (b), and will provide a narrative response for subsection (c) describing the method by which Asset Teams are “assigned” to individual subsystems.

RESOLUTION OF OBJECTION: The parties have not yet reached a resolution concerning Buckeye's objections to this request, but are currently engaged in ongoing discussions to resolve such objections.

RESPONSE: Buckeye is diligently working on this request and anticipates providing a response by November 21, 2014.

Response prepared by: Counsel for Buckeye

Dated: November 14, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
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v.)	
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Buckeye Pipe Line Company, L.P.)	

**SECOND SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Second Supplemental Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-19
page 9, line 9,

With respect to Exhibit No. BUC-1, page 8, line 15 through

- a. Please identify all the Asset Teams, and the associated RCs, that are assigned to Buckeye to directly operate and manage the Long Island System.
 - i. Please identify the District Director that each Asset Team reports to.
 - (a) For each District Director identified, please identify all Asset Teams that report to the District Director and identify the Vice President of Domestic Field Operations who the District Director reports to.
 - (1) For each Vice President of Domestic Field Operations identified, please identify all District Directors who report to the Vice President of Domestic Field Operations.
- b. Please identify all the Asset Teams, and the associated RCs, that are assigned to Buckeye to directly operate and manage the Eastern Product System.
 - i. For each District Director identified, please identify all Asset Teams that report to the District Director and identify the Vice President of Domestic Field Operations who the District Director reports to.
 - (a) For each Vice President of Domestic Field Operations identified, please identify all District Directors who report to the Vice President of Domestic Field Operations.
- c. Please provide all documents, including emails, developed and/or reviewed by Buckeye management, or parent or affiliated entities of Buckeye (*i.e.*, at the District Director level and above), that discuss and/or evaluate the assignment of Asset Teams, and the associated RCs, to individual subsystems of Buckeye.

OBJECTION:

Buckeye objects to subsections (b) and (c) of this request to the extent it seeks information for pipeline systems other than the Long Island System. Information regarding pipeline systems other than the Long Island System are not relevant to any material issue in this proceeding and are not reasonably calculated to lead to the discovery of relevant or admissible evidence. Buckeye further objects to subsection (c) of this request as irrelevant, overly broad, and unduly burdensome to the extent it seeks “all documents, including emails, developed and/or reviewed by Buckeye management, or parent or affiliated entities of Buckeye, that discuss and/or evaluate the assignment of Asset Teams and the associated RCs, to individual subsystems of Buckeye.” The request for “all documents, including emails ...” would require an expensive and time consuming search of a vast number of documents, many of which have little or no connection to this proceeding and no potential evidentiary value. Furthermore, Buckeye believes that such a search would be unlikely to yield responsive materials, and would take in excess of two months of full-time work to complete. Subject to this objection, Buckeye will provide a response for subsections (a) and (b), and will provide a narrative response for subsection (c) describing the method by which Asset Teams are “assigned” to individual

subsystems.

RESOLUTION OF OBJECTION:

Buckeye will fully respond to (a) and (b). With respect to subpart (c), Buckeye will provide any formal policies and/or documents governing the assignment of Asset Teams, and the associated RCs, to individual subsystems of Buckeye.

RESPONSE:

- a. As discussed in Buckeye's response to AIRLINES-BUCKEYE 9-18, Asset Teams and associated RCs are not specifically assigned to a particular subsystem of Buckeye. The table below lists Asset Teams and associated RCs that are directly involved in the operation and management of Buckeye's LIS, EPS, and Joint-use Facilities, including Linden, Port Reading, and Sewaren.

Buckeye Pipe Line Company, L.P.		
Listing of Asset Teams and RCs Related to LIS, EPS and Shared (Joint-Use) Locations		
System	Asset Team	Responsibility Center
LIS	LONG ISLAND	112 - LONG ISLAND
	LINDEN	201 - LINDEN
EPS	N/A	002 - EASTERN SYSTEM
	LINDEN	201 - LINDEN
	MACUNGIE PIPE	211 - MACUNGIE
	MECHANICSBURG	222 - MECHANICSBURG - LPL
	CORAOPOLIS	228 - CORAOPOLIS - BPL
	AUBURN PIPELINE	243 - AUBURN
LINDEN	LONG ISLAND	112 - LONG ISLAND
	LINDEN	201 - LINDEN
PORT READING	LONG ISLAND	112 - LONG ISLAND
	LINDEN	201 - LINDEN
SEWAREN	LINDEN	201 - LINDEN

- i. Please see the table below, listing the District Director to whom each Asset Team reports.

Buckeye Pipe Line Company, L.P.			
Listing of District Directors, Asset Teams, and RCs Related to LIS, EPS and Shared (Joint-Use) Locations			
System	District/ District Director	Asset Team	Responsibility Center
LIS	NORTHEAST DISTRICT/ Joseph Votta	LONG ISLAND	112 - LONG ISLAND
	NORTHEAST DISTRICT/ Joseph Votta	LINDEN	201 - LINDEN
EPS	N/A	N/A	002 - EASTERN SYSTEM
	NORTHEAST DISTRICT/ Joseph Votta	LINDEN	201 - LINDEN
	EAST DISTRICT/ Jeffrey Mattis	MACUNGIE PIPE	211 - MACUNGIE
	CENTRAL DISTRICT/ Steven Koehler	MECHANICSBURG	222 - MECHANICSBURG - LPL
	CENTRAL DISTRICT/ Steven Koehler	CORAOPOLIS	228 - CORAOPOLIS - BPL
	EAST DISTRICT/ Jeffrey Mattis	AUBURN PIPELINE	243 - AUBURN
LINDEN	NORTHEAST DISTRICT/ Joseph Votta	LONG ISLAND	112 - LONG ISLAND
	NORTHEAST DISTRICT/ Joseph Votta	LINDEN	201 - LINDEN
PORT READING	NORTHEAST DISTRICT/ Joseph Votta	LONG ISLAND	112 - LONG ISLAND
	NORTHEAST DISTRICT/ Joseph Votta	LINDEN	201 - LINDEN
SEWAREN	NORTHEAST DISTRICT/ Joseph Votta	LINDEN	201 - LINDEN

(a) Please see to the table below, listing the Asset Teams that report to each District Director identified above.

Buckeye Pipe Line Company, L.P.	
Buckeye Pipe Line Company Asset Team Reporting Assignments to District Directors	
Asset Team	DISTRICT
CENTRAL DISTRICT TEAM	CENTRAL DISTRICT/ Steven Koehler
CORAOPOLIS	
LIMA PIPELINES	
MANTUA	
MECHANICSBURG	
TOLEDO	EAST DISTRICT/ Jeffrey Mattis
WAYNE PIPELINE	
AUBURN PIPELINE	
EAST DISTRICT TEAM	
JET LINES	
MACUNGIE PIPE	NORTHEAST DISTRICT/ Joseph Votta
LINDEN	
LONG ISLAND	

All District Directors report to Mr. Carl Ostach, Vice President of Domestic Field Operations.

(1) Please see the documents Bates labeled BUC 001138-001253, which contains an organization chart that lists all District Directors who report to Mr. Carl Ostach, Vice President of Domestic Field Operations.

b. Please see Buckeye's response to subpart a. above.

- i. Please refer to Buckeye's response to subpart a (i) above.
 - (a) Please refer to Buckeye's response to subpart a(i) (a) above.
- c. As discussed in the response to AIRLINES-BUCKEYE 9-18 above, the management structure hierarchy, which involves BUs, RCs, Asset Teams, and Districts, although correlated, is independent from the accounting system hierarchy, which involves BUs, subsystems, and legal entities. Although both hierarchies start with BUs, the lowest level of expense, investment, and revenue accumulation and identification, as discussed in Exhibit No. BUC-1, page 4, lines 9-10, BUs are the sole common element between the two hierarchies. Accordingly, any relationship between an Asset Team, RC, and a subsystem is merely an indirect relationship, predicated upon the mapping of the BUs included within the RC. In other words, Asset Teams and RCs are not specifically assigned to a subsystem, since the subsystem mapping is performed at the BU level, rather than the Asset Team or RC level. Accordingly, an Asset Team or an RC may be comprised of business units that are mapped to different subsystems and joint-use facilities. Therefore, considering the facts and circumstances outlined above, there are no responsive documents that govern the assignment of Asset Teams and RCs to individual subsystems of Buckeye.

Response prepared by: Cyril J. Hahamski

Dated: November 21, 2014

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
TENTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Tenth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye in the above-captioned proceeding.

AIRLINES-BUCKEYE 10-13 With respect to BUC-24, at p. 30, lines 1-11, please identify how many of the 33 employees comprising the Linden Asset Team held Certificates of Fitness from the FDNY in 2011 and 2012.

- a. For those Linden Asset Team employees holding Certificates of Fitness from the FDNY in 2011 and 2012, provide the following:
 - i. The year each such employee obtained his or her Certificate of Fitness.
 - ii. The amount of time and money expended by Buckeye in 2011 and 2012 for each employee to receive his or her certificate.
 - iii. The amount of time and money expended by Buckeye in 2011 and 2012 for each employee to become recertified.

OBJECTION: No objection.

RESPONSE: Buckeye is diligently working on this request and anticipates providing a response to this request by December 1, 2014.

Response prepared by: Counsel for Buckeye

Dated: November 24, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**FIRST SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE TENTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its First Supplemental Responses to the Tenth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye in the above-captioned proceeding.

AIRLINES-BUCKEYE 10-13 With respect to BUC-24, at p. 30, lines 1-11, please identify how many of the 33 employees comprising the Linden Asset Team held Certificates of Fitness from the FDNY in 2011 and 2012.

- a. For those Linden Asset Team employees holding Certificates of Fitness from the FDNY in 2011 and 2012, provide the following:
 - i. The year each such employee obtained his or her Certificate of Fitness.
 - ii. The amount of time and money expended by Buckeye in 2011 and 2012 for each employee to receive his or her certificate.
 - iii. The amount of time and money expended by Buckeye in 2011 and 2012 for each employee to become recertified.

OBJECTION: No objection.

RESPONSE: There were 10 Linden Asset Team members that held Certificates of Fitness from the Fire Department of New York for Pipeline Operations in 2011 and 2012.

- a. [No response required]
 - i. See the Linden 2011 & 2012 – Certificate of Fitness for Fire Guard, Welder, Line Inspector or Operator table on the document marked BUC 23926.
 - ii. The initial certification fee (\$25) and the re-certification fee (\$15) per employee were minimal. Re-certification is required every three years.
 - iii. The costs to re-certify Linden employees in 2011 and 2012 were minimal.

Response prepared by: Carl Ostach

Dated: December 1, 2014

EXHIBIT NO. AIR-103

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

**BUCKEYE PIPE LINE COMPANY, L.P.**

STEVEN R. TRAPANI
Manager Pipeline Tariffs
Tel: 610-904-4635
E-Mail: strapani@buckeye.com

Five TEK Park
9999 Hamilton Blvd.
Breinigsville, PA 18031
Tel: 610-904-4635
Fax: 610-904-4548

August 30, 2011

Transmittal No. 178

OIL TARIFF FILING

To the Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

The accompanying tariffs, issued by Buckeye Pipe Line Company, L.P. ("Buckeye") on August 30, 2011, to become effective October 1, 2011, are sent to you for filing in compliance with the rules and regulations of the Federal Energy Regulatory Commission and the requirements of the Interstate Commerce Act. These tariffs change rates as permitted under Commission Opinion No. 360.

FERC No. 437.3.0 (Cancels FERC No. 437.2.0)
FERC No. 438.3.0 (Cancels FERC No. 438.2.0)
FERC No. 439.2.0 (Cancels FERC No. 439.1.0)
FERC No. 440.2.0 (Cancels FERC No. 440.1.0)
FERC No. 441.2.0 (Cancels FERC No. 441.1.0)
FERC No. 442.4.0 (Cancels FERC No. 442.3.0)
FERC No. 443.2.0 (Cancels FERC No. 443.1.0)
FERC No. 444.3.0 (Cancels FERC No. 444.2.0)
FERC No. 445.3.0 (Cancels FERC No. 445.2.0)
FERC No. 446.3.0 (Cancels FERC No. 446.2.0)
FERC No. 447.2.0 (Cancels FERC No. 447.1.0)
FERC No. 448.2.0 (Cancels FERC No. 448.1.0)
FERC No. 449.3.0 (Cancels FERC No. 449.2.0)
FERC No. 450.2.0 (Cancels FERC No. 450.1.0)
FERC No. 452.2.0 (Cancels FERC No. 452.1.0)

The proposed rate changes in this tariff filing in markets where Buckeye has been found to lack significant market power reflect an average volume-weighted increase of 4.4956% (see attached Schedule A). No individual rate increase in these markets exceeds the rate cap pursuant to the guidelines established in Buckeye's program of rate regulation (see section A of item 120 in FERC Tariff No. 436.1.0). The majority of the individual rate increases in the markets where Buckeye has been found to lack significant market power do not exceed the rate trigger (see attached Schedule B and B-1) pursuant to the guidelines established in Buckeye's program of rate

Federal Energy Regulatory Commission
August 30, 2011

regulation (see section A of item 120 in FERC Tariff No. 436.1.0). The exception to this is for volumes originating in New Jersey (Linden, Paulsboro, Port Reading, Sewaren,) and Macungie, PA, to delivery points in central and western Pennsylvania (Tuckerton, Sinking Spring, Highspire, Mechanicsburg, Carlisle, El Dorado, Delmont, Greensburg, Indianola, Pittsburgh, Pittsburgh Airport, Neville Island, Coraopolis and Midland). The rate exceptions are found in the Table of Rates of FERC Tariff No. 442.4.0 and in Table 1 Base Rates of FERC Tariff No. 444.3.0. These rate increases exceed the rate trigger established by The Commission in Opinion No. 360; however the rate cap is not exceeded in any circumstance (see attached Schedules D and E). These increased rates are being implemented as Buckeye is in the process of making significant infrastructure improvements on the line segment between Linden, NJ, to Macungie, PA in order to expand the capacity. This expansion will allow for increased volumes from all noted origins to all noted destinations. Volumes on this line segment have often been near capacity, and the line has been prorated twice during 2011, resulting in significant delivery disruptions and delayed shipments into western Pennsylvania destinations. Shippers have been broadly supportive of this initiative.

All changes in rates in markets where Buckeye has been found to have significant market power are less than the corresponding 4.4956% volume-weighted average of increases imposed in the competitive markets during the same period. A detailed listing of percentage rate changes for all Buckeye rates in this tariff filing is provided in Schedule C.

In FERC No. 437.3.0, the expiration date has been changed from December 31, 2011 to December 31, 2012.

In FERC No. 444.3.0, Table 2 has been modified to more clearly indicate the current applicable rate from Tioga Junction, PA to the Pittsburgh airport, PA; notes have also been modified to clarify the derivation of the rates.

In FERC No. 445.3.0, in Table 2 Excess Volume Rate, the dates have been modified to indicate the applicable time period is for May 1, 2011 through April 30, 2012. Volume has also been modified to account for 366 days in the current applicable time period.

Request for Confidential Treatment

This Transmittal Letter and the attached Schedules A, B, C, D and E are being submitted in duplicate. One version is being submitted for public viewing, while one version is being submitted as privileged. The difference between the two submittals is that Schedule A of the privileged version contains confidential information with data relating to the volumes associated with individual rates. The public version has this information redacted.

Pursuant to 18 CFR §388.112, Buckeye requests that the information in the privileged version be withheld from public disclosure and exempted from the mandatory public disclosure requirements of the Freedom of Information Act, 5 U.S.C. §552.

Federal Energy Regulatory Commission
August 30, 2011

Several reasons support non-public treatment of this data: (1) 49 U.S.C §15(13) (1978) prohibits Buckeye from publishing individual rates (*i.e.*, origin-destination) volume data and (2) release of rate-specific volume information would cause Buckeye competitive harm.

(1) Section 15(13). Section 15(13) of the Interstate Commerce Act prohibits disclosure by common carriers of information pertaining to the business activities of their shippers¹. A number of the origin and/or destination points of Buckeye's filed rates have only one, or a few shippers. Therefore, disclosing the volume of petroleum products moved between these origin and destination points would in effect disclose a shipper's product movements to its competitors.

Such a result would be contrary to the Act. The intent of §15(13) is to protect shippers from the competitive harm that inevitably flows from disclosures that would enable the shippers' competitors to determine the nature or extent of their transportation on a particular common carrier. The Chief Administrative Law Judge has consistently recognized that under section 15(13) the production of shipper data should be compelled only subject to a protective order, to "preclude disclosure of competitively sensitive information, which could be used to the detriment of a shipper." Williams Pipeline Company, 51 FERC ¶ 63,024 (1990); see also, Southern Pacific Pipe Lines, Inc., 35 FERC ¶ 63,044 (1986). For these reasons, the volume and revenue data from individual rates should be treated as confidential, non-public information.

(2) Competitive Harm to Buckeye. The rate-by-rate volume data would also provide an unfair advantage to Buckeye's competitors. To the best of Buckeye's knowledge, volume data on an origin-destination basis is not reported to this Commission by any oil pipeline. Oil pipelines treat such data as confidential business information. If Buckeye were to regularly be required to disclose detailed information about its volumes on an origin-destination basis, Buckeye's competitors could use this data to Buckeye's competitive harm. In contrast, Buckeye has no corresponding information about the volumes of rival pipelines and other competitors.

Requiring public disclosure here would be particularly inappropriate in light of the Commission's finding that Buckeye lacks significant market power in most of its markets. The commission acknowledged this point when it gave Buckeye an

¹ "It shall be unlawful, for any common carrier subject to the provisions of this part, or any officer, agent, or employee of such common carrier, or for any other person or corporation lawfully authorized by such common carrier to receive information therefrom knowingly to disclose to or permit to be acquired by any person or corporation other than the shipper or consignee, without the consent of such shipper or consignee, any information concerning the nature, kind, quantity, destination, consignee, or routing of any property tendered to such common carrier for the interstate transportation, which information may be used to the detriment or prejudice of such shipper or consignee, or which may improperly disclose his business transactions to a competitor; and it shall also be unlawful for any person or corporation to solicit or knowingly receive any such information which may be so used."

Federal Energy Regulatory Commission
August 30, 2011

opportunity to establish that it lacked significant market power and to demonstrate an entitlement to "light-handed" regulation.²

I hereby certify that I have, on or before the date of issue, sent copies of the publication listed herein to all subscribers thereto in accordance with the requirements of 18 CFR §342(a). Any communications concerning this filing should also be addressed to Steven Trapani at the address indicated above or by telephone at 610-904-4635. Pursuant to 18 CFR §343.3 of the Commission's regulations, it is requested that any protest to this tariff filing be sent via facsimile to the undersigned at 610-904-4548.

BUCKEYE PIPE LINE COMPANY, L.P.

By: Clark C. Smith – President

Per: 
Steven R. Trapani

² Buckeye Pipe Line Company, L.P. 44 FERC ¶ 61,066 (1988). There, the Commission specifically recognized that if Buckeye were to show that it lacks significant market power, Buckeye might be subject to public disclosure of only "generalized" cost information, in contrast to companies regulated as traditional utilities. Id. at 61,185-187.

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 437.3.0
(Cancels FERC No. 437.2.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation By Exchange Of

REFINED PETROLEUM PRODUCTS

From

POINTS IN OHIO

To

POINTS IN PENNSYLVANIA

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

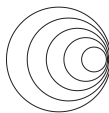
Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destinations
named herein are within a market where Buckeye does not have significant market power.

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

ISSUED: AUGUST 30, 2011

EFFECTIVE: OCTOBER 1, 2011
EXPIRES: DECEMBER 31, [W] 2012 2011

Issued by:
CLARK C. SMITH
President,
Mainline L.P.
General Partner of
Buckeye Pipe Line Company, L.P.
Five TEK Park
9999 Hamilton Blvd.
Breinigsville, PA 18031



Compiled by:
STEVEN R. TRAPANI
Buckeye Pipe Line Company, L.P.
Five TEK Park
9999 Hamilton Blvd.
Breinigsville, PA 18031
(610) 904-4635
strapani@buckeye.com

TABLE OF RATES

Rates in Cents Per Barrel of 42 United States Gallons

<div>ⓘ Increase: All rates on this page are increased.</div> <div>TO: County</div> <div>(Destinations) Code</div>			FROM: (Origin)	
			OHIO	
			LIMA	TOLEDO
			Allen	Lucas
			LA	DS
PENNSYLVANIA				
BOOTH	Delaware	BH	229.64	229.64
CHELSEA JUNCTION	Philadelphia	CH	229.64	229.64
GIRARD POINT	Philadelphia	GP	229.64	229.64

Notes:

There is no physical lifting to named destinations. Shipments to named destinations shall be limited to fungible batches of gasoline and distillates. Notwithstanding any other limitations, products tendered as an exchange between origins and destinations named herein will be accepted only when carrier can deliver corresponding fungible product tendered from other origins.

Explanation of Reference Marks:

[I] Increase

[W] Change in Wording Only

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 438.3.0
(Cancels FERC No. 438.2.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation Of

REFINED PETROLEUM PRODUCTS

From

NEW HAVEN, CONNECTICUT

To Points In

CONNECTICUT AND MASSACHUSETTS

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

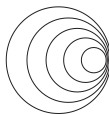
Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destinations
named herein are within markets where Buckeye does not have significant market power.

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

ISSUED: AUGUST 30, 2011

EFFECTIVE: OCTOBER 1, 2011

Issued by:
CLARK C. SMITH
President,
Mainline L.P.
General Partner of
Buckeye Pipe Line Company, L.P.
Five TEK Park
9999 Hamilton Blvd.
Breinigsville, PA 18031



Compiled by:
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Five TEK Park
9999 Hamilton Blvd.
Breinigsville, PA 18031
(610) 904-4635
strapani@buckeye.com

TABLE OF RATES

Rates in Cents Per Barrel of 42 United States Gallons

TO: (Destinations) ⁽¹⁾ County Code			FROM: (Origins)	
			CONNECTICUT	
			NEW HAVEN	
			New Haven	
			AA BA BB EN EW	
			Distillates	Gasolines
CONNECTICUT				
NEW HAVEN	New Haven	(3)	12.34	12.34
MIDDLETOWN	Middlesex	RW	58.91	35.62
PORTLAND	Middlesex	RW		
EAST HARTFORD	Hartford	FD	68.19	44.35
HARTFORD (MAIN STREET)	Hartford	AJ		
ROCKY HILL	Hartford	RY		
WETHERSFIELD	Hartford	WE		
ENFIELD	Hartford	FA	90.01	-
MELROSE	Hartford	NC		
BRADLEY INTERNATIONAL AIRPORT	Hartford	DY	90.33	-
MASSACHUSETTS				
LUDLOW	Hampden	LD	97.05	-
SPRINGFIELD	Hampden	(2)		
WESTOVER	Hampden	SR		

Notes:

- (1) Exception to FERC No. 436.1.0 (Rules and Regulations) - Item No. 25: The minimum batch size is 5,000 barrels.
- (2) Springfield includes delivery points: Springfield Junction (GD), Bay Street (BS), Albany Street (AY), Agnew Street Junction (GW), and North Springfield (NG).
- (3) New Haven Location Abbreviation Codes are: (AA) (BA) (BB) (EN) (EW)

Explanation of Reference Marks:

[I] Increase

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 439.2.0
(Cancels FERC No. 439.1.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL AND TRANSFER TARIFF

Applying On The Transportation Of
REFINED PETROLEUM PRODUCTS

From Points In

NEW JERSEY

To Points In

NEW YORK

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destinations
named herein are within markets where no determination was made concerning Buckeye's market power.

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

ISSUED: AUGUST 30, 2011

EFFECTIVE: OCTOBER 1, 2011

Issued by:
CLARK C. SMITH
President,
Mainline L.P.
General Partner of
Buckeye Pipe Line Company, L.P.
Five TEK Park
9999 Hamilton Blvd.
Breinigsville, PA 18031



Compiled by:
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(610) 904-4635
strapani@buckeye.com

TABLE OF RATES

Rate in Cents Per Barrel of 42 United States Gallons

TO: (Destinations)			FROM: (Origins)		
			NEW JERSEY		
			LINDEN <i>Union</i>	PORT READING <i>Middlesex</i>	SEWAREN <i>Middlesex</i>
County		Product			
		Code	LN	PR	SA
NEW YORK					
INWOOD	<i>Nassau</i>	IW	Gasolines & Distillates	53.51	53.51
			Aviation Turbine Fuel	64.60	64.60
LINDEN	<i>Union</i>	LN	All Products	10.20	-
LONG ISLAND CITY	<i>Queens</i>	LY	All Products	51.65	51.65

Special Products Handling Charge:

A special handling charge of seven and twelve hundredths cents (7.12¢) per barrel will be added for all unfinished or sub-grade gasolines including Reformulated Gasoline Blend Stock for Oxygen Blending (RBOB) and Conventional Gasoline Blend Stock for Oxygen Blending (CBOB).

Notes:

Distillate volumes will be handled on a best efforts basis.

Explanation of Reference Marks:

[I] Increase

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 440.2.0
(Cancels FERC No. 440.1.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation Of

AVIATION TURBINE FUEL

From Points In

NEW JERSEY

To Points In

NEW JERSEY AND NEW YORK

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destinations
named herein are within markets where no determination was made concerning Buckeye's market power.

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

ISSUED: AUGUST 30, 2011

EFFECTIVE: OCTOBER 1, 2011

Issued by:
CLARK C. SMITH
President,
Mainline L.P.
General Partner of
Buckeye Pipe Line Company, L.P.
Five TEK Park
9999 Hamilton Blvd.
Breinigsville, PA 18031



Compiled by:
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strapani@buckeye.com

TABLE OF RATES

Rate in Cents Per Barrel of 42 United States Gallons

TO: (Destinations)			FROM: (Origins)		
			NEW JERSEY		
			LINDEN	PORT READING	SEWAREN
			<i>Union</i>	<i>Middlesex</i>	<i>Middlesex</i>
County		Code	LN	PR	SA
NEW JERSEY					
NEWARK INTERNATIONAL AIRPORT	<i>Union</i>	NW	50.78		
NEW YORK					
J.F. KENNEDY INTERNATIONAL AIRPORT	<i>Queens</i>	JK	64.60		
LA GUARDIA AIRPORT	<i>Queens</i>	LG	54.13		

Aviation Turbine Fuel:

When aviation turbine fuel tendered for transportation under this tariff fails at a point of origin to meet quality standards as prescribed by the Carrier for the listed items, Carrier will assess the following additional charges:

- (a) undissolved water - one and eighty-eight hundredths cents (1.88¢) per barrel.
- (b) filter membrane color - three and fifty-six hundredths cents (3.56¢) per barrel for filter membrane color rating five (5) or six (6); or five and twenty-three hundredths cents (5.23¢) per barrel for filter membrane color rating seven (7) or eight (8); or six and ninety hundredths cents (6.90¢) per barrel for any darker rating.
- (c) surfactants - three and fifty-six hundredths cents (3.56¢) per barrel.

When aviation turbine fuel fails to meet quality standards for more than one of the above properties, the charges will be additive.

Aviation Turbine Fuel will be transported on a fungible basis and must meet specifications established by Carrier. Fungible specifications are available from Carrier upon request at the address or phone number shown on first page.

Explanation of Reference Marks:

[I] Increase

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 441.2.0
(Cancels FERC No. 441.1.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation Of
REFINED PETROLEUM PRODUCTS

From Points In
NEW JERSEY AND PENNSYLVANIA
To Points In
NEW YORK

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destinations
named herein are within markets where Buckeye has been found to have significant market power.

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

ISSUED: AUGUST 30, 2011

EFFECTIVE: OCTOBER 1, 2011

Issued by:
CLARK C. SMITH
President,
Mainline L.P.
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TABLE OF RATES

TO: County (Destinations) <div> <div>[I] Increase:</div> <div>All rates on this page are increased.</div> </div>			FROM: (Origins)			
			NEW JERSEY			PENNSYLVANIA
			LINDEN	PAULSBORO	PORT READING or SEWAREN	MACUNGIE
			<i>Union</i>	<i>Gloucester</i>	<i>Middlesex</i>	<i>Lehigh</i>
	Code		LN	PY	PR / SA	ZG
NEW YORK						
BREWERTON	<i>Oswego</i>	BW	190.78	190.78	194.96	156.35
BUFFALO ⁽¹⁾	<i>Erie</i>	BO	189.33	-	193.51	157.57
CALEDONIA	<i>Livingston</i>	CD	190.30	190.30	194.48	155.89
GENEVA	<i>Ontario</i>	GS	180.35	180.35	184.53	145.94
LIVERPOOL	<i>Onondaga</i>	LP	186.81	186.81	190.99	152.41
MARCY	<i>Oneida</i>	CY	198.58	198.58	202.76	164.17
ROCHESTER	<i>Monroe</i>	RC	189.36	-	193.54	156.04
UTICA	<i>Oneida</i>	CA	198.58	198.58	202.76	164.17
VAN BUREN	<i>Onondaga</i>	VB	185.74	-	189.92	152.41
VERONA	<i>Oneida</i>	ZR	192.01	192.01	196.19	-
VESTAL	<i>Broome</i>	ZL	171.27	-	175.45	137.84

Special Products Handling Charge:

A special handling charge of seven and twelve hundredths cents (7.12¢) per barrel will be added to all rates in this tariff for transportation of all unfinished or sub-grade gasolines including Reformulated Gasoline Blend Stock for Oxygen Blending (RBOB) and Conventional Gasoline Blend Stock for Oxygen Blending (CBOB).

Notes:

(1) Products destined for Buffalo are limited to fungible batches of gasoline and distillate.

Explanation of Reference Marks:

[I] Increase

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 442.4.0
(Cancels FERC No. 442.3.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL AND PROPORTIONAL TARIFF

Applying On The Transportation Of

REFINED PETROLEUM PRODUCTS

From

POINTS IN NEW JERSEY AND PENNSYLVANIA

To

POINTS IN PENNSYLVANIA

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destinations
named herein are within markets where Buckeye does not have significant market power.

- ★ This tariff contains rates that are lower for longer distance over the same route. Such departure from
the amended Fourth Section of the Interstate Commerce Act is permitted by Authority of FERC Fourth
Section blanket approval in Docket No. FS92-4-000 issued July 15, 1992.

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TABLE OF RATES

Rates in Cents Per Barrel of 42 United States Gallons

<div><div>[I] Increase: All rates on this page are increased unless otherwise indicated.</div><div>TO: County</div><div>(Destinations)</div></div>			FROM: (Origins)							
			NEW JERSEY				PENNSYLVANIA			
			EAGLE POINT (a)	LINDEN	PAULSBORO	PORT READING or SEWAREN	BOOTH (a)	CHELSEA JUNCTION (a)	GIRARD POINT	MACUNGIE
			Gloucester	Union	Gloucester	Middlesex	Delaware	Philadelphia	Philadelphia	Lehigh
Code	EP	LN	PY	PR / SA	BH	CH	GP	ZG		
PENNSYLVANIA										
BOOTH	Delaware	BH	-	-	-	-	★ 56.26	★ 56.26	-	
CARLISLE	Cumberland	CR	79.25	102.38	102.38	106.75	70.73	67.28	-	86.47
CORAOPOLIS	Allegheny	CP	107.94	132.89	132.89	137.26	99.42	95.98	-	116.84
DELMONT	Westmoreland	DM	100.46	124.91	124.91	129.28	91.94	88.47	-	108.88
DUPONT	Luzerne	DP	-	119.82	119.82	123.95	-	-	-	104.47
ELDORADO	Blair	DG	88.90	112.64	112.64	117.01	80.39	76.94	-	96.67
FULLERTON	Lehigh	FE	-	86.88	86.88	91.01	-	-	-	-
GREENSBURG	Westmoreland	GR	101.89	126.44	126.44	130.81	93.37	89.92	-	110.36
HIGHSPIRE	Dauphin	HS	71.92	102.38	-	106.75	63.41	59.94	-	78.65
INDIANOLA	Allegheny	ND	129.55	142.40	142.40	146.76	121.04	117.58	-	119.78
MACUNGIE	Lehigh	ZG	-	86.88	86.88	91.01	-	-	-	10.34
MECHANICSBURG	Cumberland	MG/MT	73.79	102.38	102.38	106.75	65.28	61.81	-	78.25
MIDLAND	Beaver	ZD	113.71	139.00	139.00	143.37	105.19	101.76	-	122.94
NEVILLE ISLAND	Allegheny	NA	113.71	139.00	139.00	143.37	105.19	101.76	-	122.94
PITTSBURGH	Allegheny	PG	106.91	131.81	131.81	136.18	98.40	94.96	-	115.76
SINKING SPRING	Berks	SN	63.98	102.38	102.38	106.75	55.47	52.01	-	70.25
TUCKERTON	Berks	RG	-	102.38	102.38	106.75	-	-	-	70.25

Notes:

- (a) All segregated batches from Eagle Point, NJ, Booth and Chelsea Junction, PA of less than 50,000 barrels shall be assessed a handling fee calculated to equal [U] \$0.05 x (50,000 - number of barrels in the batch) in addition to the transportation charge.

Special Products Handling Charge:

A special handling charge of seven and four hundredths cents (7.04¢) per barrel will be added for all unfinished or sub-grade gasolines including Reformulated Gasoline Blend Stock for Oxygen Blending (RBOB) and Conventional Gasoline Blend Stock for Oxygen Blending (CBOB).

Explanation of Reference Marks:

- [I] Increase
[U] Unchanged Rate

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 443.2.0
(Cancels FERC No. 443.1.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL AND PROPORTIONAL TARIFF

Applying On The Transportation Of
REFINED PETROLEUM PRODUCTS

Between

POINTS IN PENNSYLVANIA

When Moving in Interstate Commerce

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

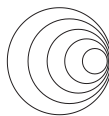
Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destinations
named herein are within markets where Buckeye does not have significant market power.

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ISSUED: AUGUST 30, 2011

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TABLE OF RATES

Rate in Cents Per Barrel of 42 United States Gallons

TO: (Destinations) <i>County</i> Code			FROM:		
			PENNSYLVANIA		
			<i>CORAOPOLIS</i> <i>Allegheny</i> CP	<i>INDIANOLA⁽¹⁾</i> <i>Allegheny</i> ND	<i>MIDLAND</i> <i>Beaver</i> ZD
PENNSYLVANIA					
CORAOPOLIS	<i>Allegheny</i>	CP	(c) 15.21	35.39	84.40
INDIANOLA	<i>Allegheny</i>	ND	(b) 24.40	-	-
MIDLAND	<i>Beaver</i>	ZD	-	39.49	-
NEVILLE ISLAND	<i>Allegheny</i>	NA	-	39.49	84.40

Line Reversal and Pumping Charges:

- (1) Movements originating in Indianola, PA will be handled when scheduling and operating conditions permit. Movements from Indianola require a line reversal and will be subject to a pumping charge of **[U]** \$4,500 per batch when product being shipped is of a different product grade specification from current product line fill.

Special Products Handling Charge:

A special handling charge of seven and four hundredths cents (7.04¢) per barrel will be added to all rates in this tariff for transportation of all unfinished or sub-grade gasolines including Reformulated Gasoline Blend Stock for Oxygen Blending (RBOB) and Conventional Gasoline Blend Stock for Oxygen Blending (CBOB).

Notes:

- (a) Intentionally skipped and reserved for future use.
- (b) Applies to shipments of transmix generated during the shipments of refined petroleum products originating in Robinson, IL; East Chicago, Huntington, or Laketon, IN; Detroit or Woodhaven, MI; Findlay, Lima, or Toledo, OH; where said transmix requires in-transit storage at Coraopolis, PA.
- (c) Applies on transfer moves involving use of Carrier's manifold at Coraopolis only.

Explanation of Reference Marks:

- [I]** Increase
[U] Unchanged Rate

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 444.3.0
(Cancels FERC No. 444.2.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation And Filtration Of

AVIATION TURBINE FUEL

From Points In

INDIANA, MICHIGAN, NEW JERSEY, OHIO & PENNSYLVANIA

To

POINTS IN PENNSYLVANIA

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

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named herein are within markets where Buckeye does not have significant market power.

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TABLE 1: BASE RATES

Rates in Cents Per Barrel of 42 United States Gallons

FROM: (Origins) County Code		TO: (Destinations)	
		PENNSYLVANIA	
		TIOGA JUNCTION <i>Allegheny</i>	
INDIANA			
CHICAGO COMPLEX ⁽¹⁾	<i>Lake</i>	CCX	198.48
MICHIGAN			
DETROIT	<i>Wayne</i>	WD	152.53
WOODHAVEN	<i>Wayne</i>	WS	158.39
NEW JERSEY			
EAGLE POINT	<i>Gloucester</i>	EP	127.91
LINDEN	<i>Union</i>	LN	152.03
PORT READING	<i>Middlesex</i>	PR	156.40
SEWAREN	<i>Middlesex</i>	SA	156.40
OHIO			
FINDLAY	<i>Hancock</i>	FN	134.60
LIMA	<i>Allen</i>	LA	142.74
TOLEDO	<i>Lucas</i>	DS	136.44
PENNSYLVANIA			
BOOTH	<i>Delaware</i>	BH	119.39
CHELSEA JUNCTION	<i>Philadelphia</i>	CH	113.07
MACUNGIE	<i>Lehigh</i>	ZG	132.03

Notes:

- (1) Chicago Complex consists of the following locations: East Chicago, Lake County, Hartsdale, Lake County and Lake George, Lake County. However, in this table East Chicago and Hartsdale are the only applicable origins.

TABLE 2: VOLUME BASED RATE

Rates in Cents Per Barrel of 42 United States Gallons

<div><div>[U] Unchanged Rate: All rates on this page are unchanged unless otherwise indicated .</div><div>TO: County</div><div>(Destination)</div></div> <div>Code</div>			[C] VOLUME CRITERIA FOR RATE APPLICATION		RATE	
			[C] Annual Volume is equal to or greater than	[C] and annual volume is less than	FROM: (Origin)	
					PENNSYLVANIA	
					TIOGA JUNCTION	
					Allegheny	
					TT	
PENNSYLVANIA			PA	[C] 0	[C] 1250000	[C] 25.00
PITTSBURGH				[C] 1250000	[C] 1450000	[C] 21.00
INTERNATIONAL				[C] 1450000	[C] 1650000	18.00
AIRPORT				[C] 1650000	[C] 1850000	[C] 16.00
				[C] 1850000	[C] 2250000	[C] 14.50
				[C] 2250000		[C] 13.50

[W] Derivation Application of Volume Based Rate [W] for in Table 2**(1) General Application:**

[N] Using the table below, the rate for the transportation of aviation turbine fuel between the origin and destination in Table 2 **[C]** will be uniformly determined for all shippers will be determined by applying the **[N]** one rate which corresponds to the stated volume criteria using the consolidated total of all shippers' barrels delivered to Pittsburgh International Airport from Tioga Junction during the prior twelve month period commencing October 1 and ending September 30 as the volume measure. **[N]** The consolidated volume for all shippers from this 12 month period will determine the one new rate for the following calendar year, starting January 1. The table below provides the consolidated volume levels and the associated rates used to determine the rate to be charged in the above Table 2:

Annual Volume is equal to or greater than	And Annual Volume is less than	Rate (cents per barrel)
0	1,250,000	25.00
1,250,000	1,450,000	21.00
1,450,000	1,650,000	18.00
1,650,000	1,850,000	16.00
1,850,000	2,250,000	14.50
2,250,000		13.50

[C] (2) Initial Rate:

The initial rate will be 18.00¢ per barrel. This initial rate will apply to all volumes received starting with the effective date of this tariff through December 31, 2009.

[C] (3) Annual Determination of Rate Based on Volumes Delivered:

Commencing in 2010 and in each subsequent year, the rate for the new calendar year will be determined by total barrels delivered in the prior twelve month period commencing October 1 and ending September 30. The rate will be effective starting of January 1st for and apply on all barrels received during that calendar year. For example, if total barrels delivered during the period from October 1, 2008 through September 30, 2009 were greater than or equal to 1,850,000 barrels but less than 2,250,000 barrels, the rate for the calendar year 2010 would be 14.50¢.

[N] Derivation of Volume Based Rate for Table 2 (continued)

[W] (3) ~~(4)~~ Annual Filing of Volume Information and Rate Posting **[N]** (only if rates are to change)

On or before December 1st of each year, the Carrier will file a tariff revision indicating the applicable volume range of the total barrels delivered in the most recently completed October 1 through September 30 twelve month period and the corresponding rate in Table 2 **[C]** A that will be effective beginning January 1st of the following year. **[N]** If the volume information indicates there will be no change to the existing rate for the following year, no tariff filing will be made.

Explanation of Reference Marks:

- [C]** Cancel
- [I]** Increase
- [N]** New
- [U]** Unchanged Rate
- [W]** Change in Wording Only

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 445.3.0
(Cancels FERC No. 445.2.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation Of

REFINED PETROLEUM PRODUCTS

From Points In

INDIANA, MICHIGAN AND OHIO

To Points In

OHIO

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
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TABLE 1: BASE RATES

Rates in Cents Per Barrel of 42 United States Gallons

TO: (Destinations) County Code			FROM: (Origins)						
			INDIANA		MICHIGAN		OHIO		
			CHICAGO COMPLEX ⁽¹⁾	HUNTINGTON	DETROIT	WOODHAVEN	FINDLAY	LIMA	TOLEDO
			<i>Lake</i>	<i>Huntington</i>	<i>Wayne</i>	<i>Wayne</i>	<i>Allen</i>	<i>Allen</i>	<i>Lucas</i>
			CCX	XB	WD	WS	FN	LA	DS
OHIO									
AURORA	<i>Portage</i>	GA	144.33	93.21	101.54	106.75	86.19	93.06	87.69
BELLEVUE	<i>Huron</i>	BJ	141.51	86.87	96.18	100.94	79.51	86.54	80.89
BRECKSVILLE	<i>Cuyahoga</i>	GK	143.57	92.46	101.42	105.87	85.47	92.30	87.11
CLEVELAND ⁽²⁾ (Bradley Road)	<i>Cuyahoga</i>	BD	164.74	111.47	120.95	126.08	-	87.67	-
CLEVELAND (Drydock)	<i>Cuyahoga</i>	GF	144.62	92.68	102.44	107.07	86.63	93.36	87.99
LORAIN ⁽²⁾	<i>Lorain</i>	LR	164.74	111.47	120.95	126.08	-	87.67	-

Notes:

- (1) Chicago Complex consists of the following locations: East Chicago, Lake County, Hartsdale, Lake County and Lake George, Lake County. However, in this table East Chicago and Hartsdale are the only applicable origins.
- (2) Volumes originating at Lima, Chicago Complex, and Huntington limited to gasoline and distillates. Movements of distillates from Lima, Chicago Complex and Huntington will be made only when operating conditions permit and tankage availability to accommodate distillate tenders. Volumes originating from Detroit and Woodhaven are limited to gasoline only.

TABLE 2: EXCESS VOLUME RATE

Rates in Cents Per Barrel of 42 United States Gallons

[I] Increase: All rates on this page are increased .			PRODUCT:	RATE EXPIRES:	INCENTIVE VOLUME RATE:	VOLUME MINIMUM:
TO:		FROM:				
Destination	County	Origin	County			Barrels
AURORA, OHIO	Lake	HUNTINGTON, INDIANA	Huntington	All Refined Products	[W] 4/30/2012 4/30/2011	[W] 823,500 821250

Application of Excess Volume Rate in Table 2 [C] A:

Rates will be determined based on the shipper's total volume delivered between the origin and destination shown during the twelve calendar month period starting May 1, **[W]** ~~2011~~ 2010 and ending April 30, **[W]** ~~2012~~ 2011, specifically:

- (i) when the total cumulative volume delivered during the twelve month period is less than the Volume Minimum, the Base Rate in Table 1A shall apply.
- (ii) when the total cumulative volume delivered during the twelve month period is equal to or more than the Volume Minimum, the Base Rate in Table 1 **[C]** A shall apply to all volumes up to (but not including) the Volume Minimum, and the Excess Volume Rate shown in Table 2 shall apply to all barrels equal to or in excess of the Volume Minimum.

Explanation of Reference Marks:

- [C]** Cancel
- [I]** Increase
- [W]** Change in Wording Only

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 446.3.0
(Cancels FERC No. 446.2.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation Of
REFINED PETROLEUM PRODUCTS

From Points In

INDIANA, MICHIGAN AND OHIO

To Points In

INDIANA, MICHIGAN, OHIO AND PENNSYLVANIA

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
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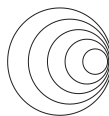
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TABLE 1: BASE RATES

Rates in Cents Per Barrel of 42 United States Gallons

TO: (Destinations) County Code			FROM: (Origins)		
			INDIANA		MICHIGAN
			CHICAGO COMPLEX ⁽¹⁾ <i>Lake</i> CCX	HUNTINGTON <i>Huntington</i> XB	DETROIT <i>Wayne</i> WD
INDIANA					
AVON ⁽²⁾	<i>Hendricks</i>	AV	★ 88.12	-	★ 119.13
CLERMONT	<i>Hendricks</i>	CL	★ 70.15	-	★ 97.04
HUNTINGTON	<i>Huntington</i>	XB	105.53	-	137.58
MICHIGAN					
BAY CITY	<i>Bay</i>	WB	196.44	136.85	104.23
DEARBORN	<i>Wayne</i>	DB	134.72	73.37	33.75
DETROIT	<i>Wayne</i>	WD	133.42	72.63	-
FLINT	<i>Genesee</i>	WF	167.07	108.31	74.45
INKSTER	<i>Wayne</i>	KR	134.72	73.37	45.27
NOVI	<i>Oakland</i>	WN	149.01	95.73	63.82
OWOSSO	<i>Shiawassee</i>	WZ	190.99	131.99	101.67
WOODHAVEN	<i>Wayne</i>	WS	133.42	72.63	56.13
OHIO					
COLUMBUS	<i>Franklin</i>	CB	153.70	90.01	124.37
HILLIARDS	<i>Franklin</i>	RD	153.70	90.01	124.37
LIMA	<i>Allen</i>	LA	112.37	55.19	83.90
TOLEDO	<i>Lucas</i>	DS/TO	121.04	68.38	77.74
PENNSYLVANIA					
CORAOPOLIS	<i>Allegheny</i>	CP	183.41	128.19	138.19
DELMONT ⁽³⁾	<i>Westmoreland</i>	DM	-	-	-
GREENSBURG ⁽³⁾	<i>Westmoreland</i>	GR	-	-	-
INDIANOLA	<i>Allegheny</i>	ND	210.55	155.34	165.33
NEVILLE ISLAND	<i>Allegheny</i>	NA	189.18	133.97	143.97
PITTSBURGH ⁽³⁾	<i>Allegheny</i>	PG	-	-	-

TABLE 1 (Continued): BASE RATES

Rates in Cents Per Barrel of 42 United States Gallons

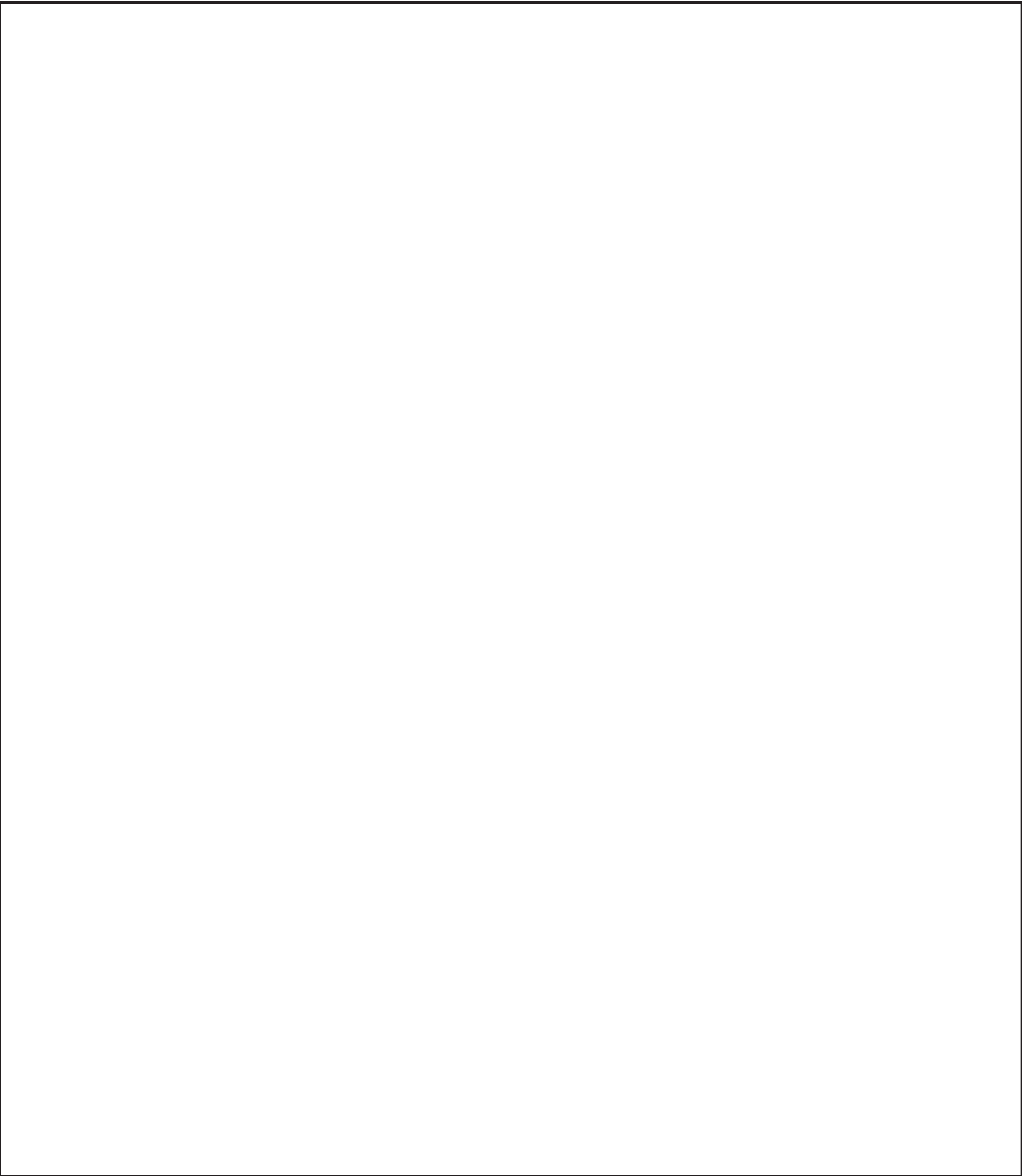
TO: County (Destinations)			FROM: (Origins)				
			MICHIGAN		OHIO		
			INKSTER <i>Wayne</i>	WOODHAVEN <i>Wayne</i>	FINDLAY <i>Allen</i>	LIMA <i>Allen</i>	TOLEDO <i>Lucas</i>
Code			KR	WS	FN	LA	DS
INDIANA							
AVON ⁽²⁾	<i>Hendricks</i>	AV	-	★ 125.66	★ 87.60	★ 86.78	★ 104.39
CLERMONT	<i>Hendricks</i>	CL	-	★ 103.91	★ 65.37	★ 64.58	★ 83.61
HUNTINGTON	<i>Huntington</i>	XB	-	143.81	104.45	106.53	124.93
MICHIGAN							
BAY CITY	<i>Bay</i>	WB	-	108.58	133.89	134.92	116.37
DEARBORN	<i>Wayne</i>	DB	-	48.94	55.11	55.24	53.94
DETROIT	<i>Wayne</i>	WD	-	48.35	54.52	54.90	53.72
FLINT	<i>Genesee</i>	WF	-	77.27	100.95	101.82	84.95
INKSTER	<i>Wayne</i>	KR	-	48.94	55.11	55.24	53.94
NOVI	<i>Oakland</i>	WN	-	65.41	75.14	75.14	71.47
OWOSSO	<i>Shiawassee</i>	WZ	89.58	104.33	129.03	128.74	110.85
WOODHAVEN	<i>Wayne</i>	WS	-	-	54.52	54.90	53.72
OHIO							
COLUMBUS	<i>Franklin</i>	CB	-	129.97	93.93	70.21	105.05
HILLIARDS	<i>Franklin</i>	RD	-	129.97	93.93	70.21	105.05
LIMA	<i>Allen</i>	LA	-	89.23	-	15.19	62.07
TOLEDO	<i>Lucas</i>	DS/TO	-	82.81	35.63	43.85	-
PENNSYLVANIA							
CORAOPOLIS	<i>Allegheny</i>	CP	-	144.05	120.57	128.49	122.22
DELMONT ⁽³⁾	<i>Westmoreland</i>	DM	-	-	-	160.13	153.85
GREENSBURG ⁽³⁾	<i>Westmoreland</i>	GR	-	-	-	160.13	153.85
INDIANOLA	<i>Allegheny</i>	ND	-	171.19	147.71	155.64	149.36
NEVILLE ISLAND	<i>Allegheny</i>	NA	-	149.82	126.35	134.27	127.99
PITTSBURGH ⁽³⁾	<i>Allegheny</i>	PG	-	-	-	160.13	153.85

Notes:

(1) Chicago Complex consists of the following locations: East Chicago, Lake County, Hartsdale, Lake County and Lake George, Lake County. However, in this table East Chicago and Hartsdale are the only applicable origins.

(2) Shipments to Avon, Indiana shall be limited to tenders consisting of fuel oil distillates corresponding to ASTM Grade 1-D or 2-D defined in ASTM designation D-974 as amended.

(3) There is no physical lifting to Delmont, Greensburg or Pittsburgh, PA. Product tendered from origins to Delmont, Greensburg or Pittsburgh, PA will be accepted as an exchange only when carrier can deliver corresponding fungible product from other origins. Notwithstanding any other limitations, shipments to Delmont, Pittsburgh, and Greensburg, Pennsylvania shall be limited to tenders of fungible batches of gasoline and low sulfur diesel.



Explanation of Reference Marks:

[I] Increase

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 447.2.0
(Cancels FERC No. 447.1.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation By Exchange Of

REFINED PETROLEUM PRODUCTS

From

POINTS IN OHIO AND PENNSYLVANIA

To

LINDEN, NEW JERSEY

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destination
named herein is within a market where no determination was made concerning Buckeye's market power.

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

ISSUED: AUGUST 30, 2011

EFFECTIVE: OCTOBER 1, 2011
EXPIRES: MAY 1, 2012

Issued by:
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TABLE OF RATES

Rates in Cents Per Barrel of 42 United States Gallons

TO: County (Destinations) <div> [I] Increase: All rates on this page are increased. </div>			FROM: (Origin)		
			OHIO		PENNSYLVANIA
			LIMA	TOLEDO	MIDLAND
			<i>Allen</i>	<i>Lucas</i>	<i>Beaver</i>
		Code	LA	DS	ZD
NEW JERSEY					
LINDEN	<i>Union</i>	LN	238.37	238.37	231.76

Notes:

There is no physical lifting from Lima, OH, Toledo, OH, or Midland, PA to Linden, NJ. Product tendered from Origins to Destination will be accepted as an exchange only when carrier can deliver corresponding fungible product tendered from other origins. Shipments to Linden, NJ, shall be limited to fungible batches of gasoline and distillates.

Explanation of Reference Marks:

[I] Increase

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 448.2.0
(Cancels FERC No. 448.1.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation Of
INTERMEDIATE PETROLEUM PRODUCTS

From Points In

INDIANA AND OHIO

To Points In

MICHIGAN, OHIO AND PENNSYLVANIA

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destinations
named herein are within markets where Buckeye does not have significant market power.

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

ISSUED: AUGUST 30, 2011

EFFECTIVE: OCTOBER 1, 2011

Issued by:
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TABLE OF RATES

Rates in Cents Per Barrel of 42 United States Gallons

TO: County (Destinations) <div> <div>[I] Increase:</div> <div>All rates on this page are increased.</div> </div>			FROM: (Origins)				
			INDIANA	OHIO			PA
			HUNTINGTON	FINDLAY	LIMA	TOLEDO	CORAOPOLIS
			<i>Huntington</i>	<i>Allen</i>	<i>Allen</i>	<i>Lucas</i>	<i>Allegheny</i>
		Code	XB	FN	LA	DS	CP
MICHIGAN							
DETROIT	<i>Wayne</i>	WD	-	79.01	83.80	-	-
OHIO							
LIMA	<i>Allen</i>	LA	81.00	-	-	-	-
TOLEDO	<i>Lucas</i>	DS	88.65	-	-	-	-
PENNSYLVANIA							
INDIANOLA ⁽¹⁾	<i>Allegheny</i>	ND	-	-	185.97	199.89	109.72

Notes:

- (1) Exception to FERC Tariff No. 436.1.0 Item No. 25: A minimum batch of 15,000 barrels is required for shipments of products to Indianola, PA

Explanation of Reference Marks:

[I] Increase

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 449.3.0
(Cancels FERC No. 449.2.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation Of

LIQUEFIED PETROLEUM PRODUCTS

From Points In

INDIANA, ILLINOIS, MICHIGAN, AND OHIO

To Points In

INDIANA, MICHIGAN, OHIO AND PENNSYLVANIA

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destinations
named herein are within markets where Buckeye does not have significant market power.

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

ISSUED: AUGUST 30, 2011

EFFECTIVE: OCTOBER 1, 2011

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TABLE 1: BASE RATES

Rates in Cents Per Barrel of 42 United States Gallons

TO: County (Destinations) <div> [I] Increase: All rates on this page are increased. </div>			FROM: (Origins)					
			INDIANA		ILLINOIS	MICHIGAN		OHIO
			CHICAGO COMPLEX ⁽¹⁾ <i>Lake</i>	GRIFFITH <i>Lake</i>	MONEE <i>Will</i>	INKSTER (JOAN JCT.) <i>Wayne</i>	WOODHAVEN <i>Wayne</i>	LIMA <i>Allen</i>
		Code	CCX	XF	ME	KR	WS	LA
INDIANA								
GRIFFITH	<i>Lake</i>	XF	19.68	-	-	-	150.69 ⁽²⁾	-
HUNTINGTON	<i>Huntington</i>	XB	109.82	109.82	132.08	-	147.92 ⁽²⁾	-
MICHIGAN								
DETROIT	<i>Wayne</i>	WD	149.73	149.73	170.94	-	-	77.84
INKSTER	<i>Wayne</i>	KR	-	-	-	-	-	124.55
WOODHAVEN	<i>Wayne</i>	WS	149.73	149.73	170.94	61.28	-	77.84
OHIO								
LIMA	<i>Allen</i>	LA	133.63	133.63	144.48	-	110.49	16.66
TOLEDO	<i>Lucas</i>	DS	130.29	130.29	151.93	-	-	50.41
PENNSYLVANIA								
MIDLAND	<i>Beaver</i>	IP	189.89	189.89	189.89	-	182.56	182.56

Notes:

- (1) Chicago Complex consists of the following locations: East Chicago, Lake County, Hartsdale, Lake County and Lake George, Lake County. However, in this table East Chicago and Hartsdale are the only applicable origins.
- (2) There is no physical lifting from Woodhaven, MI to Griffith or Huntington, IN. Product tendered from Woodhaven, MI to Griffith or Huntington, IN, will be accepted as an exchange only when carrier can deliver corresponding fungible product tendered from other origins. Notwithstanding any other limitations, shipments shall be limited to tenders of fungible batches of propane.

TABLE 2: CONTRACT RATE

Rates in Cents Per Barrel of 42 United States Gallons

TO: (Destinations)			FROM: (Origins)	
			INDIANA	ILLINOIS
			CHICAGO COMPLEX ⁽¹⁾ <i>Lake</i>	MONEE <i>Will</i>
			CCX	ME
PENNSYLVANIA				
MIDLAND	<i>Beaver</i>	IP	133.71	133.71

Application of Contract Rate in Table 2:

The rates in table 2 apply to the shipments of any Shipper agreeing to a written contract with the Carrier containing the following terms and condition:

- 1) The minimum term of the contract shall be ten (10) years
- 2) Shipper agrees to the following tender Annual Minimum Volumes:
 - a) Contract Year 1: 500,000 barrels
 - b) Contract Year 2: 750,000 barrels
 - c) Contract Years 3 - 5 1,000,000 barrels
 - d) Contract Years 6 - 10 700,000 barrels
- 3) In the event that the Shipper fails to tender the Annual Minimum Volumes in any contract year, the Carrier will impose a deficiency charge equal to the contract rate times the volume deficiency (the difference between the Annual Minimum Volume and the volumes tendered by the shipper during the contract year). If Shipper pays in full an Annual Deficiency Charge in respect of any Contract Year (a "Deficiency Year"), then, in the immediately succeeding Contract Year only (the "Credit Year"), the Shipper shall not be required to pay any additional Transportation Charges for Barrels of Product shipped in excess of the Annual Minimum Volume for such Credit Year, up to the Annual Volume Deficiency for such Deficiency Year. Barrels of Product shipped in such Credit Year up to and including the Minimum Volume for such Credit Year and in excess of the sum of the Minimum Volume for such Credit Year plus the Annual Volume Deficiency for such Deficiency Year, shall be subject to the contract tariff rate.
- 4) An excess volume rate equal to the Contract Rate minus twenty-one cents (21.0¢) will apply to all volumes tendered during any Contract Year in excess of the applicable Annual Minimum Volume.

Notes:

- (1) Chicago Complex consists of the following locations: East Chicago, Lake County, Hartsdale, Lake County and Lake George, Lake County. However, in this table East Chicago and Hartsdale are the only applicable origins.

TABLE 3: CONTRACT RATE

Rates in Cents Per Barrel of 42 United States Gallons

TO: (Destinations) County Code			FROM: (Origins)	
			INDIANA	ILLINOIS
			CHICAGO COMPLEX ⁽¹⁾ <i>Lake</i>	MONEE <i>Will</i>
OHIO				
LIMA	<i>Allen</i>	LA	112.48	112.48

Application of Contract Rate in Table 3:

The rates in table 3 apply to the shipments of any Shipper agreeing to a written contract with the Carrier containing the following terms and condition:

- 1) The minimum term of the contract shall be ten (10) years.
- 2) Shipper agrees to the following tender an Annual Minimum Volume of three million two hundred thousand (3,200,000) barrels during each contract year.
- 3) In the event that the Shipper fails to tender the Annual Minimum Volume in any contract year, the Carrier will impose a deficiency charge equal to the contract rate times the volume deficiency (the difference between the Annual Minimum Volume and the volumes tendered by the shipper during the contract year). If Shipper pays in full an Annual Deficiency Charge in respect of any Contract Year (a "Deficiency Year"), then, in the immediately succeeding Contract Year only (the "Credit Year"), the Shipper shall not be required to pay any additional Transportation Charges for Barrels of Product shipped in excess of the Annual Minimum Volume for such Credit Year, up to the Annual Volume Deficiency for such Deficiency Year. Barrels of Product shipped in such Credit Year up to and including the Minimum Volume for such Credit Year and in excess of the sum of the Minimum Volume for such Credit Year plus the Annual Volume Deficiency for such Deficiency Year, shall be subject to the contract tariff rate.
- 4) An excess volume rate equal to the Contract Rate minus twenty-one cents (21.0¢) will apply to all volumes tendered during any Contract Year in excess of the applicable Annual Minimum Volume.

Notes:

- (1) Chicago Complex consists of the following locations: East Chicago, Lake County, Hartsdale, Lake County and Lake George, Lake County. However, in this table East Chicago and Hartsdale are the only applicable origins.

Explanation of Reference Marks:

- [I] Increase
[U] Unchanged Rate

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 450.2.0
(Cancels FERC No. 450.1.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation By Exchange Of

REFINED PETROLEUM PRODUCTS

From

BUFFALO, NEW YORK

To

LINDEN, NEW JERSEY

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0,
supplements thereto and reissues thereof.

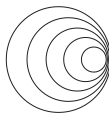
Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destination
named herein is within a market where no determination was made concerning Buckeye's market power.

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

ISSUED: AUGUST 30, 2011

EFFECTIVE: OCTOBER 1, 2011
EXPIRES: APRIL 30, 2012

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TABLE OF RATES

Rates in Cents Per Barrel of 42 United States Gallons

TO: (Destinations)		FROM: (Origin)	
		NEW YORK	
		BUFFALO	
		<i>Erie</i>	
		Code	BO
NEW JERSEY			
LINDEN	<i>Union</i>	LN	22.55

Notes:

There is no physical lifting from Buffalo, NY, to Linden, NJ. Product tendered from Buffalo, NY, to Linden, NJ will be accepted as an exchange only when carrier can deliver corresponding fungible product from other origins. Shipments to Linden shall be limited to fungible batches of gasolines and distillates.

Explanation of Reference Marks:

[I] Increase

FERC ICA Oil Tariff
Buckeye Market-Based Rates Tariff

FERC No. 452.2.0
(Cancels FERC No. 452.1.0)

BUCKEYE PIPE LINE COMPANY, L.P.

LOCAL TARIFF

Applying On The Transportation By Exchange Of

REFINED PETROLEUM PRODUCTS

From

POINTS IN PENNSYLVANIA

To

LINDEN, NEW JERSEY

Governed by the Rules and Regulations published in
Buckeye Pipe Line Company, L.P.'s Tariff FERC No. 436.1.0
supplements thereto and reissues thereof.

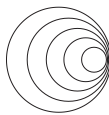
Pursuant to the Commission's Decision of December 31, 1990, Opinion No. 360, the destination
named herein is within a market where no determination was made concerning Buckeye's market power.

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

ISSUED: AUGUST 30, 2011

EFFECTIVE: OCTOBER 1, 2011

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TABLE OF RATES

Rates in Cents Per Barrel of 42 United States Gallons

TO: (Destinations) County Code			FROM: (Origin)		
			PENNSYLVANIA		
			BOOTH	CHELSEA JUNCTION	GIRARD POINT
			<i>Delaware</i>	<i>Philadelphia</i>	<i>Philadelphia</i>
NEW JERSEY			BH	CH	GP
LINDEN	<i>Union</i>	LN	56.91	56.91	56.91

Notes:

There is no physical lifting from Booth, Chelsea Junction or Girard Point, PA to Linden, NJ. Product tendered from Booth, Chelsea Junction or Girard Point, PA, to Linden, NJ, will be accepted as an exchange only when carrier can deliver corresponding fungible product tendered from other origins. Shipments to Linden, NJ shall be limited to fungible batches of gasoline and distillates.

Explanation of Reference Marks:

[I] Increase

INFORMATION HAS BEEN REMOVED

FOR PRIVILEGED TREATMENT

Schedules

In Support of

BUCKEYE PIPE LINE COMPANY, L.P.

TARIFF FILING

August 30, 2011

Buckeye Pipe Line Company, L.P.
Schedule A
CALCULATION OF VOLUME-WEIGHTED TARIFF INCREASE
COMPETITIVE MARKETS

Receipt Location	Delivery Location	FERC Tariff Number		Current Rate (\$/Bbl.)		Proposed Rate (\$/Bbl.)		Proposed Tariff Change (\$/Bbl.)		Proposed Percent		Deliveries 8/1/10 - 7/31/11		Volume Weight (Bbls x %)	
		Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Barrels	B/D		
Booth	Coraopolis	442.3.0	442.4.0	96.27	99.42	96.27	99.42	3.15	3.15	3.2720%					
Booth	Delmont	442.3.0	442.4.0	89.03	91.94	89.03	91.94	2.91	2.91	3.2686%					
Booth	Eldorado	442.3.0	442.4.0	77.84	80.39	77.84	80.39	2.55	2.55	3.2760%					
Booth	Greensburg	442.3.0	442.4.0	90.41	93.37	90.41	93.37	2.96	2.96	3.2740%					
Booth	Highspire	442.3.0	442.4.0	61.40	63.41	61.40	63.41	2.01	2.01	3.2736%					
Booth	Indianola	442.3.0	442.4.0	117.20	121.04	117.20	121.04	3.84	3.84	3.2765%					
Booth	Mechanicsburg	442.3.0	442.4.0	63.21	65.28	63.21	65.28	2.07	2.07	3.2748%					
Booth	Neville Island	442.3.0	442.4.0	101.86	105.19	101.86	105.19	3.33	3.33	3.2692%					
Booth	Pittsburgh	442.3.0	442.4.0	95.28	98.40	95.28	98.40	3.12	3.12	3.2746%					
Booth	Sinking Spring	442.3.0	442.4.0	53.71	55.47	53.71	55.47	1.76	1.76	3.2769%					
Chelsea Junction	Coraopolis	442.3.0	442.4.0	92.94	95.98	92.94	95.98	3.04	3.04	3.2709%					
Chelsea Junction	Delmont	442.3.0	442.4.0	85.67	88.47	85.67	88.47	2.80	2.80	3.2684%					
Chelsea Junction	Eldorado	442.3.0	442.4.0	74.50	76.94	74.50	76.94	2.44	2.44	3.2752%					
Chelsea Junction	Highspire	442.3.0	442.4.0	58.04	59.94	58.04	59.94	1.90	1.90	3.2736%					
Chelsea Junction	Indianola	442.3.0	442.4.0	113.85	117.58	113.85	117.58	3.73	3.73	3.2762%					
Chelsea Junction	Mechanicsburg	442.3.0	442.4.0	59.85	61.81	59.85	61.81	1.96	1.96	3.2749%					
Chelsea Junction	Neville Island	442.3.0	442.4.0	98.53	101.76	98.53	101.76	3.23	3.23	3.2782%					
Chelsea Junction	Pittsburgh	442.3.0	442.4.0	91.95	94.96	91.95	94.96	3.01	3.01	3.2735%					
Chelsea Junction	Sinking Spring	442.3.0	442.4.0	50.36	52.01	50.36	52.01	1.65	1.65	3.2764%					
Detroit	Bay City	446.2.0	446.3.0	100.93	104.23	100.93	104.23	3.30	3.30	3.2696%					
Detroit	Clermont	446.2.0	446.3.0	93.96	97.04	93.96	97.04	3.08	3.08	3.2780%					
Detroit	Columbus	446.2.0	446.3.0	120.43	124.37	120.43	124.37	3.94	3.94	3.2716%					
Detroit	Dearborn	446.2.0	446.3.0	32.68	33.75	32.68	33.75	1.07	1.07	3.2742%					
Detroit	Flint	446.2.0	446.3.0	72.09	74.45	72.09	74.45	2.36	2.36	3.2737%					
Detroit	Huntington	446.2.0	446.3.0	133.22	137.58	133.22	137.58	4.36	4.36	3.2728%					
Detroit	Lima	446.2.0	446.3.0	81.24	83.90	81.24	83.90	2.66	2.66	3.2742%					
Detroit	Owosso	446.2.0	446.3.0	98.45	101.67	98.45	101.67	3.22	3.22	3.2707%					
Detroit	Toledo	446.2.0	446.3.0	75.28	77.74	75.28	77.74	2.46	2.46	3.2678%					
Detroit	Woodhaven	446.2.0	446.3.0	54.35	56.13	54.35	56.13	1.78	1.78	3.2751%					
Chicago Complex (East Chicago)	Clermont	446.2.0	446.3.0	67.93	70.15	67.93	70.15	2.22	2.22	3.2681%					
Chicago Complex (East Chicago)	Columbus	446.2.0	446.3.0	148.83	153.70	148.83	153.70	4.87	4.87	3.2722%					
Chicago Complex (East Chicago)	Dearborn	446.2.0	446.3.0	130.45	134.72	130.45	134.72	4.27	4.27	3.2733%					

Receipt Location	Delivery Location	FERC Tariff Number		Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	Proposed Tariff Change (\$/Bbl.)	Proposed Percent	Deliveries 8/1/10 - 7/31/11		Volume Weight (Bbls x %)
		Current	Proposed					Barrels	B/D	
Chicago Complex (East Chicago)	Detroit	446.2.0	446.3.0	129.19	133.42	4.23	3.2742%			
Chicago Complex (East Chicago)	Griffith LPG	449.2.0	449.3.0	19.06	19.68	0.62	3.2529%			
Chicago Complex (East Chicago)	Huntington LPG	449.2.0	449.3.0	106.34	109.82	3.48	3.2725%			
Chicago Complex (East Chicago)	Huntington	446.2.0	446.3.0	102.18	105.53	3.35	3.2785%			
Chicago Complex (East Chicago)	Indianola	446.2.0	446.3.0	203.87	210.55	6.68	3.2766%			
Chicago Complex (East Chicago)	Inkster	446.2.0	446.3.0	130.45	134.72	4.27	3.2733%			
Chicago Complex (East Chicago)	Lima	446.2.0	446.3.0	108.81	112.37	3.56	3.2718%			
Chicago Complex (East Chicago)	Lima LPG Contract	449.2.0	449.3.0	112.48	112.48	-	0.0000%			
Chicago Complex (East Chicago)	Midland LPG Contract	449.2.0	449.3.0	133.71	133.71	-	0.0000%			
Chicago Complex (East Chicago)	Owosso	446.2.0	446.3.0	184.93	190.99	6.06	3.2769%			
Chicago Complex (East Chicago)	Toledo	446.2.0	446.3.0	117.20	121.04	3.84	3.2765%			
Chicago Complex (East Chicago)	Toledo LPG	449.2.0	449.3.0	126.16	130.29	4.13	3.2736%			
Chicago Complex (East Chicago)	Woodhaven	446.2.0	446.3.0	129.19	133.42	4.23	3.2742%			
Findlay	Bay City	446.2.0	446.3.0	129.64	133.89	4.25	3.2783%			
Findlay	Flint	446.2.0	446.3.0	97.75	100.95	3.20	3.2737%			
Findlay	Huntington	446.2.0	446.3.0	101.14	104.45	3.31	3.2727%			
Findlay	Toledo	446.2.0	446.3.0	34.50	35.63	1.13	3.2754%			
Huntington	Corapolis	446.2.0	446.3.0	124.13	128.19	4.06	3.2708%			
Huntington	Lima	446.2.0	446.3.0	53.44	55.19	1.75	3.2747%			
Huntington	Lima IPP	448.1.0	448.2.0	78.43	81.00	2.57	3.2768%			
Huntington	Toledo	446.2.0	446.3.0	66.21	68.38	2.17	3.2775%			
Huntington	Toledo IPP	448.1.0	448.2.0	85.84	88.65	2.81	3.2735%			
Indianola	Corapolis	443.1.0	443.2.0	34.27	35.39	1.12	3.2682%			
Lima	Bay City	446.2.0	446.3.0	130.64	134.92	4.28	3.2762%			
Lima	Clermont	446.2.0	446.3.0	62.53	64.58	2.05	3.2784%			
Lima	Columbus	446.2.0	446.3.0	67.99	70.21	2.22	3.2652%			
Lima	Corapolis	446.2.0	446.3.0	124.42	128.49	4.07	3.2712%			
Lima	Dearborn	446.2.0	446.3.0	53.49	55.24	1.75	3.2716%			
Lima	Detroit	446.2.0	446.3.0	53.16	54.90	1.74	3.2731%			
Lima	Detroit IPP	448.1.0	448.2.0	81.14	83.80	2.66	3.2783%			
Lima	Flint	446.2.0	446.3.0	98.59	101.82	3.23	3.2762%			
Lima	Huntington	446.2.0	446.3.0	103.15	106.53	3.38	3.2768%			
Lima	Indianola	446.2.0	446.3.0	150.70	155.64	4.94	3.2780%			
Lima	Inkster	446.2.0	446.3.0	53.49	55.24	1.75	3.2716%			
Lima	Inkster LPG	449.2.0	449.3.0	120.60	124.55	3.95	3.2753%			
Lima	Novi	446.2.0	446.3.0	72.76	75.14	2.38	3.2710%			
Lima	Owosso	446.2.0	446.3.0	124.66	128.74	4.08	3.2729%			

Receipt Location	Delivery Location	FERC Tariff Number		Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	Proposed Tariff Change (\$/Bbl.)	Proposed Percent	Deliveries 8/1/10 - 7/31/11		Volume Weight (Bbls x %)
		Current	Proposed					Barrels	B/D	
Lima	Pittsburgh Airport	444.2.0	444.3.0	156.21	160.74	4.53	2.8999%			
Lima	Toledo	446.2.0	446.3.0	42.46	43.85	1.39	3.2737%			
Lima	Toledo LPG	449.2.0	449.3.0	48.81	50.41	1.60	3.2780%			
Lima	Woodhaven	446.2.0	446.3.0	53.16	54.90	1.74	3.2731%			
Lima	Woodhaven LPG	449.2.0	449.3.0	75.37	77.84	2.47	3.2772%			
Linden	Coraopolis	442.3.0	442.4.0	121.61	132.89	11.28	9.2756%			
Linden	Delmont	442.3.0	442.4.0	114.31	124.91	10.60	9.2730%			
Linden	Dupont	442.3.0	442.4.0	116.02	119.82	3.80	3.2753%			
Linden	Eldorado	442.3.0	442.4.0	103.08	112.64	9.56	9.2744%			
Linden	Fullerton	442.3.0	442.4.0	84.13	86.88	2.75	3.2688%			
Linden	Greensburg	442.3.0	442.4.0	115.71	126.44	10.73	9.2732%			
Linden	Highspire	442.3.0	442.4.0	93.69	102.38	8.69	9.2753%			
Linden	Indianola	442.3.0	442.4.0	130.31	142.40	12.09	9.2779%			
Linden	Macungie	442.3.0	442.4.0	84.13	86.88	2.75	3.2688%			
Linden	Mechanicsburg	442.3.0	442.4.0	93.69	102.38	8.69	9.2753%			
Linden	Neville Island	442.3.0	442.4.0	127.20	139.00	11.80	9.2767%			
Linden	Pittsburgh	442.3.0	442.4.0	120.62	131.81	11.19	9.2771%			
Linden	Pittsburgh Airport	444.2.0	444.3.0	157.13	170.03	12.90	8.2098%			
Linden	Sinking Spring	442.3.0	442.4.0	93.69	102.38	8.69	9.2753%			
Linden	Tuckerton	442.3.0	442.4.0	93.69	102.38	8.69	9.2753%			
Macungie	Coraopolis	442.3.0	442.4.0	106.92	116.84	9.92	9.2780%			
Macungie	Dupont	442.3.0	442.4.0	101.16	104.47	3.31	3.2720%			
Macungie	Eldorado	442.3.0	442.4.0	88.47	96.67	8.20	9.2687%			
Macungie	Macungie	442.3.0	442.4.0	10.02	10.34	0.32	3.1936%			
Macungie	Mechanicsburg	442.3.0	442.4.0	71.61	78.25	6.64	9.2724%			
Macungie	Neville Island	442.3.0	442.4.0	112.51	122.94	10.43	9.2703%			
Macungie	Sinking Spring	442.3.0	442.4.0	64.29	70.25	5.96	9.2705%			
Midland	Coraopolis	443.1.0	443.2.0	81.73	84.40	2.67	3.2669%			
Monee	Lima LPG Contract	449.2.0	449.3.0	112.48	112.48	-	0.0000%			
Monee	Midland LPG Contract	449.2.0	449.3.0	133.71	133.71	-	0.0000%			
New Haven	Bradley Airport	438.2.0	438.3.0	87.47	90.33	2.86	3.2697%			
New Haven	East Hartford Jct Gaso	438.2.0	438.3.0	42.95	44.35	1.40	3.2596%			
New Haven	East Hartford Jct	438.2.0	438.3.0	66.03	68.19	2.16	3.2712%			
New Haven	Enfield	438.2.0	438.3.0	87.16	90.01	2.85	3.2698%			
New Haven	Hartford Main St	438.2.0	438.3.0	66.03	68.19	2.16	3.2712%			
New Haven	Hartford Rocky Hill Gaso	438.2.0	438.3.0	42.95	44.35	1.40	3.2596%			
New Haven	Ludlow	438.2.0	438.3.0	93.97	97.05	3.08	3.2776%			

Receipt Location	Delivery Location	FERC Tariff Number		Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	Proposed Tariff Change (\$/Bbl.)	Proposed Percent	Deliveries 8/1/10 - 7/31/11		Volume Weight (Bbls x %)
		Current	Proposed					Barrels	B/D	
New Haven	Middletown	438.2.0	438.3.0	57.04	58.91	1.87	3.2784%			
New Haven	New Haven Gaso	438.2.0	438.3.0	11.95	12.34	0.39	3.2636%			
New Haven	Northern Connecticut	438.2.0	438.3.0	87.16	90.01	2.85	3.2698%			
New Haven	Springfield Agnew Jct	438.2.0	438.3.0	93.97	97.05	3.08	3.2776%			
New Haven	Springfield Albany St	438.2.0	438.3.0	93.97	97.05	3.08	3.2776%			
New Haven	Springfield Bay St	438.2.0	438.3.0	93.97	97.05	3.08	3.2776%			
New Haven	Springfield North	438.2.0	438.3.0	93.97	97.05	3.08	3.2776%			
Paulsboro	Coraopolis	442.3.0	442.4.0	121.61	132.89	11.28	9.2756%			
Paulsboro	Dupont	442.3.0	442.4.0	116.02	119.82	3.80	3.2753%			
Paulsboro	Eldorado	442.3.0	442.4.0	103.08	112.64	9.56	9.2744%			
Paulsboro	Fullerton	442.3.0	442.4.0	84.13	86.88	2.75	3.2688%			
Paulsboro	Greensburg	442.3.0	442.4.0	115.71	126.44	10.73	9.2732%			
Paulsboro	Macungie	442.3.0	442.4.0	84.13	86.88	2.75	3.2688%			
Paulsboro	Mechanicsburg	442.3.0	442.4.0	93.69	102.38	8.69	9.2753%			
Paulsboro	Pittsburgh	442.3.0	442.4.0	120.62	131.81	11.19	9.2771%			
Paulsboro	Sinking Spring	442.3.0	442.4.0	93.69	102.38	8.69	9.2753%			
Port Reading	Coraopolis	442.3.0	442.4.0	125.61	137.26	11.65	9.2747%			
Port Reading	Delmont	442.3.0	442.4.0	118.31	129.28	10.97	9.2723%			
Port Reading	Dupont	442.3.0	442.4.0	120.02	123.95	3.93	3.2745%			
Port Reading	Eldorado	442.3.0	442.4.0	107.08	117.01	9.93	9.2734%			
Port Reading	Fullerton	442.3.0	442.4.0	88.13	91.01	2.88	3.2679%			
Port Reading	Greensburg	442.3.0	442.4.0	119.71	130.81	11.10	9.2724%			
Port Reading	Highspire	442.3.0	442.4.0	97.69	106.75	9.06	9.2742%			
Port Reading	Macungie	442.3.0	442.4.0	88.13	91.01	2.88	3.2679%			
Port Reading	Mechanicsburg	442.3.0	442.4.0	97.69	106.75	9.06	9.2742%			
Port Reading	Pittsburgh	442.3.0	442.4.0	124.62	136.18	11.56	9.2762%			
Port Reading	Sinking Spring	442.3.0	442.4.0	97.69	106.75	9.06	9.2742%			
Port Reading	Tuckerton	442.3.0	442.4.0	97.69	106.75	9.06	9.2742%			
Sewaren	Coraopolis	442.3.0	442.4.0	125.61	137.26	11.65	9.2747%			
Sewaren	Dupont	442.3.0	442.4.0	120.02	123.95	3.93	3.2745%			
Sewaren	Eldorado	442.3.0	442.4.0	107.08	117.01	9.93	9.2734%			
Sewaren	Fullerton	442.3.0	442.4.0	88.13	91.01	2.88	3.2679%			
Sewaren	Greensburg	442.3.0	442.4.0	119.71	130.81	11.10	9.2724%			
Sewaren	Highspire	442.3.0	442.4.0	97.69	106.75	9.06	9.2742%			
Sewaren	Indianola	442.3.0	442.4.0	134.31	146.77	12.46	9.2770%			
Sewaren	Macungie	442.3.0	442.4.0	88.13	91.01	2.88	3.2679%			
Sewaren	Mechanicsburg	442.3.0	442.4.0	97.69	106.75	9.06	9.2742%			

Receipt Location	Delivery Location	FERC Tariff Number		Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	Proposed Tariff Change (\$/Bbl.)	Proposed Percent	Deliveries 8/1/10 - 7/31/11		Volume Weight (Bbls x %)
		Current	Proposed					Barrels	B/D	
Sewaren	Neville Island	442.3.0	442.4.0	131.20	143.37	12.17	9.2759%			
Sewaren	Pittsburgh	442.3.0	442.4.0	124.62	136.18	11.56	9.2762%			
Sewaren	Sinking Spring	442.3.0	442.4.0	97.69	106.75	9.06	9.2742%			
Toledo	Avon	446.2.0	446.3.0	101.08	104.39	3.31	3.2746%			
Toledo	Bay City	446.2.0	446.3.0	112.68	116.37	3.69	3.2748%			
Toledo	Clermont	446.2.0	446.3.0	80.96	83.61	2.65	3.2732%			
Toledo	Columbus	446.2.0	446.3.0	101.72	105.05	3.33	3.2737%			
Toledo	Coraopolis	446.2.0	446.3.0	118.34	122.22	3.88	3.2787%			
Toledo	Dearborn	446.2.0	446.3.0	52.23	53.94	1.71	3.2740%			
Toledo	Detroit	446.2.0	446.3.0	52.02	53.72	1.70	3.2680%			
Toledo	Flint	446.2.0	446.3.0	82.26	84.95	2.69	3.2701%			
Toledo	Huntington	446.2.0	446.3.0	120.97	124.93	3.96	3.2735%			
Toledo	Indianola	446.2.0	446.3.0	144.62	149.36	4.74	3.2776%			
Toledo	Inkster	446.2.0	446.3.0	52.23	53.94	1.71	3.2740%			
Toledo	Lima	446.2.0	446.3.0	60.10	62.07	1.97	3.2779%			
Toledo	Novi	446.2.0	446.3.0	69.21	71.47	2.26	3.2654%			
Toledo	Owosso	446.2.0	446.3.0	107.34	110.85	3.51	3.2700%			
Toledo	Pittsburgh Airport	444.2.0	444.3.0	150.11	154.44	4.33	2.8846%			
Toledo	Woodhaven	446.2.0	446.3.0	52.02	53.72	1.70	3.2680%			
Woodhaven	Detroit	446.2.0	446.3.0	46.82	48.35	1.53	3.2678%			
Woodhaven	Flint	446.2.0	446.3.0	74.82	77.27	2.45	3.2745%			
Woodhaven	Inkster	446.2.0	446.3.0	47.39	48.94	1.55	3.2707%			
Woodhaven	Lima	446.2.0	446.3.0	86.40	89.23	2.83	3.2755%			
Woodhaven	Novi	446.2.0	446.3.0	63.34	65.41	2.07	3.2681%			
Woodhaven	Owosso	446.2.0	446.3.0	101.02	104.33	3.31	3.2766%			
Woodhaven	Toledo	446.2.0	446.3.0	80.19	82.81	2.62	3.2672%			
Total - Competitive Markets								137,028,586	375,421	6,160,264

Buckeye Pipe Line Company, L.P.
Schedule B
CALCULATION OF INFLATION SUMMARY
GDP Implicit Price Deflator

For Rates Increased or <u>Established</u>	Percent Change in Price <u>Deflator</u>	Plus <u>2 %</u>	Rate <u>Trigger</u>
04/01/2011	1.2788	2.0000	3.2788

**Buckeye Pipe Line Company, L.P.
Schedule B-1**

**CALCULATION OF INFLATION
FOR RATES INCREASED APRIL 1, 2011**

**GDP Implicit Price Deflator
2005 = 100**

<u>Quarter</u>	<u>Year</u>	<u>Proposed Rates</u>	<u>Quarter</u>	<u>Year</u>	<u>Current Rates</u>
III	2010	111.156	I	2010	109.952
IV	2010	111.644	II	2010	110.488
I	2011	112.398	III	2010	111.045
II	2011	113.065	IV	2010	111.118
Average		112.066	Average		110.651
Percentage Change		1.2788%			

Buckeye Pipe Line Company, L.P.
Schedule C

INDIVIDUAL RATE ANALYSIS

Origin	Destination	Market Status	Rate Last Increased	Current Rate (¢/Bbl.)	Proposed Rate (¢/Bbl.)	TARIFF CHANGE (¢/Bbl.)	Percentage	
Tariff No. 437.3.0 (Cancels No. 437.2.0)								
Lima, OH	Booth, PA	Competitive	04/01/2011	222.35	229.64	7.29	3.2786%	
Lima, OH	Chelsea Junction, PA		04/01/2011	222.35	229.64	7.29	3.2786%	
Lima, OH	Girard Point, PA		04/01/2011	222.35	229.64	7.29	3.2786%	
Toledo, OH	Booth, PA		04/01/2011	222.35	229.64	7.29	3.2786%	
Toledo, OH	Chelsea Junction, PA		04/01/2011	222.35	229.64	7.29	3.2786%	
Toledo, OH	Girard Point, PA		04/01/2011	222.35	229.64	7.29	3.2786%	
Tariff No. 438.3.0 (Cancels No. 438.2.0)								
New Haven, CT	New Haven, CT	Competitive	04/01/2011	11.95	12.34	0.39	3.2636%	
New Haven, CT	Middletown, Portland, CT		04/01/2011	57.04	58.91	1.87	3.2784%	
New Haven, CT	Middletown, Portland, CT - Gasoline		04/01/2011	34.49	35.62	1.13	3.2763%	
New Haven, CT	East Hartford, Hartford, Rocky Hill, Wethersfield, CT		04/01/2011	66.03	68.19	2.16	3.2712%	
New Haven, CT	East Hartford, Hartford, Rocky Hill, Wethersfield, CT - Gasoline		04/01/2011	42.95	44.35	1.40	3.2596%	
New Haven, CT	Enfield, Melrose, CT		04/01/2011	87.16	90.01	2.85	3.2698%	
New Haven, CT	Bradley International Airport, CT	No Determination	04/01/2011	87.47	90.33	2.86	3.2697%	
New Haven, CT	Ludlow, Springfield, Westover, MA		04/01/2011	93.97	97.05	3.08	3.2776%	
Tariff No. 439.2.0 (Cancels No. 439.1.0)								
Linden, NJ	Inwood, NY		04/01/2011	51.21	53.51	2.30	4.4913%	
Linden, NJ	Inwood, NY - Aviation Turbine Fuel		04/01/2011	61.83	64.60	2.77	4.4800%	
Linden, NJ	Linden, NJ		04/01/2011	9.77	10.20	0.43	4.4012%	
Linden, NJ	Long Island City, NY	04/01/2011	49.43	51.65	2.22	4.4912%		
Port Reading, NJ	Inwood, NY	04/01/2011	51.21	53.51	2.30	4.4913%		
Port Reading, NJ	Inwood, NY - Aviation Turbine Fuel	04/01/2011	61.83	64.60	2.77	4.4800%		
Port Reading, NJ	Long Island City, NY	04/01/2011	49.43	51.65	2.22	4.4912%		
Sewaren, NJ	Inwood, NY	04/01/2011	51.21	53.51	2.30	4.4913%		
Sewaren, NJ	Inwood, NY - Aviation Turbine Fuel	04/01/2011	61.83	64.60	2.77	4.4800%		
Sewaren, NJ	Long Island City, NY	04/01/2011	49.43	51.65	2.22	4.4912%		
Special Products Handling Charge		04/01/2011	6.82	7.12	0.30	4.3988%		

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE (\$/Bbl.)	Percentage
Tariff No. 440.2.0 (Cancels No. 440.1.0)							
Linden, NJ	J.F. Kennedy International Airport, NY	No Determination	04/01/2011	61.83	64.60	2.77	4.4800%
Linden, NJ	LaGuardia Airport, NY		04/01/2011	51.81	54.13	2.32	4.4779%
Linden, NJ	Newark International Airport, NJ		04/01/2011	48.60	50.78	2.18	4.4856%
Port Reading, NJ	J.F. Kennedy International Airport, NY		04/01/2011	61.83	64.60	2.77	4.4800%
Port Reading, NJ	LaGuardia Airport, NY		04/01/2011	51.81	54.13	2.32	4.4779%
Port Reading, NJ	Newark International Airport, NJ		04/01/2011	48.60	50.78	2.18	4.4856%
Sewaren, NJ	J.F. Kennedy International Airport, NY		04/01/2011	61.83	64.60	2.77	4.4800%
Sewaren, NJ	LaGuardia Airport, NY		04/01/2011	51.81	54.13	2.32	4.4779%
Sewaren, NJ	Newark International Airport, NJ		04/01/2011	48.60	50.78	2.18	4.4856%
Undissolved Water Charge			04/01/2011	1.80	1.88	0.08	4.4444%
Filter Membrane Color Rating 5-6			04/01/2011	3.41	3.56	0.15	4.3988%
Filter Membrane Color Rating 7-8			04/01/2011	5.01	5.23	0.22	4.3912%
Filter Membrane Color Rating >8			04/01/2011	6.61	6.90	0.29	4.3873%
Surfactants			04/01/2011	3.41	3.56	0.15	4.3988%
Tariff No. 441.2.0 (Cancels No. 441.1.0)							
Linden, NJ	Brewerton, NY	Market Power	04/01/2011	182.58	190.78	8.20	4.4912%
Linden, NJ	Buffalo, NY		04/01/2011	181.19	189.33	8.14	4.4925%
Linden, NJ	Caledonia, NY		04/01/2011	182.12	190.30	8.18	4.4915%
Linden, NJ	Geneva, NY		04/01/2011	172.60	180.35	7.75	4.4902%
Linden, NJ	Liverpool, NY		04/01/2011	178.78	186.81	8.03	4.4916%
Linden, NJ	Marcy, NY		04/01/2011	190.04	198.58	8.54	4.4938%
Linden, NJ	Rochester, NY		04/01/2011	181.22	189.36	8.14	4.4918%
Linden, NJ	Utica, NY		04/01/2011	190.04	198.58	8.54	4.4938%
Linden, NJ	VanBuren, NY		04/01/2011	177.75	185.74	7.99	4.4951%
Linden, NJ	Verona, NY		04/01/2011	183.75	192.01	8.26	4.4952%
Linden, NJ	Vestal, NY		04/01/2011	163.91	171.27	7.36	4.4903%
Macungie, PA	Brewerton, NY		04/01/2011	149.63	156.35	6.72	4.4911%
Macungie, PA	Buffalo, NY		04/01/2011	150.80	157.57	6.77	4.4894%
Macungie, PA	Caledonia, NY		04/01/2011	149.19	155.89	6.70	4.4909%
Macungie, PA	Geneva, NY		04/01/2011	139.67	145.94	6.27	4.4892%
Macungie, PA	Liverpool, NY		04/01/2011	145.86	152.41	6.55	4.4906%
Macungie, PA	Marcy, NY		04/01/2011	157.11	164.17	7.06	4.4937%
Macungie, PA	Rochester, NY		04/01/2011	149.33	156.04	6.71	4.4934%
Macungie, PA	Utica, NY		04/01/2011	157.11	164.17	7.06	4.4937%

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE	
						(\$/Bbl.)	Percentage
Macungie, PA	VanBuren, NY		04/01/2011	145.86	152.41	6.55	4.4906%
Macungie, PA	Vestal, NY		04/01/2011	131.91	137.84	5.93	4.4955%
Paulsboro, NJ	Brewerton, NY		04/01/2011	182.58	190.78	8.20	4.4912%
Paulsboro, NJ	Caledonia, NY		04/01/2011	182.12	190.30	8.18	4.4915%
Paulsboro, NJ	Geneva, NY		04/01/2011	172.60	180.35	7.75	4.4902%
Paulsboro, NJ	Liverpool, NY		04/01/2011	178.78	186.81	8.03	4.4916%
Paulsboro, NJ	Marcy, NY		04/01/2011	190.04	198.58	8.54	4.4938%
Paulsboro, NJ	Utica, NY		04/01/2011	190.04	198.58	8.54	4.4938%
Paulsboro, NJ	Verona, NY		04/01/2011	183.75	192.01	8.26	4.4952%
Port Reading, NJ	Brewerton, NY		04/01/2011	186.58	194.96	8.38	4.4914%
Port Reading, NJ	Buffalo, NY		04/01/2011	185.19	193.51	8.32	4.4927%
Port Reading, NJ	Caledonia, NY		04/01/2011	186.12	194.48	8.36	4.4917%
Port Reading, NJ	Geneva, NY		04/01/2011	176.60	184.53	7.93	4.4904%
Port Reading, NJ	Liverpool, NY		04/01/2011	182.78	190.99	8.21	4.4917%
Port Reading, NJ	Marcy, NY		04/01/2011	194.04	202.76	8.72	4.4939%
Port Reading, NJ	Rochester, NY		04/01/2011	185.22	193.54	8.32	4.4920%
Port Reading, NJ	Utica, NY		04/01/2011	194.04	202.76	8.72	4.4939%
Port Reading, NJ	VanBuren, NY		04/01/2011	181.75	189.92	8.17	4.4952%
Port Reading, NJ	Verona, NY		04/01/2011	187.75	196.19	8.44	4.4953%
Port Reading, NJ	Vestal, NY		04/01/2011	167.91	175.45	7.54	4.4905%
Sewaren, NJ	Brewerton, NY		04/01/2011	186.58	194.96	8.38	4.4914%
Sewaren, NJ	Buffalo, NY		04/01/2011	185.19	193.51	8.32	4.4927%
Sewaren, NJ	Caledonia, NY		04/01/2011	186.12	194.48	8.36	4.4917%
Sewaren, NJ	Geneva, NY		04/01/2011	176.60	184.53	7.93	4.4904%
Sewaren, NJ	Liverpool, NY		04/01/2011	182.78	190.99	8.21	4.4917%
Sewaren, NJ	Marcy, NY		04/01/2011	194.04	202.76	8.72	4.4939%
Sewaren, NJ	Rochester, NY		04/01/2011	185.22	193.54	8.32	4.4920%
Sewaren, NJ	Utica, NY		04/01/2011	194.04	202.76	8.72	4.4939%
Sewaren, NJ	VanBuren, NY		04/01/2011	181.75	189.92	8.17	4.4952%
Sewaren, NJ	Verona, NY		04/01/2011	187.75	196.19	8.44	4.4953%
Sewaren, NJ	Vestal, NY		04/01/2011	167.91	175.45	7.54	4.4905%
Special Products Handling Charge			04/01/2011	6.82	7.12	0.30	4.3988%

Competitive

Tariff No. 442.4.0 (Cancels No. 442.3.0)

Booth, PA	Carlisle, PA
Booth, PA	Coraopolis, PA
Booth, PA	Delmont, PA

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE	
						(\$/Bbl.)	Percentage
Booth, PA	Eldorado, PA		04/01/2011	77.84	80.39	2.55	3.2760%
Booth, PA	Greensburg, PA		04/01/2011	90.41	93.37	2.96	3.2740%
Booth, PA	Highspire, PA		04/01/2011	61.40	63.41	2.01	3.2736%
Booth, PA	Indianola, PA		04/01/2011	117.20	121.04	3.84	3.2765%
Booth, PA	Mechanicsburg, PA		04/01/2011	63.21	65.28	2.07	3.2748%
Booth, PA	Midland, PA		04/01/2011	101.86	105.19	3.33	3.2692%
Booth, PA	Neville Island, PA		04/01/2011	101.86	105.19	3.33	3.2692%
Booth, PA	Pittsburgh, PA		04/01/2011	95.28	98.40	3.12	3.2746%
Booth, PA	Sinking Springs, PA		04/01/2011	53.71	55.47	1.76	3.2769%
Booth, PA	Booth, PA		04/01/2011	54.48	56.26	1.78	3.2673%
Chelsea Junction, PA	Carlisle, PA		04/01/2011	65.15	67.28	2.13	3.2694%
Chelsea Junction, PA	Coraopolis, PA		04/01/2011	92.94	95.98	3.04	3.2709%
Chelsea Junction, PA	Delmont, PA		04/01/2011	85.67	88.47	2.80	3.2684%
Chelsea Junction, PA	Eldorado, PA		04/01/2011	74.50	76.94	2.44	3.2752%
Chelsea Junction, PA	Greensburg, PA		04/01/2011	87.07	89.92	2.85	3.2732%
Chelsea Junction, PA	Highspire, PA		04/01/2011	58.04	59.94	1.90	3.2736%
Chelsea Junction, PA	Indianola, PA		04/01/2011	113.85	117.58	3.73	3.2762%
Chelsea Junction, PA	Mechanicsburg, PA		04/01/2011	59.85	61.81	1.96	3.2749%
Chelsea Junction, PA	Midland, PA		04/01/2011	98.53	101.76	3.23	3.2782%
Chelsea Junction, PA	Neville Island, PA		04/01/2011	98.53	101.76	3.23	3.2782%
Chelsea Junction, PA	Pittsburgh, PA		04/01/2011	91.95	94.96	3.01	3.2735%
Chelsea Junction, PA	Sinking Springs, PA		04/01/2011	50.36	52.01	1.65	3.2764%
Eagle Point, NJ	Carlisle, PA		04/01/2011	76.74	79.25	2.51	3.2708%
Eagle Point, NJ	Coraopolis, PA		04/01/2011	104.52	107.94	3.42	3.2721%
Eagle Point, NJ	Delmont, PA		04/01/2011	97.28	100.46	3.18	3.2689%
Eagle Point, NJ	Eldorado, PA		04/01/2011	86.09	88.90	2.81	3.2640%
Eagle Point, NJ	Greensburg, PA		04/01/2011	98.66	101.89	3.23	3.2739%
Eagle Point, NJ	Highspire, PA		04/01/2011	69.65	71.92	2.27	3.2592%
Eagle Point, NJ	Indianola, PA		04/01/2011	125.45	129.55	4.10	3.2682%
Eagle Point, NJ	Mechanicsburg, PA		04/01/2011	71.46	73.79	2.33	3.2606%
Eagle Point, NJ	Midland, PA		04/01/2011	110.11	113.71	3.60	3.2695%
Eagle Point, NJ	Neville Island, PA		04/01/2011	110.11	113.71	3.60	3.2695%
Eagle Point, NJ	Pittsburgh, PA		04/01/2011	103.53	106.91	3.38	3.2648%
Eagle Point, NJ	Sinking Springs, PA		04/01/2011	61.96	63.98	2.02	3.2602%
Girard Point, PA	Booth, PA		04/01/2011	54.48	56.26	1.78	3.2673%
Linden, NJ	Carlisle, PA		04/01/2011	93.69	102.38	8.69	9.2753%
Linden, NJ	Coraopolis, PA		04/01/2011	121.61	132.89	11.28	9.2756%

Origin	Destination	Market Status	Rate Last Increased	Current Rate (¢/Bbl.)	Proposed Rate (¢/Bbl.)	TARIFF CHANGE (¢/Bbl.) Percentage
Linden, NJ	Delmont, PA		04/01/2011	114.31	124.91	10.60 9.2730%
Linden, NJ	Dupont, PA		04/01/2011	116.02	119.82	3.80 3.2753%
Linden, NJ	Eldorado, PA		04/01/2011	103.08	112.64	9.56 9.2744%
Linden, NJ	Fullerton, PA		04/01/2011	84.13	86.88	2.75 3.2688%
Linden, NJ	Greensburg, PA		04/01/2011	115.71	126.44	10.73 9.2732%
Linden, NJ	Highspire, PA		04/01/2011	93.69	102.38	8.69 9.2753%
Linden, NJ	Indianola, PA		04/01/2011	130.31	142.40	12.09 9.2779%
Linden, NJ	Macungie, PA		04/01/2011	84.13	86.88	2.75 3.2688%
Linden, NJ	Mechanicsburg, PA		04/01/2011	93.69	102.38	8.69 9.2753%
Linden, NJ	Midland, PA		04/01/2011	127.20	139.00	11.80 9.2767%
Linden, NJ	Neville Island, PA		04/01/2011	127.20	139.00	11.80 9.2767%
Linden, NJ	Pittsburgh, PA		04/01/2011	120.62	131.81	11.19 9.2771%
Linden, NJ	Sinking Spring, PA		04/01/2011	93.69	102.38	8.69 9.2753%
Linden, NJ	Tuckerton, PA		04/01/2011	93.69	102.38	8.69 9.2753%
Macungie, PA	Carlisle, PA		04/01/2011	79.13	86.47	7.34 9.2759%
Macungie, PA	Coraopolis, PA		04/01/2011	106.92	116.84	9.92 9.2780%
Macungie, PA	Delmont, PA		04/01/2011	99.64	108.88	9.24 9.2734%
Macungie, PA	Dupont, PA		04/01/2011	101.16	104.47	3.31 3.2720%
Macungie, PA	Eldorado, PA		04/01/2011	88.47	96.67	8.20 9.2687%
Macungie, PA	Greensburg, PA		04/01/2011	101.00	110.36	9.36 9.2673%
Macungie, PA	Highspire, PA		04/01/2011	71.98	78.65	6.67 9.2665%
Macungie, PA	Indianola, PA		04/01/2011	109.62	119.78	10.16 9.2684%
Macungie, PA	Macungie, PA		04/01/2011	10.02	10.34	0.32 3.1936%
Macungie, PA	Mechanicsburg, PA		04/01/2011	71.61	78.25	6.64 9.2724%
Macungie, PA	Midland, PA		04/01/2011	112.51	122.94	10.43 9.2703%
Macungie, PA	Neville Island, PA		04/01/2011	112.51	122.94	10.43 9.2703%
Macungie, PA	Pittsburgh, PA		04/01/2011	105.94	115.76	9.82 9.2694%
Macungie, PA	Sinking Spring, PA		04/01/2011	64.29	70.25	5.96 9.2705%
Macungie, PA	Tuckerton, PA		04/01/2011	64.29	70.25	5.96 9.2705%
Paulsboro, NJ	Carlisle, PA		04/01/2011	93.69	102.38	8.69 9.2753%
Paulsboro, NJ	Coraopolis, PA		04/01/2011	121.61	132.89	11.28 9.2756%
Paulsboro, NJ	Delmont, PA		04/01/2011	114.31	124.91	10.60 9.2730%
Paulsboro, NJ	Dupont, PA		04/01/2011	116.02	119.82	3.80 3.2753%
Paulsboro, NJ	Eldorado, PA		04/01/2011	103.08	112.64	9.56 9.2744%
Paulsboro, NJ	Fullerton, PA		04/01/2011	84.13	86.88	2.75 3.2688%
Paulsboro, NJ	Greensburg, PA		04/01/2011	115.71	126.44	10.73 9.2732%
Paulsboro, NJ	Indianola, PA		04/01/2011	130.31	142.40	12.09 9.2779%

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE (\$/Bbl.) Percentage
Paulsboro, NJ	Macungie, PA		04/01/2011	84.13	86.88	2.75 3.2688%
Paulsboro, NJ	Mechanicsburg, PA		04/01/2011	93.69	102.38	8.69 9.2753%
Paulsboro, NJ	Midland, PA		04/01/2011	127.20	139.00	11.80 9.2767%
Paulsboro, NJ	Neville Island, PA		04/01/2011	127.20	139.00	11.80 9.2767%
Paulsboro, NJ	Pittsburgh, PA		04/01/2011	120.62	131.81	11.19 9.2771%
Paulsboro, NJ	Sinking Spring, PA		04/01/2011	93.69	102.38	8.69 9.2753%
Paulsboro, NJ	Tuckerton, PA		04/01/2011	93.69	102.38	8.69 9.2753%
Port Reading, NJ	Carlisle, PA		04/01/2011	97.69	106.75	9.06 9.2742%
Port Reading, NJ	Coraopolis, PA		04/01/2011	125.61	137.26	11.65 9.2747%
Port Reading, NJ	Delmont, PA		04/01/2011	118.31	129.28	10.97 9.2723%
Port Reading, NJ	Dupont, PA		04/01/2011	120.02	123.95	3.93 3.2745%
Port Reading, NJ	Eldorado, PA		04/01/2011	107.08	117.01	9.93 9.2734%
Port Reading, NJ	Fullerton, PA		04/01/2011	88.13	91.01	2.88 3.2679%
Port Reading, NJ	Greensburg, PA		04/01/2011	119.71	130.81	11.10 9.2724%
Port Reading, NJ	Highspire, PA		04/01/2011	97.69	106.75	9.06 9.2742%
Port Reading, NJ	Indianola, PA		04/01/2011	134.31	146.76	12.45 9.2696%
Port Reading, NJ	Macungie, PA		04/01/2011	88.13	91.01	2.88 3.2679%
Port Reading, NJ	Mechanicsburg, PA		04/01/2011	97.69	106.75	9.06 9.2742%
Port Reading, NJ	Midland, PA		04/01/2011	131.20	143.37	12.17 9.2759%
Port Reading, NJ	Neville Island, PA		04/01/2011	131.20	143.37	12.17 9.2759%
Port Reading, NJ	Pittsburgh, PA		04/01/2011	124.62	136.18	11.56 9.2762%
Port Reading, NJ	Sinking Spring, PA		04/01/2011	97.69	106.75	9.06 9.2742%
Port Reading, NJ	Tuckerton, PA		04/01/2011	97.69	106.75	9.06 9.2742%
Sewaren, NJ	Carlisle, PA		04/01/2011	97.69	106.75	9.06 9.2742%
Sewaren, NJ	Coraopolis, PA		04/01/2011	125.61	137.26	11.65 9.2747%
Sewaren, NJ	Delmont, PA		04/01/2011	118.31	129.28	10.97 9.2723%
Sewaren, NJ	Dupont, PA		04/01/2011	120.02	123.95	3.93 3.2745%
Sewaren, NJ	Eldorado, PA		04/01/2011	107.08	117.01	9.93 9.2734%
Sewaren, NJ	Fullerton, PA		04/01/2011	88.13	91.01	2.88 3.2679%
Sewaren, NJ	Greensburg, PA		04/01/2011	119.71	130.81	11.10 9.2724%
Sewaren, NJ	Highspire, PA		04/01/2011	97.69	106.75	9.06 9.2742%
Sewaren, NJ	Indianola, PA		04/01/2011	134.31	146.77	12.46 9.2770%
Sewaren, NJ	Macungie, PA		04/01/2011	88.13	91.01	2.88 3.2679%
Sewaren, NJ	Mechanicsburg, PA		04/01/2011	97.69	106.75	9.06 9.2742%
Sewaren, NJ	Midland, PA		04/01/2011	131.20	143.37	12.17 9.2759%
Sewaren, NJ	Neville Island, PA		04/01/2011	131.20	143.37	12.17 9.2759%
Sewaren, NJ	Pittsburgh, PA		04/01/2011	124.62	136.18	11.56 9.2762%

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE (\$/Bbl.)	Percentage
Sewaren, NJ	Sinking Spring, PA	Competitive	04/01/2011	97.69	106.75	9.06	9.2742%
Sewaren, NJ	Tuckerton, PA		04/01/2011	97.69	106.75	9.06	9.2742%
Special Products Handling charge			04/01/2011	6.82	7.04	0.22	3.2258%
Tariff No. 443.2.0 (Cancels No. 443.1.0)							
Coraopolis, PA	Coraopolis, PA		04/01/2011	14.73	15.21	0.48	3.2587%
Coraoplis, PA	Indianola, PA - Transmix Consolidation		04/01/2011	23.63	24.40	0.77	3.2586%
Indianola, PA	Coraopolis, PA		04/01/2011	34.27	35.39	1.12	3.2682%
Indianola, PA	Midland, PA		04/01/2011	38.24	39.49	1.25	3.2688%
Indianola, PA	Neville Island, PA		04/01/2011	38.24	39.49	1.25	3.2688%
Midland, PA	Coraopolis, PA		04/01/2011	81.73	84.40	2.67	3.2669%
Midland, PA	Neville Island, PA	04/01/2011	81.73	84.40	2.67	3.2669%	
Special Products Handling charge		04/01/2011	6.82	7.04	0.22	3.2258%	
Tariff No. 444.3.0 (Cancels No. 444.2.0)							
Booth, PA	Tioga Junction	Competitive	04/01/2011	115.60	119.39	3.79	3.2785%
Chelsea Junction, PA	Tioga Junction		04/01/2011	109.49	113.07	3.58	3.2697%
Detroit, MI	Tioga Junction		04/01/2011	147.69	152.53	4.84	3.2771%
Eagle Point, NJ	Tioga Junction		04/01/2011	123.85	127.91	4.06	3.2782%
Chicago Complex, IN	Tioga Junction		04/01/2011	192.18	198.48	6.30	3.2782%
Findlay, OH	Tioga Junction		04/01/2011	130.33	134.60	4.27	3.2763%
Lima, OH	Tioga Junction		04/01/2011	138.21	142.74	4.53	3.2776%
Linden, NJ	Tioga Junction		04/01/2011	139.13	152.03	12.90	9.2700%
Macungie, PA	Tioga Junction		04/01/2011	120.83	132.03	11.20	9.2700%
Port Reading, NJ	Tioga Junction		04/01/2011	143.13	156.40	13.27	9.2700%
Sewaren, NJ	Tioga Junction		04/01/2011	143.13	156.40	13.27	9.2700%
Toledo, OH	Tioga Junction		04/01/2011	132.11	136.44	4.33	3.2776%
Woodhaven, MI	Tioga Junction		04/01/2011	153.37	158.39	5.02	3.2731%
Tioga Junction	Pittsburgh International Airport		04/01/2011	18.00	18.00	-	0.0000%
Tariff No. 445.3.0 (Cancels No. 445.2.0)							
Detroit, MI	Aurora, OH	Market Power	04/01/2011	97.18	101.54	4.36	4.4865%
Detroit, MI	Bellevue, OH		04/01/2011	92.05	96.18	4.13	4.4867%
Detroit, MI	Brecksville, OH		04/01/2011	97.06	101.42	4.36	4.4921%
Detroit, MI	Cleveland (Bradley Road), OH		04/01/2011	115.75	120.95	5.20	4.4924%
Detroit, MI	Cleveland, OH		04/01/2011	98.04	102.44	4.40	4.4880%

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE (\$/Bbl.)	Percentage
Detroit, MI	Lorain, OH		04/01/2011	115.75	120.95	5.20	4.4924%
Chicago Complex, IN	Aurora, OH		04/01/2011	138.13	144.33	6.20	4.4855%
Chicago Complex, IN	Bellevue, OH		04/01/2011	135.43	141.51	6.08	4.4894%
Chicago Complex, IN	Brecksville, OH		04/01/2011	137.40	143.57	6.17	4.4905%
Chicago Complex, IN	Cleveland (Bradley Road), OH		04/01/2011	157.66	164.74	7.08	4.4907%
Chicago Complex, IN	Cleveland, OH		04/01/2011	138.40	144.62	6.22	4.4942%
Chicago Complex, IN	Lorain, OH		04/01/2011	157.66	164.74	7.08	4.4907%
Findlay, OH	Aurora, OH		04/01/2011	82.49	86.19	3.70	4.4854%
Findlay, OH	Bellevue, OH		04/01/2011	76.09	79.51	3.42	4.4947%
Findlay, OH	Brecksville, OH		04/01/2011	81.80	85.47	3.67	4.4866%
Findlay, OH	Cleveland, OH		04/01/2011	82.91	86.63	3.72	4.4868%
Huntington, IN	Aurora, OH		04/01/2011	89.20	93.21	4.01	4.4955%
Huntington, IN	Aurora, OH Excess Volume		04/01/2011	66.90	69.90	3.00	4.4843%
Huntington, IN	Bellevue, OH		04/01/2011	83.14	86.87	3.73	4.4864%
Huntington, IN	Brecksville, OH		04/01/2011	88.49	92.46	3.97	4.4864%
Huntington, IN	Cleveland (Bradley Road), OH		04/01/2011	106.68	111.47	4.79	4.4901%
Huntington, IN	Cleveland, OH		04/01/2011	88.70	92.68	3.98	4.4870%
Huntington, IN	Lorain, OH		04/01/2011	106.68	111.47	4.79	4.4901%
Lima, OH	Aurora, OH		04/01/2011	89.06	93.06	4.00	4.4914%
Lima, OH	Bellevue, OH		04/01/2011	82.82	86.54	3.72	4.4917%
Lima, OH	Brecksville, OH		04/01/2011	88.33	92.30	3.97	4.4945%
Lima, OH	Cleveland (Bradley Road), OH		04/01/2011	83.90	87.67	3.77	4.4934%
Lima, OH	Cleveland, OH		04/01/2011	89.35	93.36	4.01	4.4880%
Lima, OH	Lorain, OH		04/01/2011	83.90	87.67	3.77	4.4934%
Toledo, OH	Aurora, OH		04/01/2011	83.92	87.69	3.77	4.4924%
Toledo, OH	Bellevue, OH		04/01/2011	77.41	80.89	3.48	4.4955%
Toledo, OH	Brecksville, OH		04/01/2011	83.37	87.11	3.74	4.4860%
Toledo, OH	Cleveland, OH		04/01/2011	84.21	87.99	3.78	4.4888%
Woodhaven, MI	Aurora, OH		04/01/2011	102.16	106.75	4.59	4.4930%
Woodhaven, MI	Bellevue, OH		04/01/2011	96.60	100.94	4.34	4.4928%
Woodhaven, MI	Brecksville, OH		04/01/2011	101.32	105.87	4.55	4.4907%
Woodhaven, MI	Cleveland (Bradley Road), OH		04/01/2011	120.66	126.08	5.42	4.4920%
Woodhaven, MI	Cleveland, OH		04/01/2011	102.47	107.07	4.60	4.4891%
Woodhaven, MI	Lorain, OH		04/01/2011	120.66	126.08	5.42	4.4920%

Tariff No. 446.3.0 (Cancels No. 446.2.0) Competitive

Detroit, MI Avon, IN

115.35 119.13 3.78 3.2770%

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE	
						(\$/Bbl.)	Percentage
Detroit, MI	Bay City, MI		04/01/2011	100.93	104.23	3.30	3.2696%
Detroit, MI	Clermont, IN		04/01/2011	93.96	97.04	3.08	3.2780%
Detroit, MI	Columbus, OH		04/01/2011	120.43	124.37	3.94	3.2716%
Detroit, MI	Coraopolis, PA		04/01/2011	133.81	138.19	4.38	3.2733%
Detroit, MI	Dearborn, MI		04/01/2011	32.68	33.75	1.07	3.2742%
Detroit, MI	Flint, MI		04/01/2011	72.09	74.45	2.36	3.2737%
Detroit, MI	Hilliards, OH		04/01/2011	120.43	124.37	3.94	3.2716%
Detroit, MI	Huntington, IN		04/01/2011	133.22	137.58	4.36	3.2728%
Detroit, MI	Indianola, PA		04/01/2011	160.09	165.33	5.24	3.2732%
Detroit, MI	Inkster, MI		04/01/2011	43.84	45.27	1.43	3.2619%
Detroit, MI	Lima, OH		04/01/2011	81.24	83.90	2.66	3.2742%
Detroit, MI	Neville Island, PA		04/01/2011	139.40	143.97	4.57	3.2783%
Detroit, MI	Novi, MI		04/01/2011	61.80	63.82	2.02	3.2686%
Detroit, MI	Owosso, MI		04/01/2011	98.45	101.67	3.22	3.2707%
Detroit, MI	Toledo, OH		04/01/2011	75.28	77.74	2.46	3.2678%
Detroit, MI	Woodhaven, MI		04/01/2011	54.35	56.13	1.78	3.2751%
Chicago Complex, IN	Avon, IN		04/01/2011	85.33	88.12	2.79	3.2697%
Chicago Complex, IN	Bay City, MI		04/01/2011	190.21	196.44	6.23	3.2753%
Chicago Complex, IN	Clermont, IN		04/01/2011	67.93	70.15	2.22	3.2681%
Chicago Complex, IN	Columbus, OH		04/01/2011	148.83	153.70	4.87	3.2722%
Chicago Complex, IN	Coraopolis, PA		04/01/2011	177.59	183.41	5.82	3.2772%
Chicago Complex, IN	Dearborn, MI		04/01/2011	130.45	134.72	4.27	3.2733%
Chicago Complex, IN	Detroit, MI		04/01/2011	129.19	133.42	4.23	3.2742%
Chicago Complex, IN	Flint, MI		04/01/2011	161.77	167.07	5.30	3.2763%
Chicago Complex, IN	Hilliards, OH		04/01/2011	148.83	153.70	4.87	3.2722%
Chicago Complex, IN	Huntington, IN		04/01/2011	102.18	105.53	3.35	3.2785%
Chicago Complex, IN	Indianola, PA		04/01/2011	203.87	210.55	6.68	3.2766%
Chicago Complex, IN	Inkster, MI		04/01/2011	130.45	134.72	4.27	3.2733%
Chicago Complex, IN	Lima, OH		04/01/2011	108.81	112.37	3.56	3.2718%
Chicago Complex, IN	Neville Island, PA		04/01/2011	183.18	189.18	6.00	3.2755%
Chicago Complex, IN	Novi, MI		04/01/2011	144.28	149.01	4.73	3.2783%
Chicago Complex, IN	Owosso, MI		04/01/2011	184.93	190.99	6.06	3.2769%
Chicago Complex, IN	Toledo, OH		04/01/2011	117.20	121.04	3.84	3.2765%
Chicago Complex, IN	Woodhaven, MI		04/01/2011	129.19	133.42	4.23	3.2742%
Findlay, OH	Avon, IN		04/01/2011	84.82	87.60	2.78	3.2775%
Findlay, OH	Bay City, MI		04/01/2011	129.64	133.89	4.25	3.2783%
Findlay, OH	Clermont, IN		04/01/2011	63.30	65.37	2.07	3.2701%

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE	
						(\$/Bbl.)	Percentage
Findlay, OH	Columbus, OH		04/01/2011	90.95	93.93	2.98	3.2765%
Findlay, OH	Coraopolis, PA		04/01/2011	116.75	120.57	3.82	3.2719%
Findlay, OH	Dearborn, MI		04/01/2011	53.37	55.11	1.74	3.2603%
Findlay, OH	Detroit, MI		04/01/2011	52.79	54.52	1.73	3.2771%
Findlay, OH	Flint, MI		04/01/2011	97.75	100.95	3.20	3.2737%
Findlay, OH	Hilliards, OH		04/01/2011	90.95	93.93	2.98	3.2765%
Findlay, OH	Huntington, IN		04/01/2011	101.14	104.45	3.31	3.2727%
Findlay, OH	Indianola, PA		04/01/2011	143.03	147.71	4.68	3.2720%
Findlay, OH	Inkster, MI		04/01/2011	53.37	55.11	1.74	3.2603%
Findlay, OH	Neville Island, PA		04/01/2011	122.34	126.35	4.01	3.2778%
Findlay, OH	Novi, MI		04/01/2011	72.76	75.14	2.38	3.2710%
Findlay, OH	Owosso, MI		04/01/2011	124.94	129.03	4.09	3.2736%
Findlay, OH	Toledo, OH		04/01/2011	34.50	35.63	1.13	3.2754%
Findlay, OH	Woodhaven, MI		04/01/2011	52.79	54.52	1.73	3.2771%
Huntington, IN	Bay City, MI		04/01/2011	132.51	136.85	4.34	3.2752%
Huntington, IN	Columbus, OH		04/01/2011	87.16	90.01	2.85	3.2698%
Huntington, IN	Coraopolis, PA		04/01/2011	124.13	128.19	4.06	3.2708%
Huntington, IN	Dearborn, MI		04/01/2011	71.05	73.37	2.32	3.2653%
Huntington, IN	Detroit, MI		04/01/2011	70.33	72.63	2.30	3.2703%
Huntington, IN	Flint, MI		04/01/2011	104.88	108.31	3.43	3.2704%
Huntington, IN	Hilliards, OH		04/01/2011	87.16	90.01	2.85	3.2698%
Huntington, IN	Indianola, PA		04/01/2011	150.41	155.34	4.93	3.2777%
Huntington, IN	Inkster, MI		04/01/2011	71.05	73.37	2.32	3.2653%
Huntington, IN	Lima, OH		04/01/2011	53.44	55.19	1.75	3.2747%
Huntington, IN	Neville Island, PA		04/01/2011	129.72	133.97	4.25	3.2763%
Huntington, IN	Novi, MI		04/01/2011	92.70	95.73	3.03	3.2686%
Huntington, IN	Owosso, MI		04/01/2011	127.80	131.99	4.19	3.2786%
Huntington, IN	Toledo, OH		04/01/2011	66.21	68.38	2.17	3.2775%
Huntington, IN	Woodhaven, MI		04/01/2011	70.33	72.63	2.30	3.2703%
Inkster, MI	Owosso, MI		04/01/2011	86.74	89.58	2.84	3.2742%
Lima, OH	Avon, IN		04/01/2011	84.03	86.78	2.75	3.2726%
Lima, OH	Bay City, MI		04/01/2011	130.64	134.92	4.28	3.2762%
Lima, OH	Clermont, IN		04/01/2011	62.53	64.58	2.05	3.2784%
Lima, OH	Columbus, OH		04/01/2011	67.99	70.21	2.22	3.2652%
Lima, OH	Coraopolis, PA		04/01/2011	124.42	128.49	4.07	3.2712%
Lima, OH	Dearborn, MI		04/01/2011	53.49	55.24	1.75	3.2716%
Lima, OH	Detroit, MI		04/01/2011	53.16	54.90	1.74	3.2731%

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE (\$/Bbl.)	Percentage
Lima, OH	Delmont, PA		04/01/2011	155.05	160.13	5.08	3.2764%
Lima, OH	Flint, MI		04/01/2011	98.59	101.82	3.23	3.2762%
Lima, OH	Greensburg, PA		04/01/2011	155.05	160.13	5.08	3.2764%
Lima, OH	Hilliards, OH		04/01/2011	67.99	70.21	2.22	3.2652%
Lima, OH	Huntington, IN		04/01/2011	103.15	106.53	3.38	3.2768%
Lima, OH	Indianola, PA		04/01/2011	150.70	155.64	4.94	3.2780%
Lima, OH	Inkster, MI		04/01/2011	53.49	55.24	1.75	3.2716%
Lima, OH	Lima, OH		04/01/2011	14.71	15.19	0.48	3.2631%
Lima, OH	Neville Island, PA		04/01/2011	130.01	134.27	4.26	3.2767%
Lima, OH	Novi, MI		04/01/2011	72.76	75.14	2.38	3.2710%
Lima, OH	Owosso, MI		04/01/2011	124.66	128.74	4.08	3.2729%
Lima, OH	Pittsburgh, PA		04/01/2011	155.05	160.13	5.08	3.2764%
Lima, OH	Toledo, OH		04/01/2011	42.46	43.85	1.39	3.2737%
Lima, OH	Woodhaven, MI		04/01/2011	53.16	54.90	1.74	3.2731%
Toledo, OH	Avon, IN		04/01/2011	101.08	104.39	3.31	3.2746%
Toledo, OH	Bay City, MI		04/01/2011	112.68	116.37	3.69	3.2748%
Toledo, OH	Clermont, IN		04/01/2011	80.96	83.61	2.65	3.2732%
Toledo, OH	Columbus, OH		04/01/2011	101.72	105.05	3.33	3.2737%
Toledo, OH	Coraopolis, PA		04/01/2011	118.34	122.22	3.88	3.2787%
Toledo, OH	Dearborn, MI		04/01/2011	52.23	53.94	1.71	3.2740%
Toledo, OH	Delmont, PA		04/01/2011	148.97	153.85	4.88	3.2758%
Toledo, OH	Detroit, MI		04/01/2011	52.02	53.72	1.70	3.2680%
Toledo, OH	Flint, MI		04/01/2011	82.26	84.95	2.69	3.2701%
Toledo, OH	Greensburg, PA		04/01/2011	148.97	153.85	4.88	3.2758%
Toledo, OH	Hilliards, OH		04/01/2011	101.72	105.05	3.33	3.2737%
Toledo, OH	Huntington, IN		04/01/2011	120.97	124.93	3.96	3.2735%
Toledo, OH	Indianola, PA		04/01/2011	144.62	149.36	4.74	3.2776%
Toledo, OH	Inkster, MI		04/01/2011	52.23	53.94	1.71	3.2740%
Toledo, OH	Lima, OH		04/01/2011	60.10	62.07	1.97	3.2779%
Toledo, OH	Neville Island, PA		04/01/2011	123.93	127.99	4.06	3.2760%
Toledo, OH	Novi, MI		04/01/2011	69.21	71.47	2.26	3.2654%
Toledo, OH	Owosso, MI		04/01/2011	107.34	110.85	3.51	3.2700%
Toledo, OH	Pittsburgh, PA		04/01/2011	148.97	153.85	4.88	3.2758%
Toledo, OH	Woodhaven, MI		04/01/2011	52.02	53.72	1.70	3.2680%
Woodhaven, MI	Avon, IN		04/01/2011	121.68	125.66	3.98	3.2709%
Woodhaven, MI	Bay City, MI		04/01/2011	105.14	108.58	3.44	3.2718%
Woodhaven, MI	Clermont, IN		04/01/2011	100.62	103.91	3.29	3.2697%

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE (\$/Bbl.)	Percentage
Woodhaven, MI	Columbus, OH		04/01/2011	125.85	129.97	4.12	3.2737%
Woodhaven, MI	Coraopolis, PA		04/01/2011	139.48	144.05	4.57	3.2765%
Woodhaven, MI	Dearborn, MI		04/01/2011	47.39	48.94	1.55	3.2707%
Woodhaven, MI	Detroit, MI		04/01/2011	46.82	48.35	1.53	3.2678%
Woodhaven, MI	Flint, MI		04/01/2011	74.82	77.27	2.45	3.2745%
Woodhaven, MI	Hilliards, OH		04/01/2011	125.85	129.97	4.12	3.2737%
Woodhaven, MI	Huntington, IN		04/01/2011	139.25	143.81	4.56	3.2747%
Woodhaven, MI	Indianola, PA		04/01/2011	165.76	171.19	5.43	3.2758%
Woodhaven, MI	Inkster, MI		04/01/2011	47.39	48.94	1.55	3.2707%
Woodhaven, MI	Lima, OH		04/01/2011	86.40	89.23	2.83	3.2755%
Woodhaven, MI	Neville Island, PA		04/01/2011	145.07	149.82	4.75	3.2743%
Woodhaven, MI	Novi, MI		04/01/2011	63.34	65.41	2.07	3.2681%
Woodhaven, MI	Owosso, MI		04/01/2011	101.02	104.33	3.31	3.2766%
Woodhaven, MI	Toledo, OH		04/01/2011	80.19	82.81	2.62	3.2672%
Tariff No. 447.2.0 (Cancels No. 447.1.0)							
Lima, OH	Linden, NJ	No Determination	04/01/2011	228.12	238.37	10.25	4.4932%
Midland, PA	Linden, NJ		04/01/2011	221.79	231.76	9.97	4.4952%
Toledo, OH	Linden, NJ		04/01/2011	228.12	238.37	10.25	4.4932%
Tariff No. 448.2.0 (Cancels No. 448.1.0)							
Coraopolis, PA	Indianola, PA	Competitive	04/01/2011	106.24	109.72	3.48	3.2756%
Findlay, OH	Detroit, MI		04/01/2011	76.51	79.01	2.50	3.2675%
Huntington, IN	Lima, OH		04/01/2011	78.43	81.00	2.57	3.2768%
Huntington, IN	Toledo, OH		04/01/2011	85.84	88.65	2.81	3.2735%
Lima, OH	Detroit, MI		04/01/2011	81.14	83.80	2.66	3.2783%
Lima, OH	Indianola, PA		04/01/2011	180.07	185.97	5.90	3.2765%
Toledo, OH	Indianola, PA		04/01/2011	193.55	199.89	6.34	3.2756%
Tariff No. 449.3.0 (Cancels No. 449.2.0)							
Chicago Complex, IN	Detroit, MI	Competitive	04/01/2011	144.98	149.73	4.75	3.2763%
Chicago Complex, IN	Griffith, IN		04/01/2011	19.06	19.68	0.62	3.2529%
Chicago Complex, IN	Huntington, IN		04/01/2011	106.34	109.82	3.48	3.2725%
Chicago Complex, IN	Lima, OH		04/01/2011	129.39	133.63	4.24	3.2769%
Chicago Complex, IN	Lima, OH - Contract		04/01/2011	112.48	112.48	-	0.0000%
Chicago Complex, IN	Midland, PA		04/01/2011	183.87	189.89	6.02	3.2741%

Origin	Destination	Market Status	Rate Last Increased	Current Rate (\$/Bbl.)	Proposed Rate (\$/Bbl.)	TARIFF CHANGE (\$/Bbl.)	Percentage
Chicago Complex, IN	Midland, PA - Contract		04/01/2011	133.71	133.71	-	0.0000%
Chicago Complex, IN	Toledo, OH		04/01/2011	126.16	130.29	4.13	3.2736%
Chicago Complex, IN	Woodhaven, MI		04/01/2011	144.98	149.73	4.75	3.2763%
Griffith, IN	Detroit, MI		04/01/2011	144.98	149.73	4.75	3.2763%
Griffith, IN	Huntington, IN		04/01/2011	106.34	109.82	3.48	3.2725%
Griffith, IN	Lima, OH		04/01/2011	129.39	133.63	4.24	3.2769%
Griffith, IN	Midland, PA		04/01/2011	183.87	189.89	6.02	3.2741%
Griffith, IN	Toledo, OH		04/01/2011	126.16	130.29	4.13	3.2736%
Griffith, IN	Woodhaven, MI		04/01/2011	144.98	149.73	4.75	3.2763%
Inkster (Joan Junction), IN	Woodhaven, MI		04/01/2011	59.34	61.28	1.94	3.2693%
Lima, OH	Woodhaven, MI		04/01/2011	75.37	77.84	2.47	3.2772%
Lima, OH	Detroit, MI		04/01/2011	120.60	124.55	3.95	3.2753%
Lima, OH	Inkster, MI		04/01/2011	16.14	16.66	0.52	3.2218%
Lima, OH	Lima, OH		04/01/2011	176.77	182.56	5.79	3.2754%
Lima, OH	Midland, PA		04/01/2011	48.81	50.41	1.60	3.2780%
Lima, OH	Toledo, OH		04/01/2011	75.37	77.84	2.47	3.2772%
Lima, OH	Woodhaven, MI		04/01/2011	165.52	170.94	5.42	3.2745%
Monee, IL	Detroit, MI		04/01/2011	127.89	132.08	4.19	3.2763%
Monee, IL	Huntington, IN		04/01/2011	139.90	144.48	4.58	3.2738%
Monee, IL	Lima, OH		04/01/2011	112.48	112.48	-	0.0000%
Monee, IL	Lima, OH - Contract		04/01/2011	183.87	189.89	6.02	3.2741%
Monee, IL	Midland, PA		04/01/2011	133.71	133.71	-	0.0000%
Monee, IL	Midland, PA - Contract		04/01/2011	147.11	151.93	4.82	3.2765%
Monee, IL	Toledo, OH		04/01/2011	165.52	170.94	5.42	3.2745%
Monee, IL	Woodhaven, MI		04/01/2011	145.91	150.69	4.78	3.2760%
Woodhaven, MI	Griffith, IN		04/01/2011	143.23	147.92	4.69	3.2745%
Woodhaven, MI	Huntington, IN		04/01/2011	106.99	110.49	3.50	3.2713%
Woodhaven, MI	Lima, OH		04/01/2011	176.77	182.56	5.79	3.2754%
Woodhaven, MI	Midland, PA		04/01/2011				

Tariff No. 450.2.0 (Cancels No. 450.1.0)

Buffalo, NY	No Determination	04/01/2011	21.58	22.55	0.97	4.4949%
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Tariff No. 452.2.0 (Cancels No. 452.1.0)

Booth, PA	No Determination	04/01/2011	54.47	56.91	2.44	4.4795%
Chelsea Junction, PA		04/01/2011	54.47	56.91	2.44	4.4795%
Girard Point, PA		04/01/2011	54.47	56.91	2.44	4.4795%

Buckeye Pipe Line Company, L.P.
Schedule D

CALCULATION OF INFLATION AND TARIFF CAP

GDP Implicit Price Deflator
2005 = 100

Inflation Factor Proposed		Inflation Factor 10/01/2009	
Quarter	Year	Quarter	Year
	Rates		Rates
III	2010	III	2008
IV	2010	IV	2008
I	2011	I	2009
II	2011	II	2009
Average	112.066	Average	109.443
Actual 2 Year Change in GDP		2.397%	
Real Cap		<u>15.000%</u>	
Nominal Cap - 2 Years		<u>17.397%</u>	

Buckeye Pipe Line Company, L.P.
Schedule E

INDIVIDUAL RATE ANALYSIS

Origin	Destination	Market Status	Rate on 10/01/2009 (¢/Bbl.)	Cap eff. 10/01/2011 (¢/Bbl.)	Current Rate (¢/Bbl.)	Proposed Rate (¢/Bbl.)	Amount Under Cap (¢/Bbl.)	TARIFF CHANGE (¢/Bbl.)	Percentage
Competitive									
<i>Tariff No. 442.4.0 (Cancels No. 442.3.0)</i>									
Linden, NJ	Carlisle, PA		88.76	104.20	93.69	102.38	1.82	8.69	9.28%
Linden, NJ	Coraopolis, PA		115.21	135.25	121.61	132.89	2.36	11.28	9.28%
Linden, NJ	Delmont, PA		108.30	127.14	114.31	124.91	2.23	10.60	9.27%
Linden, NJ	Eldorado, PA		97.66	114.65	103.08	112.64	2.01	9.56	9.27%
Linden, NJ	Greensburg, PA		109.62	128.69	115.71	126.44	2.25	10.73	9.27%
Linden, NJ	Highspire, PA		88.76	104.20	93.69	102.38	1.82	8.69	9.28%
Linden, NJ	Indianola, PA		123.45	144.93	130.31	142.40	2.53	12.09	9.28%
Linden, NJ	Mechanicsburg, PA		88.76	104.20	93.69	102.38	1.82	8.69	9.28%
Linden, NJ	Midland, PA		120.51	141.47	127.20	139.00	2.47	11.80	9.28%
Linden, NJ	Neville Island, PA		120.51	141.47	127.20	139.00	2.47	11.80	9.28%
Linden, NJ	Pittsburgh, PA		114.28	134.16	120.62	131.81	2.35	11.19	9.28%
Linden, NJ	Sinking Spring, PA		88.76	104.20	93.69	102.38	1.82	8.69	9.28%
Linden, NJ	Tuckerton, PA		88.76	104.20	93.69	102.38	1.82	8.69	9.28%
Macungie, PA	Carlisle, PA		74.97	88.01	79.13	86.47	1.55	7.34	9.27%
Macungie, PA	Coraopolis, PA		101.30	118.92	106.92	116.84	2.08	9.92	9.28%
Macungie, PA	Delmont, PA		94.40	110.82	99.64	108.88	1.95	9.24	9.27%
Macungie, PA	Eldorado, PA		83.82	98.40	88.47	96.67	1.73	8.20	9.27%
Macungie, PA	Greensburg, PA		95.69	112.34	101.00	110.36	1.97	9.36	9.27%
Macungie, PA	Highspire, PA		68.20	80.06	71.98	78.65	1.41	6.67	9.27%
Macungie, PA	Indianola, PA		103.86	121.93	109.62	119.78	2.15	10.16	9.27%
Macungie, PA	Mechanicsburg, PA		67.85	79.65	71.61	78.25	1.40	6.64	9.27%
Macungie, PA	Midland, PA		106.60	125.14	112.51	122.94	2.21	10.43	9.27%
Macungie, PA	Neville Island, PA		106.60	125.14	112.51	122.94	2.20	10.43	9.27%
Macungie, PA	Pittsburgh, PA		100.37	117.83	105.94	115.76	2.07	9.82	9.27%
Macungie, PA	Sinking Spring, PA		60.92	71.52	64.29	70.25	1.27	5.96	9.27%
Macungie, PA	Tuckerton, PA		60.92	71.52	64.29	70.25	1.27	5.96	9.27%
Paulsboro, NJ	Carlisle, PA		88.76	104.20	93.69	102.38	1.83	8.69	9.27%
Paulsboro, NJ	Coraopolis, PA		115.21	135.25	121.61	132.89	2.36	11.28	9.28%
Paulsboro, NJ	Delmont, PA		108.30	127.14	114.31	124.91	2.23	10.60	9.27%
Paulsboro, NJ	Eldorado, PA		97.66	114.65	103.08	112.64	2.01	9.56	9.27%
Paulsboro, NJ	Greensburg, PA		109.62	128.69	115.71	126.44	2.25	10.73	9.27%
Paulsboro, NJ	Indianola, PA		123.45	144.93	130.31	142.40	2.53	12.09	9.28%
Paulsboro, NJ	Mechanicsburg, PA		88.76	104.20	93.69	102.38	1.82	8.69	9.28%
Paulsboro, NJ	Midland, PA		120.51	141.47	127.20	139.00	2.47	11.80	9.28%
Paulsboro, NJ	Neville Island, PA		120.51	141.47	127.20	139.00	2.47	11.80	9.28%

Origin	Destination	Market Status	Rate on 10/01/2009 (¢/Bbl.)	Cap eff. 10/01/2011 (¢/Bbl.)	Current Rate (¢/Bbl.)	Proposed Rate (¢/Bbl.)	Amount Under Cap (¢/Bbl.)	TARIFF CHANGE	
								(¢/Bbl.)	Percentage
Paulsboro, NJ	Pittsburgh, PA		114.28	134.16	120.62	131.81	2.35	11.19	9.28%
Paulsboro, NJ	Sinking Spring, PA		88.76	104.20	93.69	102.38	1.82	8.69	9.28%
Paulsboro, NJ	Tuckerton, PA		88.76	104.20	93.69	102.38	1.82	8.69	9.28%
Port Reading, NJ	Carlisle, PA		92.76	108.90	97.69	106.75	2.15	9.06	9.27%
Port Reading, NJ	Coraopolis, PA		119.21	139.95	125.61	137.26	2.69	11.65	9.27%
Port Reading, NJ	Delmont, PA		112.30	131.84	118.31	129.28	2.56	10.97	9.27%
Port Reading, NJ	Eldorado, PA		101.66	119.35	107.08	117.01	2.34	9.93	9.27%
Port Reading, NJ	Greensburg, PA		113.62	133.39	119.71	130.81	2.58	11.10	9.27%
Port Reading, NJ	Highspire, PA		92.76	108.90	97.69	106.75	2.15	9.06	9.27%
Port Reading, NJ	Indianola, PA		127.45	149.62	134.31	146.76	2.86	12.45	9.27%
Port Reading, NJ	Mechanicsburg, PA		92.76	108.90	97.69	106.75	2.15	9.06	9.27%
Port Reading, NJ	Midland, PA		124.51	146.17	131.20	143.37	2.80	12.17	9.28%
Port Reading, NJ	Neville Island, PA		124.51	146.17	131.20	143.37	2.80	12.17	9.28%
Port Reading, NJ	Pittsburgh, PA		118.28	138.86	124.62	136.18	2.68	11.56	9.28%
Port Reading, NJ	Sinking Spring, PA		92.76	108.90	97.69	106.75	2.15	9.06	9.27%
Port Reading, NJ	Tuckerton, PA		92.76	108.90	97.69	106.75	2.15	9.06	9.27%
Sewaren, NJ	Carlisle, PA		92.76	108.90	97.69	106.75	2.15	9.06	9.27%
Sewaren, NJ	Coraopolis, PA		119.21	139.95	125.61	137.26	2.69	11.65	9.27%
Sewaren, NJ	Delmont, PA		112.30	131.84	118.31	129.28	2.56	10.97	9.27%
Sewaren, NJ	Eldorado, PA		101.66	119.35	107.08	117.01	2.34	9.93	9.27%
Sewaren, NJ	Greensburg, PA		113.62	133.39	119.71	130.81	2.58	11.10	9.27%
Sewaren, NJ	Highspire, PA		92.76	108.90	97.69	106.75	2.15	9.06	9.27%
Sewaren, NJ	Indianola, PA		127.45	149.62	134.31	146.77	2.85	12.46	9.28%
Sewaren, NJ	Mechanicsburg, PA		92.76	108.90	97.69	106.75	2.15	9.06	9.27%
Sewaren, NJ	Midland, PA		124.51	146.17	131.20	143.37	2.80	12.17	9.28%
Sewaren, NJ	Neville Island, PA		124.51	146.17	131.20	143.37	2.80	12.17	9.28%
Sewaren, NJ	Pittsburgh, PA		118.28	138.86	124.62	136.18	2.68	11.56	9.28%
Sewaren, NJ	Sinking Spring, PA		92.76	108.90	97.69	106.75	2.15	9.06	9.27%
Sewaren, NJ	Tuckerton, PA		92.76	108.90	97.69	106.75	2.15	9.06	9.27%
Competitive			149.81	175.87	157.13	170.03	5.84	12.90	8.21%
Linden, NJ	Pittsburgh Airport		132.47	155.52	138.83	150.03	5.48	11.20	8.07%
Macungie, PA	Pittsburgh Airport		153.81	180.57	161.13	174.40	6.17	13.27	8.23%
Port Reading, NJ	Pittsburgh Airport		153.81	180.57	161.13	174.40	6.17	13.27	8.23%
Sewaren, NJ	Pittsburgh Airport		153.81	180.57	161.13	174.40	6.17	13.27	8.23%
Nominal Rate Cap (From Schedule D)			17.397%						

Tariff No. 444.3.0 (Cancels No. 444.2.0)

FERC rendition of the electronically filed tariff records in Docket No. IS11-00566-000
Filing Data:
CID: C000151
Filing Title: Buckeye pipe Line Company Market Based rate Increase October 1, 2011
Company Filing Identifier: 47
Type of Filing Code: 830
Associated Filing Identifier:
Tariff Title: Buckeye Market-Base Rates Tariff
Tariff ID: 4
Payment Confirmation:
Suspension Motion: N

Tariff Record Data:
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: Philadelphia, FERC No. 437.0.0, 437.3.0, A
Record Narrative Name:
Tariff Record ID: 23
Tariff Record Collation Value: 2250 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: Jet Lines, FERC No. 438.0.0, 438.3.0, A
Record Narrative Name:
Tariff Record ID: 11
Tariff Record Collation Value: 2500 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: Long Island, FERC No. 439.0.0, 439.2.0, A
Record Narrative Name:
Tariff Record ID: 12
Tariff Record Collation Value: 3000 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: NYC Airports, FERC No. 440.0.0, 440.2.0, A
Record Narrative Name:
Tariff Record ID: 13
Tariff Record Collation Value: 3500 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: New York, FERC No. 441.0.0, 441.2.0, A
Record Narrative Name:
Tariff Record ID: 14
Tariff Record Collation Value: 4000 Tariff Record Parent Identifier: 0

Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: Pennsylvania, FERC No. 442.0.0, 442.4.0, A
Record Narrative Name:
Tariff Record ID: 15
Tariff Record Collation Value: 4500 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: Western PA, FERC No. 443.0.0, 443.2.0, A
Record Narrative Name:
Tariff Record ID: 16
Tariff Record Collation Value: 5000 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: Pittsburgh Airport, FERC No. 444.0.0, 444.3.0, A
Record Narrative Name:
Tariff Record ID: 17
Tariff Record Collation Value: 5500 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: Cleveland, FERC No. 445.0.0, 445.3.0, A
Record Narrative Name:
Tariff Record ID: 18
Tariff Record Collation Value: 6000 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: Midwest, FERC No. 446.0.0, 446.3.0, A
Record Narrative Name:
Tariff Record ID: 19
Tariff Record Collation Value: 6500 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: MPS to Linden, FERC No. 447.0.0, 447.2.0, A
Record Narrative Name:
Tariff Record ID: 22
Tariff Record Collation Value: 6750 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: IPP, FERC No. 448.0.0, 448.2.0, A
Record Narrative Name:
Tariff Record ID: 20
Tariff Record Collation Value: 7000 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: LPG, FERC No. 449.0.0, 449.3.0, A
Record Narrative Name:
Tariff Record ID: 21
Tariff Record Collation Value: 7500 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: Buffalo to Linden, FERC No. 450.0.0, 450.2.0, A
Record Narrative Name:
Tariff Record ID: 36
Tariff Record Collation Value: 8250 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: New
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Rates: Booth to Linden, FERC NO. 452.0.0, 452.2.0, A
Record Narrative Name:
Tariff Record ID: 46
Tariff Record Collation Value: 12000 Tariff Record Parent Identifier: 0
Proposed Date: 2011-10-01
Priority Order: 500
Record Change Type: Change
Record Content Type: 2
Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.

Document Content(s)

BPL Transmittal 178.PDF.....	1-4
BPL F437.3.0_Philal.PDF.....	5-6
BPL F438.3.0_Jetlines1.PDF.....	7-8
BPL F439.2.0_LIS1.PDF.....	9-10
BPL F440.2.0_AirportsNYC1.PDF.....	11-12
BPL F441.2.0_EPS-NorthLine1.PDF.....	13-14
BPL F442.4.0_EPS-WestLine1.PDF.....	15-16
BPL F443.2.0_Indianola1.PDF.....	17-18
BPL F444.3.0_PittsburghAirport modified1.PDF.....	19-22
BPL F445.3.0_MPS-Cleveland1.PDF.....	23-25
BPL F446.3.0_MPS-Main1.PDF.....	26-29
BPL F447.2.0_LindenMPS1.PDF.....	30-31
BPL F448.2.0_IPP1.PDF.....	32-33
BPL F449.3.0_LPG1.PDF.....	34-37
BPL F450.2.0_BuffaloVirtual1.PDF.....	38-39
BPL F452.2.0 Booth to Linden1.PDF.....	40-41
BPL Schedules Public 10-1-11.PDF.....	42-65
FERC GENERATED TARIFF FILING.RTF.....	66-68

EXHIBIT NO. AIR-105

**HIGHLY CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.,)	
Continental Airlines, Inc.,)	
JetBlue Airways Corporation,)	
United Air Lines, Inc., and)	
US Airways, Inc.)	
)	
v.	)	Docket No. OR12-28-001
)	
Buckeye Pipe Line Company, L.P.)	

**COMMISSION TRIAL STAFF'S INITIAL RESPONSES TO THE
COMPLAINANT AIRLINES' FIRST SET OF DATA REQUESTS**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 C.F.R. §§ 385.406, Commission Trial Staff (Trial Staff) hereby provides its initial responses to Complainants' Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and U.S. Airways, Inc. First Set of Data Requests.

AIRLINES-STAFF 1-17 With respect to Exh. No. S-10, at 18, ll. 11-15, please admit or deny that FERC's KN methodology "implicitly" has a distance component given that both gross property and direct labor are the basis for the methodology.

- a. To the extent Ms. Sherman does not provide an unqualified admission, please describe and explain the specific basis and reasons for Ms. Sherman's claim that the KN methodology does not "implicitly" have a correlation with distance.

OBJECTION: In addition to Trial Staff's objections to the Instructions and Definitions, Trial Staff objects that this appears to request an admission under 18 C.F.R. § 385.408. Subject to its objections, Trial Staff will respond in good faith and will use best efforts to provide a response by January 5, 2015.

RESPONSE: Deny.

- a. Under the KN methodology, "G&A costs are allocated based on the ratio of direct labor and capital investment of each of the pipeline's functions and services at issue to the total direct labor and capital investment of all divisions involved." See Opinion No. 522 at P 188, citing SPFF, L.P. et al, 86 FERC 61,022, at 61,082 (1999) (citing Mojave Pipeline Co., 83 FERC 61,267 (1998)). Ms. Sherman does not agree with Dr. Arthur's testimony that "longer segments served by a common origin should be expected to have higher gross property and higher direct labor costs than shorter segments." The correlation Dr. Arthur is trying to establish does not necessarily follow from his statement. Gross property and direct labor are affected by a variety of factors, including: (1) the diameter of the pipelines; (2) the number of pumping stations; (3) the presence of storage facilities; (4) the presence of more than one pipeline within a common right-of-way; (5) the number of interconnections; and (6) the type of product being shipped. Thus, Ms. Sherman disagrees that the KN methodology "implicitly" has a correlation with distance.

Prepared by Kathleen Sherman and Counsel
January 5, 2014

EXHIBIT NO. AIR-107

**HIGHLY CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE SECOND SET OF DISCOVERY REQUESTS OF DELTA AIR LINES, INC.,
CONTINENTAL AIRLINES, INC., JETBLUE AIRWAYS CORPORATION, UNITED
AIR LINES, INC., AND US AIRWAYS INC. DIRECTED TO BUCKEYE PIPE LINE
COMPANY, L.P.**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Second Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 2-9
AIRLINES-BUCKEYE 1-28,

With respect to Buckeye's initial response to Request No.

- a. Please explain the relationship between "booster" and "mainline" pumps.
- b. Please identify which pumps are "booster" pumps in the list of pumps provided and which pumps are "mainline" pumps.
- c. Please state whether any booster pumps can serve multiple outbound lines, and if so, please identify which outbound lines each booster pump can serve.
- d. Please identify which pumping equipment Buckeye uses to transfer product between storage tanks.
- e. Please provide the total natural gas, electricity, and DRA dollar costs by month for Linden for the period January 2011 to May 2014.
- f. Please provide underlying workpapers to the calculations contained in the document Bates stamped BUC 001482.
 - i. Please provide an explanation of why natural gas and electricity are stated to be used fuels on lines 601 and 602 for the period January 2011 through June 2012, but only electricity is used as a fuel starting in July 2012.
 - ii. Please provide an explanation of why natural gas is not a fuel for lines 607 and 620.
 - iii. Please provide an explanation of why natural gas is a fuel for line 603.
- g. Please provide the monthly volumes by product for lines 603 and 620 for the period January 2011 to May 2014.

OBJECTION: No objection.

- a. As used in Buckeye's May 30, 2014 response to the Airlines' Request No. 1-28, "mainline" pumps refer to the pumps that move product out of the facility for the long haul on the pipeline and to the delivery points, and "booster" pumps refer to the pumps that are moving product shorter distances within a facility and boost the pressure before it reaches the mainline pumps.
- b. In the table presented in Buckeye's May 30, 2014 response to the Airlines' Request No. 1-28, the pumps labeled N1, N2, E1, E2, E3, E4, V5 and V6 are mainline pumps. The other pumps identified in the table are booster pumps.
- c. With respect to the table presented in Buckeye's May 30, 2014 response to the Airlines' Request No. 1-28, the only booster pump that can serve multiple outbound lines is pump B2E. This pump serves Lines 601 and 602.

- d. Transfer of product between storage tanks is accomplished through tank boosters. Generally, each storage tank has its own tank booster, but there are certain storage tanks that share a tank booster. Please see the file Bates labeled BUC 001475 for a list of all of the storage tanks located at the Linden, New Jersey facility and BUC 005934, which identifies which storage tanks share a tank booster.
- e. Please see the file Bates labeled BUC 005935.
- f. Please see the file Bates labeled BUC 005752.
 - i. The natural gas pump drivers on Lines 601 and 602 were taken out of service in June 2012, which is why there is no natural gas consumption data for these lines starting in July 2012.
 - ii. Lines 607 and 620 never had natural gas pump drivers, which is why there is no natural gas consumption data for these lines.
 - ii. There is a natural gas pump driver on Line 603.
- g. Please see the files Bates labeled BUC 001399 and 001472, which were produced in response to the Airlines' Request No. 1-26. Because Lines 603 and 620 can be used interchangeably, as warranted by operational or economic conditions, Buckeye does not maintain product volume data that identifies the product volumes transported on Line 603 versus the product volumes transported on Line 620.

Response prepared by: Mike Kelly, Kevin McMahon, and Cyril Hahamski

Dated: July 10, 2014

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE SECOND SET OF DISCOVERY REQUESTS OF DELTA AIR LINES, INC.,
CONTINENTAL AIRLINES, INC., JETBLUE AIRWAYS CORPORATION, UNITED
AIR LINES, INC., AND US AIRWAYS INC. DIRECTED TO BUCKEYE PIPE LINE
COMPANY, L.P.**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Second Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 2-10 With respect to Buckeye's initial response to Request Nos. AIRLINES-BUCKEYE 1-34 and 1-35,

- a. Please state whether product from all incoming lines into Linden shown in BUC 001470 can be routed into all of the storage tanks listed in BUC 001475, or whether there are operational constraints that prevent certain incoming product from being routed into specific storage tanks.
 - i. If there are constraints on which incoming lines can be routed into which storage tanks, please identify the storage tanks that can be used for each incoming line.
- b. Please state whether product moved out of Linden on lines 601, 602, 603, 607, and 620 can be sourced from all of the storage tanks listed in BUC 001475, or whether there are operational constraints that prevent certain outgoing product from being sourced from specific storage tanks.
 - i. If there are constraints on which outgoing lines can be sourced from specific storage tanks, please identify the storage tanks that can be used for sourcing product for each outgoing line.
- c. Please state whether all product received at Linden first goes into one of the storage tanks listed in BUC 001475, or whether product received at Linden from one of the income lines can and is directly routed to one of the outgoing lines.
 - i. If product received at Linden is directly routed into one of the outgoing lines, please state how often that activity occurs, and how the decision is made to directly route incoming product to an outgoing line versus first moving product into one of the storage tanks listed in BUC 001475.

OBJECTION: No objection.

RESPONSE:

- a. Please see columns E-O in the file Bates labeled BUC 005934, which identifies which incoming lines shown in BUC 001470 can be routed to which storage tanks listed in BUC 001475.
 - i. Please see Buckeye's response to 2-10(a) above.
- b. Under the current configuration, there are certain operational constraints that prevent certain outgoing product on Lines 601, 602, 603, 607 and 620 from being sourced from certain storage tanks listed in BUC 001475.
 - i. Please see columns P-T in the file Bates labeled BUC 005934, which identifies which storage tanks in BUC 001475 can be delivered into Lines 601, 602, 603, 607 and 620.

- c. Product received at Linden is never directly routed to one of the outgoing lines from Linden. Rather, all products are received into a storage tank at Linden, quality checks are then performed at the tanks, and then the tank is released to an outgoing line.
 - i. Not applicable.

Response provided by: Kevin McMahon and Mark Johnson

Dated: July 10, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-12 With respect to Exhibit No. BUC-24, page 13, line 17 through page 14, line 21 and Exhibit No. BUC-30,

- a. Please state whether the volumes used to perform the analysis in Exhibit No. BUC-30 include volumes transported pursuant to the pipeline capacity leases in documents Bates stamped BUC003985-003992 and BUC005655-00568.
- b. Please state whether and how volumes stored pursuant to the storage contracts in the documents Bates stamped BUC005329 – 005654 were incorporated in the analysis underlying Exhibit No. BUC-30.

OBJECTION: No objection.

RESPONSE: Buckeye is diligently working on this request and anticipates providing a response by November 21, 2014.

Response prepared by: Counsel for Buckeye

Dated: November 14, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**THIRD SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Third Supplemental Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-12 With respect to Exhibit No. BUC-24, page 13, line 17 through page 14, line 21 and Exhibit No. BUC-30,

- a. Please state whether the volumes used to perform the analysis in Exhibit No. BUC-30 include volumes transported pursuant to the pipeline capacity leases in documents Bates stamped BUC003985-003992 and BUC005655-00568.
- b. Please state whether and how volumes stored pursuant to the storage contracts in the documents Bates stamped BUC005329 – 005654 were incorporated in the analysis underlying Exhibit No. BUC-30.

OBJECTION:

No objection.

RESPONSE:

- a. The Linden Station tank usage analysis reflected in Exhibit No. BUC-30 does not take into account the barrels that moved through the Linden Station on capacity that Buckeye leased to third parties during the years 2011 and 2012.
- b. The Linden Station tank usage analysis reflected in Exhibit No. BUC-30 does take into account all barrels that were stored pursuant to the referenced storage contracts that moved through the Linden Station in 2011 and 2012.

Response prepared by: Carl Ostach

Dated: November 25, 2014

EXHIBIT NO. AIR-110

**HIGHLY CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Delta Air Lines, Inc.,)	
Continental Airlines, Inc.,)	
JetBlue Airways Corporation,)	
United Air Lines, Inc., and)	
US Airways, Inc.	)	Docket No. OR12-28-001
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE FIRST SET OF DATA REQUESTS OF
COMMISSION TRIAL STAFF**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, et seq., Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the First Set of Data Requests of Commission Trial Staff directed to Buckeye.

Staff-Buckeye-ARD 1.6 For each storage facility identified in response to Staff-Buckeye-ARD 1.5, please provide the following information for calendar years 2011, 2012, 2013, and 2014 to date:

- a) type of product(s) stored at the facility;
- b) total capacity of the storage facility;
- c) total capacity used for operational storage;
- d) whether any storage capacity was leased to third parties or Buckeye affiliates; and
- e) if any storage capacity was leased, the nature of the lease agreements, the terms of the lease agreements, and the identity of all parties that entered into the lease agreements.

OBJECTION: Buckeye objects to this request as overly broad and unduly burdensome to the extent that responding would require Buckeye to conduct a study in order to provide a response. Buckeye also objects to subpart (e) on the grounds that it seeks to require Buckeye to state the “nature” of the lease. In lieu thereof, Buckeye will provide copies of such lease agreements. Buckeye further objects to this request to the extent it seeks information and documents for Buckeye’s pipeline systems other than the Long Island System. The complaint at issue in this proceeding concerns the Long Island System, and therefore data or information regarding Buckeye systems other than the Long Island System is irrelevant and unlikely to lead to the discovery of admissible evidence. Subject to the objections, Buckeye will provide a response.

RESOLUTION OF OBJECTION: The parties have not yet reached a resolution concerning Buckeye’s objections to this request, but are currently engaged in ongoing discussions to resolve such objections.

RESPONSE: Buckeye is diligently working on preparing a response to this request and anticipates providing a response by September 17, 2014.

Response prepared by: Counsel for Buckeye

Dated: September 12, 2014

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Delta Air Lines, Inc.,)	
Continental Airlines, Inc.,)	
JetBlue Airways Corporation,)	
United Air Lines, Inc., and)	
US Airways, Inc.	)	Docket No. OR12-28-001
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**SECOND SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE
COMPANY, L.P. TO THE FIRST SET OF DATA REQUESTS OF
COMMISSION TRIAL STAFF**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, et seq., Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Second Supplemental Responses to the First Set of Data Requests of Commission Trial Staff directed to Buckeye.

Staff-Buckeye-ARD 1.6 For each storage facility identified in response to Staff-Buckeye-ARD 1.5, please provide the following information for calendar years 2011, 2012, 2013, and 2014 to date:

- a) type of product(s) stored at the facility;
- b) total capacity of the storage facility;
- c) total capacity used for operational storage;
- d) whether any storage capacity was leased to third parties or Buckeye affiliates; and
- e) if any storage capacity was leased, the nature of the lease agreements, the terms of the lease agreements, and the identity of all parties that entered into the lease agreements.

OBJECTION: Buckeye objects to this request as overly broad and unduly burdensome to the extent that responding would require Buckeye to conduct a study in order to provide a response. Buckeye also objects to subpart (e) on the grounds that it seeks to require Buckeye to state the “nature” of the lease. In lieu thereof, Buckeye will provide copies of such lease agreements. Buckeye further objects to this request to the extent it seeks information and documents for Buckeye’s pipeline systems other than the Long Island System. The complaint at issue in this proceeding concerns the Long Island System, and therefore data or information regarding Buckeye systems other than the Long Island System is irrelevant and unlikely to lead to the discovery of admissible evidence. Subject to the objections, Buckeye will provide a response.

RESOLUTION OF OBJECTION: Buckeye will provide a full response.

RESPONSE:

- a) Please see the file Bates labeled BUC 019123 for a listing of the products currently stored at each storage tank.
- b) Please see the file Bates labeled BUC 019123.
- c) The total capacity for each storage facility identified in subpart (b) is available for operational storage on the LIS or EPS. Buckeye interprets the term operational storage as the storage used to provide transportation service to shippers on the EPS and LIS and is therefore an integral part of Buckeye’s pipeline operations. The amount of storage actually utilized at each facility fluctuates from day to day as operational conditions and shipper volumes vary.
- d) Yes.
- e) Please see the files Bates labeled BUC 003985 – BUC 003992 and BUC 005329 – BUC 005684.

Response prepared by: Jen Walls and Mark Johnson

Dated: September 23, 2014

LINDEN

TANK #	PRODUCT TYPE	CAPACITY	COMMENTS
89	Gasoline	78,155	
90	Gasoline / Transmix	29,721	Back-up gasoline capacity. Currently tied-in for transmix.
91	Transmix	29,714	
92	Gasoline	75,380	
93	Distillate / Gasoline	45,340	Gas service in the summer. Flexibility of distillate in the winter.
94	Gasoline	48,621	
95	Gasoline	46,546	
96	Gasoline	47,838	
97	Gasoline	74,433	
98	Gasoline	55,635	
99	Gasoline	56,814	
101	Gasoline	50,784	
102	Gasoline	50,733	
103	Distillate	44,811	
104	Gasoline	50,028	
105	Gasoline	51,158	
106	Gasoline	50,209	
107	Gasoline	50,271	
108	Gasoline	92,221	
109	Gasoline	91,906	
110	Gasoline	76,372	
111	Gasoline	29,566	
112	Gasoline	29,365	
113	Gasoline	29,604	
114	Gasoline	29,560	
115	Gasoline	70,884	
116	Gasoline	75,065	
117	Gasoline	49,135	
118	Gasoline	110,849	
119	Gasoline	140,428	
123	Distillate	30,275	
124	Distillate	51,083	
126	Distillate	114,196	
127	Distillate	112,992	
128	Distillate	45,941	
129	Distillate	50,400	
131	Distillate	27,214	
132	Transmix	2,058	*used for station relief and station sumps
133	Distillate	104,547	
134	Distillate	50,236	
135	Distillate	139,294	
149	Jet Fuel	114,496	
150	Jet Fuel	115,428	
151	Jet Fuel	153,305	
152	Jet Fuel / Kerosene	51,268	Kerosene in the winter, jet fuel in the summer, or as needed.
153	Jet Fuel	153,569	
154	Jet Fuel / Kerosene	51,852	Kerosene in the winter, jet fuel in the summer, or as needed.
155	Jet Fuel	118,841	
156	Distillate	139,380	
		3,387,521	

MACUNGIE

TANK #	PRODUCT TYPE	CAPACITY	COMMENTS
224	Gasoline	37,522	
191	Fuel Oil	127,606	
192	Heating Oil	128,008	
193	Fuel Oil	197,884	
201	Heating Oil	52,075	
202	Gasoline	50,338	
203	Diesel	51,704	
204	Transmix	49,895	Gasoline/Transmix
205	Heating Oil	51,334	
206	Gasoline	49,238	
207	Diesel	51,415	
208	Gasoline	49,518	
209	Kero/Jet Fuel/Av Gas/JP8	51,341	
210	Gasoline	50,332	
211	Kero/Jet Fuel/Av Gas/JP8	51,267	
212	Gasoline	71,931	
213	Diesel	79,582	
214	Gasoline	76,445	
215	Kero/Jet Fuel/Av Gas/JP8	52,209	
216	Gasoline	76,343	
217	Fuel Oil	108,595	
218	Transmix	50,966	Gasoline/Transmix
220	Gasoline	35,705	out of service (2008 to 2010)
222	Gasoline	73,709	
226	Transmix	36,556	
228	Gasoline	72,882	
230	Gasoline	72,735	
232	Gasoline	72,668	

1,929,803

AUBURN

TANK #	PRODUCT TYPE	CAPACITY
300	Gasoline	34,174
301	Kero/Jet Fuel/Av Gas/JP8	33,608
302	Gasoline	33,932
303	Heating Oil	34,275
304	Gasoline	30,402
305	Kero/Jet Fuel/Av Gas/JP8	34,224
306	Gasoline	30,304
307	Transmix	18,718
308	Transmix	17,093
309	Kero/Jet Fuel/Av Gas/JP8	18,437
310	Transmix	1,628
311	ULSD	52,746
312	Gasoline	29,263
313	Heating Oil	49,601
314	Gasoline	29,916
316	Gasoline	50,425
318	Gasoline	49,923

548,669

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-30 With respect to Exhibit No. BUC-1, page 34, line 14 through page 45, line 9 and Exhibit No. BUC-5,

- a. Please provide the monthly storage inventory associated with each storage contract included in Exhibit No. BUC-5 by the storage location requested for each customer during the period January 2010 to the most recent month available.

OBJECTION: Buckeye objects to this request to the extent it would require Buckeye to perform a study in order to provide the requested data. Subject to this objection, Buckeye will provide a response.

RESOLUTION OF OBJECTION: The parties have not yet reached a resolution concerning Buckeye's objections to this request, but are currently engaged in ongoing discussions to resolve such objections.

RESPONSE: Buckeye is diligently working on this request and anticipates providing a response by November 21, 2014.

Response prepared by: Counsel for Buckeye

Dated: November 14, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**FIFTH SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Fifth Supplemental Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-30 With respect to Exhibit No. BUC-1, page 34, line 14 through page 45, line 9 and Exhibit No. BUC-5,

- a. Please provide the monthly storage inventory associated with each storage contract included in Exhibit No. BUC-5 by the storage location requested for each customer during the period January 2010 to the most recent month available.

OBJECTION:

Buckeye objects to this request to the extent it would require Buckeye to perform a study in order to provide the requested data. Subject to this objection, Buckeye will provide a response.

RESOLUTION OF OBJECTION:

Buckeye will provide the requested information or will provide a full explanation of why the requested data is not available.

RESPONSE:

Please see Exhibit No. BUC-1 at Page 38, Line 5 through Page 42, Line 5. Buckeye does not track the monthly storage inventory associated with each contract or the location at which product is stored. As explained in Exhibit No. BUC-1, storage services under these agreements were provided on a fungible basis, whereby product volumes with substantially the same specifications are commingled and tracked at the aggregate level by product grade on a system-wide basis. When product is received from a storage customer, Buckeye cuts a receipt ticket, as it does for volumes received from other pipeline customers. The amount of product received is then added to the storage customer's inventory within Buckeye's accounting system. When a storage customer requests that barrels be delivered out of Buckeye's system on its behalf, Buckeye then cuts a delivery ticket, as it does for volumes delivered on behalf of other pipeline customers. The amount of product delivered is then deducted from the storage customer's inventory within Buckeye's accounting system.

Response prepared by: Cyril J. Hahamski

Dated: December 5, 2014

EXHIBIT NO. AIR-113

**HIGHLY CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-13 With respect to Exhibit No. BUC-24, page 16, line 1 through page 18, line 4 and Exhibit No. BUC-31,

- a. Please state whether the analysis contained in the document Bates stamped BUC 001482 is the results of the analysis of the relative energy use by each of the lines relied on for Exhibit No. BUC-31.
 - i. If so, please provide all workpapers associated with the document BUC 001482.
 - ii. If not, please provide the analysis and workpapers relied on for Exhibit No. BUC-31.
- b. Please state whether the volumes used to perform the analysis summarized in Exhibit No. BUC-31 include volumes transported pursuant to the pipeline capacity leases in documents Bates stamped BUC003985-003992 and BUC005655-00568.
- c. Please state whether and how volumes stored pursuant to the storage contracts in the documents Bates stamped BUC 005329 – 005654 were incorporated in the analysis underlying Exhibit No. BUC-31.
- d. Please provide a list of the installed horsepower at each tank booster pump as referenced in the document Bates stamped BUC 005934 and Buckeye's response to Request No. AIRLINES-BUCKEYE 2-9.d.
 - i. Please provide an explanation of how energy consumption associated with tank booster pumps was incorporated into the analysis contained in Exhibit No. BUC-31.

OBJECTION: No objection.

RESPONSE:

- a. Yes.
 - i. Please see the file Bates labeled BUC 022135.
 - ii. Not applicable.
- b. Buckeye is diligently working on this request and anticipates providing a response by November 21, 2014.
- c. Buckeye is diligently working on this request and anticipates providing a response by November 21, 2014.
- d. Please see the file Bates labeled BUC 022136.
 - i. The relative energy balance was performed as a method to allocate the energy expenses in each month to the five outbound lines at Linden

Station. Therefore, it was assumed that all fluid started with no potential energy while the product sat in the tanks and ended with energy imparted as it reached the highest pressure before leaving Linden Station. Looking at the discharge pressure and flow rate of each pump combined with the efficiency curves of the main line units and using basic hydraulic relationships, it was approximated how much energy was needed to achieve those hydraulic conditions. The analysis was done at the hourly level and then aggregated by month and year. The energy approximated was inclusive of the tank boosters, station boosters and main line pumps.

Response prepared by: Carl Ostach and Counsel for Buckeye

Dated: November 14, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**FOURTH SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Fourth Supplemental Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-13 With respect to Exhibit No. BUC-24, page 16, line 1 through page 18, line 4 and Exhibit No. BUC-31,

- a. Please state whether the analysis contained in the document Bates stamped BUC 001482 is the results of the analysis of the relative energy use by each of the lines relied on for Exhibit No. BUC-31.
 - i. If so, please provide all workpapers associated with the document BUC 001482.
 - ii. If not, please provide the analysis and workpapers relied on for Exhibit No. BUC-31.
- b. Please state whether the volumes used to perform the analysis summarized in Exhibit No. BUC-31 include volumes transported pursuant to the pipeline capacity leases in documents Bates stamped BUC003985-003992 and BUC005655-00568.
- c. Please state whether and how volumes stored pursuant to the storage contracts in the documents Bates stamped BUC 005329 – 005654 were incorporated in the analysis underlying Exhibit No. BUC-31.
- d. Please provide a list of the installed horsepower at each tank booster pump as referenced in the document Bates stamped BUC 005934 and Buckeye's response to Request No. AIRLINES-BUCKEYE 2-9.d.
 - i. Please provide an explanation of how energy consumption associated with tank booster pumps was incorporated into the analysis contained in Exhibit No. BUC-31.

OBJECTION: No objection.

RESPONSE: Please see Buckeye November 14, 2014 response to this request. In addition, Buckeye provides the following response.

- b. The monthly fuel expense analysis reflected in Exhibit No. BUC-31 takes into account all fuel, power and DRA expense in Exhibit No. BUC-31 for the Linden Station during the years 2011, 2012 and 2013. As a result, the analysis would reflect fuel, power and DRA expense for any barrels that were transported pursuant to the pipeline capacity leases referenced in the request that moved through the Linden Station.
- c. Since, as noted in the response to part (b) of this request, the monthly fuel expense analysis reflected in Exhibit No. BUC-31 takes into account all fuel, power and DRA expense in Exhibit No. BUC-31 for the Linden Station during the years 2011, 2012 and 2013, any barrels that were stored pursuant to the storage contracts referenced in part (b) of this request that moved through the Linden Station would be included in the analysis shown in Exhibit No. BUC-30.

Response prepared by: Carl Ostach

Dated: December 1, 2014

Linden Station Tank Boosters									
TANK #	Tank Booster HP								
89	100								
90	75								
91	75								
92	75								
93	100								
94	60								
95	50								
96	50								
97	75								
98	75								
99	75								
101	70								
102	70								
103	Uses T128 Booster								
104	70								
105	70								
106	70								
107	70								
108	50								
109	50								
110	50								
111	Uses T112 Booster								
112	60								
113	60								
114	60								
115	125								
116	75								
117	50								
118	60								
119	Uses T115 Booster								
123	60								
124	60								
126	75								
127	75								
128	75								
129	50								
131	75								
132	50								
133	75								
134	Uses T123 Booster								
135	Uses T133 Booster								
149	75								
150	75								
151	60								
152	60								
153	60								
154	50								
155	75								
156	Uses T133 Booster								

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE SECOND SET OF DISCOVERY REQUESTS OF DELTA AIR LINES, INC.,
CONTINENTAL AIRLINES, INC., JETBLUE AIRWAYS CORPORATION, UNITED
AIR LINES, INC., AND US AIRWAYS INC. DIRECTED TO BUCKEYE PIPE LINE
COMPANY, L.P.**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Second Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 2-15 With respect to Buckeye's response to Request No. AIRLINES-BUCKEYE 1-26 and the document Bates stamped BUC 001399,

- a. Please explain why all transportation deliveries to Linden are classified as Long Island System movements.
- b. Please provide an explanation of the service provided when a shipper nominates a movement from Linden as an origin to Linden as a destination.
 - i. Please provide all documents that provide an explanation of the service provided when a shipper nominates a movement from Linden as an origin to Linden as a destination.

OBJECTION: Buckeye objections to subsection (b)(i) of this request as irrelevant, overly broad and unduly burdensome to the extent it seeks "all documents." If interpreted literally, the request for "all" documents could require the search and production of a vast number of documents, many of which have little or no connection to this proceeding and no potential evidentiary value. Subject to this objection, Buckeye will provide any documents provided to shippers from 2010 through the present that describe the service in question.

RESOLUTION OF OBJECTION: The Airlines agree that Buckeye is not required to perform a detailed search of its records in an attempt to identify documents that may describe Linden-to-Linden movements, but that Buckeye will seek a narrative response from a Buckeye employee with knowledge of these movements and will provide any responsive documents identified by the above-described individual(s).

RESPONSE:

- a. The vast majority of the reported deliveries to Linden constitute Linden-to-Linden transfers, which have traditionally been reflected in the LIS tariffs for movements, within the New York metropolitan area, originating at Linden (*see, e.g.*, FERC Tariff No. 439.8.0, which offers Linden-to-Linden transfer services, as well as Linden to Inwood, NY and Linden to Long Island City, NY services). Accordingly, these movements have been attributed to the LIS.
- b. The service provided when a shipper nominates a movement from Linden as an origin to Linden as a destination involves a transfer of product, through the Buckeye Linden Station manifold, from an inbound connecting facility, operated by Citgo, Colonial Pipeline, Harbor Pipeline, IMTT, Kinder Morgan, Phillips 66, ST Linden Terminal, and others, or from the Buckeye Linden Station itself, to an outbound connecting facility, such as those operated by Gulf Oil, Phillips 66, and Citgo. Such transfers involve coordination with the inbound and outbound facility operators; alignment of the appropriate valves to effect the transfer; performance of product quality control procedures, including product sampling and measurement documentation; and completion of metering, gauging, and ticketing procedures, as necessary.

- i. Please see the file Bates labeled BUC 005749 – BUC 005750. Buckeye has not identified any other documents that explain or describe the service provided when a shipper nominates a movement from Linden as an origin to Linden as a destination.

Response prepared by: Cyril Hahamski

Dated: July 10, 2014

EXHIBIT NO. AIR-116

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-117

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-118

**HIGHLY CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-119

**HIGHLY CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-120

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO
THE EIGHTH SET OF DISCOVERY REQUESTS OF DELTA AIR LINES, INC.,
CONTINENTAL AIRLINES, INC., JETBLUE AIRWAYS CORPORATION, UNITED
AIR LINES, INC. AND US AIRWAYS, INC. DIRECTED TO
BUCKEYE PIPE LINE COMPANY, L.P.**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Eighth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

DISCOVERY REQUESTS

AIRLINES-BUCKEYE 8-1 Please provide Buckeye's asset database reflecting Buckeye's jurisdictional and non-jurisdictional assets, including detailed and specific accounting of all additions, retirements, adjustments and transfers, and depreciation for the years 1983-2013 at the level of general ledger entries for individual items categorized by location code or business unit and including individual asset descriptions.

OBJECTION: Buckeye objects to this request as irrelevant and overly broad to the extent it seeks information and documents for Buckeye's pipeline systems other than the Long Island System. The complaint at issue in this proceeding concerns the Long Island System, and therefore data or information regarding Buckeye systems other than the Long Island System is irrelevant and unlikely to lead to the discovery of admissible evidence. Buckeye further objects to this request as overly broad and unduly burdensome to the extent that responding as requested would require a study beyond what Buckeye is currently undertaking for the purpose of preparing its answering case in this proceeding, and to the extent that it requires Buckeye to produce in database format information that is not kept in such format in the usual course of business. Property activity at the level of general ledger entries for individual assets historically has not been kept in electronic form. Buckeye estimates that the process of digitizing such records and putting them into database format would take a team of three people working full time at least six months to complete. The precise cost associated with such effort an effort is not known, but Buckeye estimates that it would exceed \$150,000.

RESOLUTION OF OBJECTION: The parties have not yet reached a resolution concerning Buckeye's objections to this request, but are currently engaged in ongoing discussions to resolve such objections.

RESPONSE: Buckeye is diligently working on this request, and will respond to this request in accordance with the resolution agreed-upon between the parties.

Response prepared by: Counsel for Buckeye

Dated: September 8, 2014

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**FIRST SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE EIGHTH SET OF DISCOVERY REQUESTS OF DELTA AIR LINES, INC.,
CONTINENTAL AIRLINES, INC., JETBLUE AIRWAYS CORPORATION, UNITED
AIR LINES, INC. AND US AIRWAYS, INC. DIRECTED TO
BUCKEYE PIPE LINE COMPANY, L.P.**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its First Supplemental Responses to the Eighth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

DISCOVERY REQUESTS

AIRLINES-BUCKEYE 8-1 Please provide Buckeye's asset database reflecting Buckeye's jurisdictional and non-jurisdictional assets, including detailed and specific accounting of all additions, retirements, adjustments and transfers, and depreciation for the years 1983-2013 at the level of general ledger entries for individual items categorized by location code or business unit and including individual asset descriptions.

OBJECTION: Buckeye objects to this request as irrelevant and overly broad to the extent it seeks information and documents for Buckeye's pipeline systems other than the Long Island System. The complaint at issue in this proceeding concerns the Long Island System, and therefore data or information regarding Buckeye systems other than the Long Island System is irrelevant and unlikely to lead to the discovery of admissible evidence. Buckeye further objects to this request as overly broad and unduly burdensome to the extent that responding as requested would require a study beyond what Buckeye is currently undertaking for the purpose of preparing its answering case in this proceeding, and to the extent that it requires Buckeye to produce in database format information that is not kept in such format in the usual course of business. Property activity at the level of general ledger entries for individual assets historically has not been kept in electronic form. Buckeye estimates that the process of digitizing such records and putting them into database format would take a team of three people working full time at least six months to complete. The precise cost associated with such effort an effort is not known, but Buckeye estimates that it would exceed \$150,000.

RESOLUTION OF OBJECTION: In its response to 8-1, Buckeye will explain why the requested data are not available, and will provide an electronic file reflecting the tank assets at the Linden, Macungie and Auburn terminals for the period 1984-2012, which will include the specific accounting of all additions, retirements, adjustments, transfers and depreciation for the tank assets on an annualized basis. The file also will identify the tank assets as carrier or non-carrier, as applicable, and will include a description (e.g., tank number) that allows [for] the identification of individual tank assets. To the extent any Booth facilities are included in Buckeye's rate base, the same information for these facilities will be provided as well. For the period 2004-2012, Buckeye will provide the breakdown for the entire Business Unit(s) where the Linden, Macungie, and Auburn (and, to the extent applicable, Booth) tank assets are recorded/located in the asset database provided in the file Bates stamped BUC 001271 so that the proposed database/electronic file can be reconciled with the previously produced asset database for these referenced years.

RESPONSE: Please see the files Bates labeled BUC 0019125 – BUC 0019129, which reflect property data and activity for the tank assets at the Linden, Macungie and Auburn terminals for the period 1984-2012, and property activity for the other, non-tank assets within the Linden, Macungie and Auburn business units for the period 2003-2012 (including all additions, retirements, adjustments, transfers and depreciation) on an annualized basis. The assets at Booth, Pennsylvania are not included in the referenced files, as the Booth assets are not included in Buckeye's rate base.

Buckeye is not able to provide a "detailed and specific accounting of all additions, retirements, adjustments and transfers, and depreciation for the years 1983-2013 at the level of general ledger

entries for individual items categorized by location code or business unit and including individual asset descriptions,” for several reasons. First, Buckeye does not have general-ledger entry detail for property activity for the period 1984-2003 in a digital format. The only data that exist in digital format for this period are recorded on an annual, rather than general ledger entry level, basis. Second, Buckeye does not have property activity data at the asset level for the years 1984-2003. For that period, Buckeye’s property records exist only at the business unit (location code) and FERC account level. Beginning in January 2003 when Buckeye transitioned to a new accounting system, Buckeye began assigning asset numbers to individual assets. Buckeye assigned asset numbers to all assets that were in service as of January 2003, and to any assets that were placed into service after that date. However, at the time the new accounting system was implemented, Buckeye determined that it was neither feasible nor necessary to go back in time and attempt to associate all historical property activity with the newly assigned asset numbers, or to assign asset numbers to assets that had been retired prior to January 2003 and associate those retired assets with historical property activity. Therefore, for years prior to 2003, annual property activity data are available only at the business unit and FERC account level.

Response prepared by: James Anderson, Bob Read and counsel for Buckeye

Dated: September 26, 2014

EXHIBIT NO. AIR-122

**HIGHLY CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-123

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-124

**HIGHLY CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-125

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-126

**HIGHLY CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
FOURTEENTH SET OF DISCOVERY REQUESTS OF COMPLAINANTS**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Fourteenth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Complainants”) directed to Buckeye in the above-captioned proceeding.

DISCOVERY REQUESTS

AIRLINES-BUCKEYE 14-1 With respect to the Prepared Answering Testimony of Mr. Hahamski, Exh. No. BUC-1, page 23, line 21 through page 25, line 10,

- a. Do product gains that occur as a result of the manner in which batches are cut in order to preserve product specifications as described in Exh. No. BUC-1, page 23, line 22 through page 24, line 9 produce an equal and offsetting amount of product losses?
 - i. If not, please provide an explanation of how some other amount of product losses, not offsetting the amount of product gains, would result from the manner in which batches are cut in order to preserve product specifications?
- b. Please provide an explanation of whether transmix that is generated within Buckeye's system while product is in route to various Buckeye pipeline destinations as described in Exh. No. BUC-1, page 24, lines 14-21 only generates product losses?
 - i. If transmix that is generated within Buckeye's system while product is in route to various Buckeye pipeline destinations can generate product gains, please provide a full explanation of when and how those product gains can occur.
- c. Please provide an explanation of whether transmix that is received from a connecting carrier as described in Exh. No. BUC-1, page 24, lines 21-22 and page 28, line 20 through page 30, line 19 only generates product losses?
 - i. If transmix that is received from a connecting carrier can generate product gains, please provide a full explanation of when and how those product gains can occur.
- d. Please provide an explanation of whether normal product losses that result, for example, from evaporation, product contraction and expansion, and metering discrepancies as described on page 24, line 22 through page 25, line 3 result in only product losses.
 - i. If normal product losses that result from, for example, evaporation, product contraction and expansion, and metering discrepancies can result in product gains, please provide a full explanation of when and how those product gains can occur.
 - ii. If normal product losses that result from, for example, evaporation, product contraction and expansion, and metering discrepancies can result in product gains, please provide an explanation of whether the resulting gains and losses would offset each other, or whether there could be net losses or net gains as a result.

- e. Please provide an explanation of whether product gains or losses occurring because of the difference between physical and book inventory such as could occur prior to the completion of any deliveries merely as a reflection of the fact that month-end physical inventory is higher or lower than the corresponding book inventory as described on page 25, lines 7-10 would result in gains and losses that would offset each other, whether in the current month or over the course of consecutive months, or whether there could be net losses or net gains as a result.
- f. Please provide an explanation of any other manner in which product gains or losses could occur on Buckeye's system.

OBJECTION:

No objection.

RESPONSE:

Buckeye is diligently working to prepare a response, and anticipates providing a response by January 9, 2015.

Response prepared by: Counsel for Buckeye

Dated: January 7, 2015

AIRLINES-BUCKEYE 14-2 With respect to Buckeye's response to request no. AIRLINES-BUCKEYE 9-29 and the document Bates stamped BUC 023968, for the period January 2011 through December 2013,

- a. Please identify the amount of product losses in each month on the LIS resulting from the manner in which batches are cut in order to preserve product specifications as described in Exh. No. BUC-1, page 23, line 22 through page 24, line 9.
- b. Please identify the amount of product losses in each month on the LIS resulting from transmix that is generated within Buckeye's system while product is in route to various Buckeye pipeline destinations as described in Exh. No. BUC-1, page 24, lines 14-21.
- c. Please identify the amount of product losses in each month on the LIS resulting from transmix that is received from a connecting carrier as described in Exh. No. BUC-1, page 24, lines 21-22 and page 28, line 20 through page 30, line 19.
- d. Please identify the amount of product losses in each month on the LIS resulting from evaporation, product contraction and expansion, and metering discrepancies as described on page 24, line 22 through page 25, line 3.
- e. Please identify the amount of product losses in each month on the LIS resulting from the difference between physical and book inventory such as could occur prior to the completion of any deliveries merely as a reflection of the fact that month-end physical inventory is higher or lower than the corresponding book inventory as described on page 25, lines 7-10.
- f. Please identify the amount of product losses in each month on the LIS resulting from sources other than those identified in parts a. through e. of this request, and provide an explanation of reason for these monthly product losses.
- g. Please identify the amount of product gains in each month on the LIS resulting from the manner in which batches are cut in order to preserve product specifications as described in Exh. No. BUC-1, page 23, line 22 through page 24, line 9.
- h. Please identify the amount of product gains in each month on the LIS resulting from transmix that is generated within Buckeye's system while product is in route to various Buckeye pipeline destinations as described in Exh. No. BUC-1, page 24, lines 14-21.
- i. Please identify the amount of product gains in each month on the LIS resulting from transmix that is received from a connecting carrier as described in Exh. No. BUC-1, page 24, lines 21-22 and page 28, line 20 through page 30, line 19.
- j. Please identify the amount of product gains in each month on the LIS resulting from evaporation, product contraction and expansion, and metering discrepancies as described on page 24, line 22 through page 25, line 3.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**FIRST SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE
FOURTEENTH SET OF DISCOVERY REQUESTS OF COMPLAINANTS**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its First Supplemental Responses to the Fourteenth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Complainants”) directed to Buckeye in the above-captioned proceeding.

DISCOVERY REQUESTS

AIRLINES-BUCKEYE 14-1 With respect to the Prepared Answering Testimony of Mr. Hahamski, Exh. No. BUC-1, page 23, line 21 through page 25, line 10,

- a. Do product gains that occur as a result of the manner in which batches are cut in order to preserve product specifications as described in Exh. No. BUC-1, page 23, line 22 through page 24, line 9 produce an equal and offsetting amount of product losses?
 - i. If not, please provide an explanation of how some other amount of product losses, not offsetting the amount of product gains, would result from the manner in which batches are cut in order to preserve product specifications?
- b. Please provide an explanation of whether transmix that is generated within Buckeye's system while product is in route to various Buckeye pipeline destinations as described in Exh. No. BUC-1, page 24, lines 14-21 only generates product losses?
 - i. If transmix that is generated within Buckeye's system while product is in route to various Buckeye pipeline destinations can generate product gains, please provide a full explanation of when and how those product gains can occur.
- c. Please provide an explanation of whether transmix that is received from a connecting carrier as described in Exh. No. BUC-1, page 24, lines 21-22 and page 28, line 20 through page 30, line 19 only generates product losses?
 - i. If transmix that is received from a connecting carrier can generate product gains, please provide a full explanation of when and how those product gains can occur.
- d. Please provide an explanation of whether normal product losses that result, for example, from evaporation, product contraction and expansion, and metering discrepancies as described on page 24, line 22 through page 25, line 3 result in only product losses.
 - i. If normal product losses that result from, for example, evaporation, product contraction and expansion, and metering discrepancies can result in product gains, please provide a full explanation of when and how those product gains can occur.
 - ii. If normal product losses that result from, for example, evaporation, product contraction and expansion, and metering discrepancies can result in product gains, please provide an explanation of whether the resulting gains and losses would offset each other, or whether there could be net losses or net gains as a result.

- e. Please provide an explanation of whether product gains or losses occurring because of the difference between physical and book inventory such as could occur prior to the completion of any deliveries merely as a reflection of the fact that month-end physical inventory is higher or lower than the corresponding book inventory as described on page 25, lines 7-10 would result in gains and losses that would offset each other, whether in the current month or over the course of consecutive months, or whether there could be net losses or net gains as a result.
- f. Please provide an explanation of any other manner in which product gains or losses could occur on Buckeye's system.

OBJECTION: No objection.

RESPONSE:

- a. When considered in isolation, product gains that occur as a result of the manner in which batches are cut generally produce equal and offsetting amounts of product losses. However, it is important to note that the volumetric measurements of such offsetting gains and losses are typically not identical, due to evaporation, product contraction and expansion, and metering tolerances that are inherent in the operation of any pipeline system, as discussed in Exhibit No. BUC-1, Page 24, Line 11 through Page 25, Line 4.
 - i. Please see to Buckeye's response to subpart a. above.
- b. When considered in isolation, transmix that is generated within Buckeye's system generally results from product losses. However, it is important to note that the volumetric measurements of such offsetting transmix gains and product losses are typically not identical, due to evaporation, product contraction and expansion, and metering tolerances that are inherent in the operation of any pipeline system, as discussed in Exhibit No. BUC-1, Page 24, Line 22 through Page 25, Line 4.
 - i. Please refer to Buckeye's response to subpart b. above.
- c. When considered in isolation, transmix that is received from a connecting carrier generates only product losses. However, it is important to note that the volumetric measurements of such offsetting transmix gains and product losses are typically not identical, due to evaporation, product contraction and expansion, and metering tolerances that are inherent in the operation of any pipeline system, as discussed in Exhibit No. BUC-1, Page 24, Line 22 through Page 25, Line 4.
 - i. Please refer to Buckeye's response to subpart c. above.
- d. Normal product losses that result from evaporation, product contraction and expansion, and metering discrepancies generally result in product losses. However, it is important to note that volumetric measurements are typically subject to metering tolerances that are inherent in the operation of any pipeline system, whereby product expansion, as well as temperature, gravity, and pressure variations could result in incidental product gains.

- i. Please refer to Buckeye's response to subpart d. above.
- ii. Please refer to Buckeye's response to subpart d. above.
- e. Generally, product gains and losses reflecting the difference between physical and book inventory would result in gains and losses that would offset each other over the course of consecutive months.
- f. Please refer to Exhibit No. BUC-1, Page 23, Line 6 through Page 26, Line 16.

Response prepared by: *Cyril J. Hahamski*

Dated: January 16, 2015

AIRLINES-BUCKEYE 14-2 With respect to Buckeye's response to request no. AIRLINES-BUCKEYE 9-29 and the document Bates stamped BUC 023968, for the period January 2011 through December 2013,

- a. Please identify the amount of product losses in each month on the LIS resulting from the manner in which batches are cut in order to preserve product specifications as described in Exh. No. BUC-1, page 23, line 22 through page 24, line 9.
- b. Please identify the amount of product losses in each month on the LIS resulting from transmix that is generated within Buckeye's system while product is in route to various Buckeye pipeline destinations as described in Exh. No. BUC-1, page 24, lines 14-21.
- c. Please identify the amount of product losses in each month on the LIS resulting from transmix that is received from a connecting carrier as described in Exh. No. BUC-1, page 24, lines 21-22 and page 28, line 20 through page 30, line 19.
- d. Please identify the amount of product losses in each month on the LIS resulting from evaporation, product contraction and expansion, and metering discrepancies as described on page 24, line 22 through page 25, line 3.
- e. Please identify the amount of product losses in each month on the LIS resulting from the difference between physical and book inventory such as could occur prior to the completion of any deliveries merely as a reflection of the fact that month-end physical inventory is higher or lower than the corresponding book inventory as described on page 25, lines 7-10.
- f. Please identify the amount of product losses in each month on the LIS resulting from sources other than those identified in parts a. through e. of this request, and provide an explanation of reason for these monthly product losses.
- g. Please identify the amount of product gains in each month on the LIS resulting from the manner in which batches are cut in order to preserve product specifications as described in Exh. No. BUC-1, page 23, line 22 through page 24, line 9.
- h. Please identify the amount of product gains in each month on the LIS resulting from transmix that is generated within Buckeye's system while product is in route to various Buckeye pipeline destinations as described in Exh. No. BUC-1, page 24, lines 14-21.
- i. Please identify the amount of product gains in each month on the LIS resulting from transmix that is received from a connecting carrier as described in Exh. No. BUC-1, page 24, lines 21-22 and page 28, line 20 through page 30, line 19.
- j. Please identify the amount of product gains in each month on the LIS resulting from evaporation, product contraction and expansion, and metering discrepancies as described on page 24, line 22 through page 25, line 3.

- k. Please identify the amount of product gains in each month on the LIS resulting from the difference between physical and book inventory such as could occur prior to the completion of any deliveries merely as a reflection of the fact that month-end physical inventory is higher or lower than the corresponding book inventory as described on page 25, lines 7-10.
- l. Please identify the amount of product gains in each month on the LIS resulting from sources other than those identified in parts g. through k. of this request, and provide an explanation of reason for these monthly product gains.

OBJECTION:

Buckeye objects to subsections (a) – (l) of this request as irrelevant and overly broad, as the requested information is not relevant to any material issue in this proceeding and not reasonably calculated to lead to the discovery of relevant or admissible evidence. Buckeye further objects to subsections (a)-(l) of this request to the extent it seeks information that is not within Buckeye knowledge, possession, custody or control, and to the extent it would require Buckeye to perform a study in order to provide the requested information. Subject to these objections, Buckeye will provide a response.

RESOLUTION TO OBJECTIONS:

The parties have not engaged in discussions concerning Buckeye's objections to this request; therefore, Buckeye will respond in accordance with its objection.

RESPONSE:

- a. The product gains and losses provided in Buckeye's response to data request No. AIRLINES-BUCKEYE 9-29 and the document Bates stamped BUC 023968 reflect the combined volumes of product gains and losses from all sources discussed in Exhibit No. BUC-1, Page 23, Line 6 through Page 26, Line 16. Generally, such gains and losses are operationally indistinguishable, since the facts and circumstances that lead to the generation of such gains and losses are operationally intertwined in the normal course of pipeline operations. For example, batch cuts made to preserve product specifications could entail the generation of operational transmix, and all volumetric measurements are subject to the impact of product evaporation, product contraction and expansion, and metering discrepancies, that are inherent in the operation of any pipeline system. Therefore, Buckeye is not able to identify product gains and losses directly attributable to any specific set of factors discussed in Exhibit No. BUC-1, Page 23, Line 6 through Page 26, Line 16.
- b. Please refer to Buckeye's response to subpart a. above.
- c. Please refer to Buckeye's response to subpart a. above.
- d. Please refer to Buckeye's response to subpart a. above.
- e. Please refer to Buckeye's response to subpart a. above.

EXHIBIT NO. AIR-128

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-129

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-130

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-131

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

**FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426**

October 31, 2001

In Reply Refer To:
Letter Order Pursuant to § 375.307(e)(2)
OMTR - Division of Tariffs and Rates - Central
Buckeye Pipe Line Company, L.P.
FERC Form No. 6

Buckeye Pipe Line Company, L.P.
Attention: Stephen Milbourne, Esq.
5 Radnor Corporate Center
100 Matsonford Road
Radnor, PA 19087

Reference: Denial of Request for Waiver of the FERC Form No. 6 Filing Regulations

Dear Mr. Milbourne:

On December 31, 2001, Buckeye Pipe Line Company, L.P. (Buckeye) filed its FERC Form No. 6: Annual Report of Oil Pipeline Companies (Form 6) for calendar year 2000, including a footnote to line 9 of page 700 stating that Buckeye is not subject to the filing requirements for page 700. Buckeye also repeated this claim in an August 20, 2001, letter to the Office of Market Oversight and Enforcement Section. We will treat the footnote and August 20th letter as requests by Buckeye for a waiver of its Form 6 filing requirements.

Pursuant to authority delegated to the Director, Division of Tariffs and Rates - Central, under 18 C.F.R. § 375.307(e)(2), your request for waiver of the Commission's Form 6, page 700 filing requirements is denied as being contrary to the public interest. Within 15 days of the date of this Order, please submit to the Commission full and accurate data as required by page 700 of the Form 6, as previously requested by instructions accompanying the Form 6, and by correspondence from Commission Staff on August 9, 2001.

Each year oil pipeline carriers, not otherwise exempt, are required under Section 20 of the Interstate Commerce Act and 18 C.F.R. 357.2 to prepare and file Form 6, which includes page 700, as an annual report. In response to the argument that the information is not necessary to prove the justness and reasonableness of a rate, the Commission stated in Order No. 620:

The information on page 700 was intended to be a preliminary screening tool for pipeline rate filings. As such, page 700 provides a means whereby a shipper can determine whether a pipeline's cost of service is so substantially divergent from the revenues produced by its rates to warrant a challenge that requires the pipeline to justify its rates The Commission believes that the additional information provided on the new page 700 provides the information necessary to monitor the reasonableness of a pipeline's filed rates and will further enable a shipper to challenge a pipeline's rates.¹

In Order No. 620, the Commission specifically recognized that the data on Form 6 ensures that the Commission has the financial, operational, and ratemaking information needed to carry out its regulatory responsibilities to monitor the oil pipeline industry in a dynamically changing environment,² and that shippers rely on this data.

The Commission also recognized in Order No. 620 that shippers are expected to use Form 6 data to analyze a pipeline's claim that it is entitled to depart from indexed rates:

The information included in the Form 6 was determined ... to be the minimum necessary for Shippers to assess filed rate changes under Order No. 561. In Order No. 561, the Commission adopted an indexing methodology to regulate oil pipeline rate changes as well as certain alternative rate-changing methodologies where a Pipeline or a Shipper could justify a departure from the indexing methodology Moreover, when a Shipper attempts to justify a complaint against an existing or grandfathered rate, it must satisfy a substantial evidentiary burden before a hearing and formal discovery rights are granted. This burden requires an in-depth analysis of oil pipelines' cost and revenue data.³

Without the Form 6 data on page 700, shippers are effectively denied even the most basic information with which to perform rate reviews.

¹ Revisions to and Electronic Filing of the FERC Form No. 6 and related Uniform System of Accounts, FERC Stats. & Regs., Regulations Preambles 1991-1996, ¶ 31,115, at 31,958 - 61, (2000).

² Id. at 31,954.

³ Id. at 31,953.

Buckeye claims that the experimental program that gave Buckeye permission to charge market-based rates in certain of its markets was approved by the Commission in 1990,⁴ and the program was subsequently extended indefinitely.⁵ As a result, Buckeye appears to believe that the Commission thus exempted its program from certain rate reviews and standard filing requirements, specifically the requirement to file a complete and accurate page 700 of its Form 6.

In its first Order extending the operation of Buckeye's program indefinitely,⁶ the Commission specifically stated that the cost-based rates in Buckeye's non-competitive markets were to be subject to the indexing price methodology contained in Order No. 561.⁷ In its second Order dealing with the pricing mechanism under Order No. 561,⁸ the Commission allowed Buckeye to continue its program, but did not waive its pricing mechanisms nor release Buckeye from its reporting obligations. Buckeye not only misreads the second Order, it also misperceives the purposes for which the Form 6 data is collected.

The mere grant of market-based rate authority does not automatically permit the charging of rates outside the zone of reasonableness nor exempt a carrier from the reporting requirements such as would permit appraisal of the justness and reasonableness of the rate charged. The Commission in Order No 572 discussed the use of Form No. 6 data as way to monitor market-based rates, stating:

⁴ Buckeye Pipe Line Company, L.P., 53 FERC ¶ 61,473 (1990), *order on reh'g*, 55 FERC ¶ 61,084 (1991).

⁵ Buckeye Pipe Line Company, L.P., 66 FERC ¶ 61,348 (1994); Buckeye Pipe Line Company, L.P., 69 FERC ¶ 61,302, at 62,163.

⁶ Buckeye Pipe Line Company, L.P., 66 FERC ¶ 61,348 (1994).

⁷ Revisions to Oil Pipeline Regulations Pursuant to the Energy Policy Act, FERC Stats. & Regs., Regulations Preambles 1991-1996, ¶ 30,985 (1993), *order on reh'g*, Order No. 561-A, FERC Stats. & Regs., Regulations Preambles 1991-1996, ¶ 31,000 (1994), *aff'd*, Association of Oil Pipelines v. FERC, 83 F.3d 1424 (D.C. Cir. 1996).

⁸ Buckeye, 69 FERC at 62,161-63.

In addition, the Commission will be able to monitor the pipeline's aggregate earnings through its Form No. 6 filing.⁹

The Commission recently reiterated the well-settled law enunciated by the U.S. Court of Appeals that the Commission has the responsibility to monitor markets to ensure that rates in the markets (even those determined to be competitive) remain within a zone of reasonableness.¹⁰ Moreover, it is clear that all pipeline rates, market-based rates as well as cost-based rates be set within this zone of reasonableness. The D.C. Circuit Court of Appeals clarified this principal, noting that:

Most fundamentally, FERC's statutory mandate under the Interstate Commerce Act requires oil pipeline rates to be set within the "zone of reasonableness"; presumed market forces may not comprise the principal regulatory constraint.¹¹

To facilitate such determinations, the Commission and interested shippers continue to need the page 700 cost of service information for all of a pipeline's jurisdictional operations, including those subject to market-based rates.

Buckeye's reliance on the Commission's statement that "[m]arket caps are not part of Order No. 561 and *to this degree the Buckeye program is more stringent than Order No. 561*,"¹² is misplaced. The quoted Buckeye Order at that juncture focused solely on the extension of the rate scheme at that time, and not on future assessments of the market and Buckeye's performance. Also of significance, that Order also states that "[w]hen the Commission reviews the operation of the index established for oil pipelines generally as

⁹ Market-Based Ratemaking for Oil Pipelines, FERC Stats. & Regs., Regulations Preambles 1991-1996, ¶ 31,007, at 31,187.

¹⁰ San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services, 93 FERC ¶ 61,294, at 61,997 (2000) *citing* Farmers Union Cent. Exch. v. FERC, 734 F.2d 1486, at 1502 (D.C. Cir. 1984).

¹¹ Farmer's Union Central Exchange, Inc. v. FERC 734 F.2d, at 1530.

¹² Buckeye letter of August 20, 2001, page 2, quoting Buckeye, 69 FERC at 62,123. Emphasis supplied by Buckeye letter.

provided in Order No. 561, it will also reevaluate Buckeye's program." ¹³ No reasonable reading of that sentence could lead Buckeye to believe that it was free from all future rate review. Further, Buckeye's annual program data is substantially redacted in the form available to shippers, and does not contain any cost data by which the aforementioned review could be performed. Indeed, in Order No. 561, ¹⁴ the Commission in Section IV.- Ratemaking Methods Adopted in the Final Rule, stated:

Cost data included in Form No. 6 can be used by an interested person to form the basis of complaint or protest, that the increase sought under any of the methodologies is not justified. The Commission believes that this use of such cost data in this manner - i.e., to demonstrate that the increase in the rate proposed by the pipeline would result in an unjust and unreasonable rate - is entirely appropriate and justified. ¹⁵

The omission of the information on page 700 will also interfere with the Commission's need for industry-wide data and statistics. The Commission, in Order No. 571, stated:

In Order No. 561, the Commission stated it would monitor the effectiveness of the index in tracking industry costs. These reviews will occur every five years, commencing July 1, 2000. Page 700, together with other information contained in Form No. 6, will permit the Commission to use the Form No. 6 data to help fulfill this commitment. Since the Total Cost of Service, for example, is derived from all of the components of a pipeline's costs and capital properties, this figure when used with other Form No. 6 information, will provide details on general trends affecting each company total by which it compares costs incurred and rates charged by an individual pipeline to the industry or place a pipeline's data in context for purposes of any comparison. ¹⁶

Further, in the Commission noted this in Order No. 620:

¹³ Buckeye, 69 FERC at 62,163.

¹⁴ FERC Stats. & Regs., Regulations Preambles 1991-1996, ¶ 30,985 at 30,947.

¹⁵ Buckeye's reference to Order No. 561's exemption of the Trans-Alaska Pipeline System (at 30,961) is misplaced as it refers to the establishment of a streamlined ratemaking system, not exclusion of Buckeye from the Form 6 reporting requirements.

¹⁶FERC Stats. & Regs., Regulations Preambles 1991-1996, ¶ 31,006 at 31,170.

The Commission staff uses the data for compliance reviews on the financial conditions of regulated companies. These requirements conform to the Commission's plan for efficient information collection, communication, and management within the oil pipeline industry. Data will contribute to well-informed decision-making and streamlined workload processing.¹⁷

In January 2001 this information was used to conduct the five-year review of indexed rates. Further, industry-wide comparisons may be relied upon to formulate regulatory practices. Omission of the required information could skew the data and invalidate the bases for such policies.

In that the Commission found that the Final Rule promulgated in Order No. 620 resulted in a significant reduction in the burden of carrier reporting requirements,¹⁸ Buckeye cannot be said to have incurred an unreasonable burden in complying with the terms of this Order.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Sincerely,

Michael C. McLaughlin, Director
Division of Tariffs and Rates - Central

¹⁷ FERC Stats. & Regs., Regulations Preambles 1996-2000, at 31,962.

¹⁸ Id. at 31,961-62.

~~Exhibit (B-99)~~

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Buckeye Pipe Line Company,) Docket No. IS87-14-000,
L.P.)
 et al.

PHASE I
PREPARED REBUTTAL TESTIMONY
OF
RICHARD N. HILDAHL

DATE: March 24, 1989

BUC 018007

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PHASE I
PREPARED REBUTTAL TESTIMONY OF
RICHARD N. HILDAHL

1 Q. Please state your name, business address and occupation.

2 A. My name is Richard N. Hildahl. My business address is
3 555 California Street, Suite 3000, San Francisco,
4 California. I am a Partner in the accounting firm of
5 Ernst & Whinney. Ernst & Whinney is an international
6 firm of public accountants and management consultants
7 with over 300 offices and 20,000 professionals
8 worldwide.

9 Q. Please describe your responsibilities and past
10 experience with Ernst & Whinney.

11 A. I am the Partner-In-Charge of Management Consulting
12 Services in the San Francisco office of the Western
13 Region Consulting Practice. I am primarily responsible
14 for financial consulting services provided to the energy
15 transportation industry in the United States and Canada.
16 I have participated in numerous engagements for oil
17 pipeline carriers and oil ports. These have included
18 advising clients on various accounting, ratemaking,
19 organizational and strategic issues.

20 Since joining Ernst & Whinney in 1969, I have been
21 involved almost exclusively in matters concerning
22 regulated industries. In addition, I have presented
23 numerous studies on rate and regulatory issues to

several regulatory commissions and have testified before the Federal Energy Regulatory Commission (hereinafter "FERC" or "Commission"), the National Energy Board of Canada, the California Public Utilities Commission, the North Dakota Public Service Commission, the Virgin Islands Corporation Commission, the Alaska Public Utilities Commission, the Alaska Pipeline Commission, and the British Columbia Energy Commission. I was a member of the Subcommittee on Public Utilities, as well as its Oil and Gas Pipeline Task Force of the American Institute of Certified Public Accountants. I authored the chapter "Accounting for Rate-Regulated Enterprises" in the Handbook of Modern Accounting. I also was responsible for the Ernst & Whinney publication, Study of Common Carrier Depreciation Rate Practices and Policies, which was prepared for the Federal Communications Commission.

Q. Please describe your academic background.

A. I hold a Bachelor of Arts degree in Business Administration from Pacific Lutheran University and a Master of Business Administration degree in Accounting from the University of Oregon. I have taught accounting and business law at Lane Community College and Pacific Lutheran University.

I. INTRODUCTION

Q. What is the purpose of your Phase I rebuttal testimony?

A. The purpose of my testimony is to respond to portions of the testimonies of George M. Shriver III of the FERC Staff and Dr. Jerome E. Hass of the Air Transport Association of America ("ATA") which were filed on February 6, 1989. Both Mr. Shriver and Dr. Hass have presented calculations and testimony purporting to show that Buckeye Pipe Line Company, L.P. ("Buckeye") has earned excessive profits from its operations and therefore has market power. Employing various methods, each witness purports to calculate Buckeye's profitability and compare it to the profitability of other firms in different businesses. The purpose of my testimony is to correct the numerous errors in Dr. Hass' and Mr. Shriver's calculations of the returns earned by Buckeye.

My testimony should be read in conjunction with the testimony of my partner, Dr. Timothy R. Crichfield, who explains the extremely limited probative value of examining a firm's profitability in order to determine whether that firm possesses market power. Dr. Crichfield also explains the flaws in the measures of profitability employed by Mr. Shriver and Dr. Hass and in the standards they employ to determine Buckeye's

1 relative profitability as compared to other companies in
2 different businesses. Finally, Dr. Crichfield takes the
3 corrected Buckeye return figures which I have calculated
4 and compares them against Dr. Hass' and Mr. Shriver's
5 own standards to demonstrate that, even under their own
6 suggested standards, Buckeye has not earned excessive or
7 unreasonable profits.

8 In my testimony I will use the term "Buckeye" to refer
9 to Buckeye Pipe Line Company, L.P. and the operations of
10 Jet Lines, Inc. ("Jet"), a predecessor of Buckeye's
11 product pipeline operations. The term specifically
12 excludes the operations of Buckeye Pipeline Company of
13 Michigan ("Buckeye of Michigan").

14 Q. Please summarize the Buckeye return calculations
15 presented by Mr. Shriver and Dr. Hass.

16 A. To determine if Buckeye possesses market power, Dr.
17 Hass examines four measures of profitability: 1)
18 Buckeye's return on common equity over the period 1965
19 to 1985; 2) the discounted cash flow ("DCF") rate of
20 return earned by The Penn Central Corporation ("Penn
21 Central"), Buckeye's prior owner, over the period 1964
22 to 1986; 3) Buckeye's 1987 return under the "revenue
23 adequacy" standard developed by the Interstate Commerce
24 Commission ("ICC") for railroads; and 4) Buckeye's
25 profitability under Dr. Hass' purported application of

1 the methodology established by the Commission in Opinion
2 Nos. 154-B and 154-C, Williams Pipe Line Co., 31 FERC
3 ¶61,377, reh'g granted in part and denied in part, 33
4 FERC ¶61,327 (1985).

5 Mr. Shriver calculates two measures of Buckeye's
6 profitability: 1) Buckeye's earned return on average
7 assets ("EROAA") over the period 1980-87; and 2)
8 Buckeye's return on average common equity ("ROACE") over
9 the period 1980-87.

10 Dr. Crichfield's testimony explains why measures of
11 profitability based on "book" amounts are inappropriate
12 for measuring market dominance. Accordingly, only Dr.
13 Hass' second and fourth measures of profitability have
14 any relevance but, notwithstanding, I will comment on
15 all of Dr. Hass' and Mr. Shriver's calculations.

16 Q. Have Mr. Shriver and Dr. Hass calculated Buckeye's
17 returns accurately?

18 A. No. In every instance Mr. Shriver and Dr. Hass
19 improperly calculated the rates of return earned by
20 Buckeye under each of the various measures of
21 profitability they employ. As explained in detail
22 below, I have recalculated Buckeye's returns correcting
23 for the various errors and oversights in Dr. Hass' and
24 Mr. Shriver's calculations. Exhibit (B-100) is a
25 summary comparing Dr. Hass' and Mr. Shriver's

1 calculations of Buckeye's returns with the proper
2 calculations for each of the following methodologies:
3 Return on Average Common Equity, Pre-Tax Return on
4 Average Assets, DCF Return to Buckeye's Equity Investor,
5 Return on ICC Oil Pipeline Valuation Standard, Return on
6 Opinion No. 154-B Standard.

7 As these comparisons show, in each instance, Buckeye's
8 actual returns are far below the values calculated by
9 Mr. Shriver and Dr. Hass.

10
11 II. MEASURES OF PROFITABILITY EMPLOYED BY DR. HASS

12 A. RETURN ON AVERAGE COMMON EQUITY

13 Q. What was the first measure of profitability calculated
14 by Dr. Hass?

15 A. Dr. Hass first attempted to calculate the annual
16 accounting rates of return earned on Buckeye's average
17 common equity balances for each of the years 1965
18 through 1985. See Exhibit ATA-31, Schedule 1. Dr.
19 Hass' calculations show returns on average common
20 equity ranging from 11.28% to 31.51% with a simple
21 average of 18.26%.

22 Q. Are Dr. Hass' calculations of Buckeye's returns on
23 common equity correct?

1 A. No. Dr. Hass' calculations are incorrect for two
2 reasons. First, he does not isolate the operations of
3 the relevant entities. His results fail to reflect the
4 operations of Jet and improperly include Buckeye of
5 Michigan's operations.

6 Buckeye's parent, Penn Central, acquired Jet in 1977.
7 Prior to the master limited partnership formation in
8 November 1986, Penn Central operated both the Buckeye
9 Pipe Line Company and Jet as separate entities. At the
10 time of the partnership formation, the assets and
11 liabilities of Buckeye Pipe Line Company and Jet were
12 sold to Buckeye. Because Buckeye operates as successor
13 to both Buckeye Pipe Line Company and Jet, Dr. Hass
14 should have added to his calculations the data reflected
15 in Jet's FERC Form No. 6 from 1977 to November of 1986.

16 In addition, the FERC Form No. 6 data for Buckeye Pipe
17 Line Company upon which Dr. Hass relied includes the
18 operating results of Buckeye of Michigan. Buckeye of
19 Michigan is a crude oil pipeline whose assets are
20 completely separate from Buckeye and its predecessor,
21 Buckeye Pipe Line Company, and are not at issue in this
22 proceeding. Accordingly, Dr. Hass should have excluded
23 all data concerning Buckeye of Michigan from his
24 calculations.

1 During various years within the period he conducts his
2 analyses, Buckeye of Michigan operations account for in
3 excess of 15% of property and 20% of net income for
4 Buckeye Pipe Line Company.

5 Dr. Hass in effect concedes the propriety of these two
6 adjustments when, in computing Buckeye's starting rate
7 base, he adds the portion of rate base attributable to
8 Jet and subtracts the amount attributable to Buckeye of
9 Michigan. See Exhibit ATA-35 at 4. For all of his
10 other analyses he does not make this adjustment. This
11 oversight distorts the results of all of his other
12 analyses.

13 Second, Dr. Hass fails to recognize tax expense on a
14 consistent basis. During the period of Dr. Hass'
15 analysis, Buckeye was a subsidiary of Penn Central. For
16 part of that time, Buckeye and Penn Central filed their
17 tax returns on a consolidated basis. Thus, the income
18 tax expense recognized by Dr. Hass reflects the income
19 and deductions of Penn Central as well as Buckeye. The
20 operating losses and deductions attributable to Penn
21 Central are used to reduce Buckeye's tax expense,
22 thereby increasing profitability for reasons totally
23 unrelated to market power.

24 For purposes of determining market power, a proper
25 analysis should reflect Buckeye's tax expense on a stand

1 alone basis. This would reflect properly the tax
2 expense incurred from providing carrier service and
3 remove the distortions introduced in Dr. Hass'
4 analysis.

5 Q. Have you recalculated Buckeye's return on average common
6 equity making the corrections noted above?

7 A. Yes, I have. Exhibit (B-101) recalculates Buckeye's
8 return on average common equity over the period 1965 to
9 1985 correcting for the various errors in Dr. Hass'
10 calculations. The differences are substantial. Dr.
11 Hass claimed that Buckeye's rates of return on equity
12 average 18.26% over the period. When the errors in his
13 computations are corrected, the average return on equity
14 is only 9.74% over the same period.

15 Q. Do you have any comments regarding Dr. Hass' decision to
16 limit his analysis to the 1965-85 time period?

17 A. Yes. It is interesting to note that Dr. Hass ended his
18 analysis in 1985. If book numbers are a valid measure
19 of market power, why hasn't he included current book
20 numbers for at least 1986 and 1987? As I indicated
21 previously, Buckeye was reorganized as a master limited
22 partnership on November 18, 1986. As a result of the
23 reorganization, Buckeye's book values increased
24 significantly. Dr. Hass conveniently neglects to

1 calculate Buckeye's returns on book value after the
2 partnership formation. In the interests of a complete
3 presentation, I calculated Buckeye's returns on common
4 equity after 1985. As shown on Exhibit (B-101),
5 Buckeye's return was 13.17% in 1986 and 5.59% in 1987.

6 B. DCF RETURNS TO PENN CENTRAL 1964-86

7 Q. What is the next analysis performed by Dr. Hass?

8 A. Dr. Hass next presents an analysis purporting to show
9 the discounted cash flow ("DCF") rate of return earned
10 by Penn Central, Buckeye's owner and common equity
11 investor from 1964-86. See Exhibit ATA-32. In
12 addition, Dr. Hass computes the DCF rate of return on
13 common equity paid by Buckeye's ratepayers over the same
14 period. See Exhibit ATA-33. Dr. Hass reports that the
15 DCF return earned by Penn Central on its common equity
16 investment over the 1964-86 was 20.13% and that the DCF
17 return on common equity paid by Buckeye's ratepayers was
18 19.36%.

19 Q. Are Dr. Hass' calculations accurate?

20 A. No, they are not. With respect to the return earned by
21 Penn Central, the most glaring error occurs in
22 determining the owner's initial investment in Buckeye in
23 1964. Buckeye's book value at the end of 1963, as
24 reported in Buckeye's 1964 annual report, was

1 approximately \$44.4 million. In his DCF analysis, Dr.
2 Hass utilizes this \$44.4 million figure as Penn
3 Central's initial investment to acquire all of the
4 common equity of Buckeye. See Exhibit ATA 32 and 33.
5 Penn Central actually paid \$100.3 million to acquire
6 Buckeye in a two-step investment: \$28.2 million in 1963
7 and \$72.1 million in 1964. Thus, Penn Central's actual
8 equity investment to acquire its ownership interest in
9 Buckeye was \$55.9 million greater than the \$44.4 million
10 book value figure relied upon by Dr. Hass. Correcting
11 for this single error alone, reduces the DCF return
12 earned by Penn Central to 13.3%. Because Buckeye did
13 not record federal income taxes until 1981 and Dr. Hass
14 did not consider the tax effect on the gain on the sale
15 of Buckeye shares, this rate of return is essentially a
16 pre-tax rate of return.

17 I have calculated the DCF return earned by Penn Central
18 over the 1963 to 1986 time period correcting the various
19 errors made by Dr. Hass. As shown on Exhibit (B-102),
20 the DCF return actually earned by Penn Central was
21 12.96% as compared to the 20.13% figure calculated by
22 Dr. Hass. See Exhibit ATA-32.

23 Q. Are Dr. Hass' calculations of the return paid by
24 Buckeye's ratepayers accurate?

1 A. No, they are not. First, Dr. Hass seems to imply that
2 he has calculated the DCF return paid by shippers on
3 Buckeye's product pipeline operations. However, he
4 ignores the fact that Buckeye is over 100 years old and
5 has been shipping products since 1945. Instead, he
6 focuses only on the 1964-86 time period. He also fails
7 to realize that a portion of the dividends paid relate
8 to the operations of Buckeye of Michigan through 1984.
9 In addition, he ignores the purchase cost of Jet, but
10 includes the regulatory value of Jet in his 1986 ending
11 net trended equity rate base. In sum, his computation
12 simply does not reflect what he claims. His result is
13 meaningless to this case.

14 C. INTERSTATE COMMERCE COMMISSION RETURN METHODOLOGIES

15 Q. What is the next measure of profitability examined by
16 Dr. Hass?

17 A. In his next analysis, Dr. Hass examines Buckeye's
18 profitability under standards developed by the ICC.
19 However, instead of analyzing Buckeye's revenue adequacy
20 under the historical ICC standards for regulation of oil
21 pipelines, Dr. Hass inexplicably applies a standard
22 developed by the ICC for regulating railroads. See
23 Exhibit ATA-29 at 7-9.

1 Buckeye has been under the jurisdiction of the FERC
2 since 1977, not the ICC, so it is not clear what
3 current relevance the ICC has in this case. However,
4 Buckeye was regulated by the ICC for many years and its
5 past performance during that period is relevant. In my
6 opinion, if Buckeye's historical profitability under the
7 ICC is relevant in this stage of the proceeding, clearly
8 the most relevant measure is the standard under which
9 Buckeye was, in fact, regulated.

10 1. ICC Return on Valuation

11 Q. What methodology did the ICC apply to test the
12 reasonableness of Buckeye's rates?

13 A. Before Congress transferred regulatory authority over
14 oil pipelines to the FERC, the ICC regulated Buckeye
15 under its traditional criteria authorizing an overall
16 rate of return of 10% on a valuation rate base.

17 The valuations were independently prepared by the ICC's
18 valuation branch. As shown on my Exhibit (B-103),
19 Buckeye's returns on valuation over the period 1960 to
20 1983 averaged 7.5%, never reached or exceeded the 10%
21 authorized return, and generated an earnings deficiency
22 of \$191 million. This demonstrates that Buckeye was
23 not able to charge rates sufficient to recover its ICC
24 authorized revenue level, let alone earn excessive

1 profits. Such chronic underrecovery clearly
2 demonstrates that Buckeye lacks market power.

3 2. ICC Regulation of Railroads

4 Q. Why did Dr. Hass analyze Buckeye's authorized revenues
5 under the standards developed by the ICC for regulation
6 of railroads?

7 A. I do not know. The ICC applies this methodology to
8 regulate railroads, not oil pipelines. Also, Dr. Hass
9 does not utilize book values to calculate Buckeye's ICC
10 railroad return, but instead relies on the ratemaking
11 adjustments he proposed in this proceeding. For
12 example, Dr. Hass' calculations include his proposed
13 reductions to pension plan and property tax expenses and
14 his disallowance of any federal income tax expense.
15 These adjustments grossly distort the results of his
16 calculations.

17 Mr. Snively explains in his Prepared Rebuttal testimony
18 several compelling reasons why the ICC railroad
19 methodology is simply irrelevant to judging Buckeye's
20 market power. However, to the extent anyone might find
21 it relevant, Mr. Snively, a recognized and leading
22 expert in the application of the ICC revenue adequacy
23 standard, has calculated Buckeye's returns on that
24 basis. As explained in his testimony, Buckeye's return

1 for 1987 under this standard was 11.36%, as compared to
2 the ICC railroad adequacy cost of capital cost of
3 capital standard of 11.6%. Clearly, Mr. Snavely's
4 calculations show that Buckeye's revenues were deficient
5 under the ICC railroad test.

6 D. RETURN ON COMMON EQUITY UNDER OPINION NO. 154-B

7 Q. Does Dr. Hass calculate any other measures of
8 profitability for Buckeye?

9 A. Yes. The final measure of profitability calculated by
10 Dr. Hass purports to show the real rate of return on
11 common equity which Buckeye would earn under the
12 standards of Opinion No. 154-B. Dr. Hass concludes
13 that Buckeye will earn a real rate of return on equity
14 of 43.6% in 1987, if allowed to charge its current
15 tariff rates and if his test year projections are
16 accurate.

17 Q. Do you have any comments regarding the appropriateness
18 of Dr. Hass' Opinion No. 154-B analysis?

19 A. Assuming that rate of return data is probative of the
20 existence of market power, it could be argued that
21 Buckeye's return under the standards set forth by the
22 Commission in Opinion No. 154-B has some relevance. In
23 my prior testimony, I calculated the return which
24 Buckeye would earn under the Commission's Opinion No.

1 154-B methodology if the rate increase requested in this
2 proceeding were granted in full. See Prepared Direct
3 Testimony of Richard N. Hildahl, filed May 27, 1987.
4 Out of an abundance of caution, I have summarized
5 Buckeye's prior presentation and included it as Exhibit
6 (B-104) to my present testimony.

7 Dr. Hass essentially admits that I calculated accurately
8 Buckeye's return under the Commission's methodology
9 (Prepared Answering Testimony of Jerome E. Hass, filed
10 February 2, 1988, p. 6):

11 In general, Mr. Hildahl did follow the
12 Commission's prescribed methodology for
13 oil pipeline rate regulation and I do not
14 disagree with the format used in his
15 exhibits.

16 In contrast, Dr. Hass does not apply the standards set
17 forth in Opinion No. 154-B at all. He claims that
18 Opinion No. 154-B would result in unfair and
19 inequitable results as applied to Buckeye. Accordingly,
20 he advocates various adjustments and exceptions to the
21 Opinion No. 154-B standards in determining Buckeye's
22 profitability.

23 Dr. Hass misinterprets the limited relevance and the
24 purpose of his Opinion No. 154-B presentation in Phase I
25 of the proceeding. The purpose of Phase I of this
26 proceeding is to determine the extent to which Buckeye

1 possesses market power in each of its various markets.
2 One measure of market power, as urged by Dr. Hass, is
3 the return which Buckeye will earn under the Opinion No.
4 154-B methodology if the revenues requested in this
5 proceeding are granted. Obviously, if this measure is
6 to have any probative value, Buckeye's return should be
7 calculated based on Opinion No. 154-B as written; not
8 the hybrid scheme of adjustments and manipulations
9 advocated by Dr. Hass, and which will not be addressed
10 until Phase II.

11 Dr. Hass will get a full opportunity to present his
12 various adjustments in Phase II of this proceeding, if
13 and when the Commission determines that Buckeye should
14 be subject to Opinion No. 154-B regulation. However,
15 for purposes of determining whether Buckeye possesses
16 market power, the only relevant analysis should examine
17 Buckeye's return under an actual application of the
18 Opinion No. 154-B methodology.

19 Q. Before turning to the specifics of Dr. Hass'
20 adjustments, do you have any observations on the end
21 result of Dr. Hass' presentation?

22 A. Yes. In prior testimony in this proceeding, Dr. Hass
23 indicated that his proposed adjustments would yield an
24 overall revenue requirement in 1987 of \$81,660,000 for
25 Buckeye. See Exhibit _____ (JEH-8).

1 My Exhibit (B-105) sets forth the financial results of
2 operations for 1987 which would have occurred if Dr.
3 Hass' recommendations were adopted. As the exhibit
4 shows, Dr. Hass' proposed revenues would produce a loss
5 of \$20 million on Buckeye's pipeline operations.
6 Buckeye would have no return or equity at all and would
7 therefore lack sufficient revenue to make any
8 distributions to its unitholders. In addition, Buckeye
9 would fail to meet the interest obligations on its long-
10 term debt by \$20 million. Buckeye would be in default
11 under its loan instruments and lenders would be entitled
12 to accelerate payment of the debt and exercise their
13 rights as secured creditors to foreclose on Buckeye's
14 assets. Obviously, the end result of Dr. Hass'
15 adjustments are totally unreasonable.

16 Q. Has Dr. Hass applied correctly the Commission's Opinion
17 No. 154-B?

18 A. No. He did not apply Opinion No. 154-B at all. He
19 abandons the standards set forth in Opinion No. 154-B
20 in favor of his own interpretation of the Opinion.

21 Dr. Hass begins his analysis with schedules submitted
22 by Buckeye on May 27, 1987 in my Prepared Direct
23 Testimony which he admits apply correctly the Opinion
24 No. 154-B formula. He then wholly abandons the
25 methodology presented by the Commission in Opinion No.

1 154-B in favor of numerous unsupported exceptions and
2 adjustments all designed to make the revenue requested
3 in this proceeding appear excessive. Working from Dr.
4 Hass' assumptions that ADIT should be deducted from rate
5 base and that the deferred earnings in Buckeye's
6 starting rate base are not amortized, I have calculated
7 the return on common equity which would result under the
8 Opinion No. 154-B methodology if Buckeye's requested
9 rate increase were granted. As shown on Exhibit (B-
10 104), Page 1 of 4, the requested revenue levels would
11 yield a 7.73% real equity rate of return on an average
12 trended equity rate base for test period 1987. These
13 calculations were also set forth in my prior testimony
14 in this proceeding. See Prepared Direct Testimony of
15 Richard N. Hildahl, May 27, 1987, Exhibit ____ (RNH-4),
16 Schedule 1. Staff witness Chester Maruszewski
17 calculated Buckeye's return on trended equity rate base
18 under the Opinion No. 154-B methodology to be 10.25%.
19 These numbers stand in stark contrast to Dr. Hass'
20 calculated 43.6% return.

21 Q. What are the specific errors in Dr. Hass' application of
22 Opinion No. 154-B?

23 A. A complete discussion of the various errors in Dr. Hass'
24 Opinion No. 154-B analysis is set forth as an Appendix
25 to my testimony. I will summarize the most egregious of

1 these errors here. In general, these errors involve Dr.
2 Hass' improper calculation of Buckeye's starting rate
3 base, his failure to properly reflect AFUDC in the
4 starting rate base, his refusal to trend Buckeye's
5 equity rate base as contemplated by the Commission, his
6 complete disallowance of any income tax expense for
7 Buckeye, and several other errors and inconsistencies.

8 1. Starting Rate Base

9 Q. What errors has Dr. Hass made in calculating Buckeye's
10 starting rate base?

11 A. Dr. Hass' calculation of Buckeye's starting rate base is
12 a prime example of his repeated attempts to disregard
13 the clear language of Opinion No. 154-B in favor of an
14 unsupported exception for Buckeye. Dr. Hass concedes
15 that Buckeye correctly applied the formula established
16 in Opinion No. 154-B. See Exhibit ATA-35 at p. 3.
17 Nevertheless, Dr. Hass claims that this creates a
18 "perverse" result for Buckeye and therefore applies his
19 own "mid-point" formula instead of the formula adopted
20 by the Commission.

21 To reach his "mid-point" result, Dr. Hass argues that a
22 75% debt, 25% equity capital structure should be used in
23 calculating Buckeye's starting rate base. However, in
24 Opinion No. 154-B the Commission clearly stated its

1 preference to use the pipeline's actual capital
2 structure if its long-term debt is not guaranteed by its
3 parent or the parent's actual capital structure if the
4 pipeline issues long-term debt guaranteed by its parent.
5 Buckeye's actual capital structure in June 1985 was
6 35.11% debt and 64.89% equity. The capital structure of
7 Buckeye's parent was 13.24% debt and 86.76% equity.
8 Neither of these capital structures even remotely
9 resembles Dr. Hass' proposed 75% debt, 25% equity
10 hypothetical capital structure and his adjustment
11 therefore should be denied.

12 In Opinion No. 154-B, the Commission specifically stated
13 its objective in establishing a starting rate base was
14 to place the carrier's rate base where it would have
15 been had the carrier employed a Trended Original Cost
16 ("TOC") rate base methodology from inception.

17 Throughout this proceeding, Dr. Hass has supported a TOC
18 rate base methodology as fair and reasonable because it
19 authorizes a pipeline to recover fully its investment in
20 pipeline facilities, but no more. In order to determine
21 if Buckeye's starting rate base is comparable to its TOC
22 rate base, I have calculated Buckeye's TOC rate base
23 beginning in 1960. By beginning my calculations in
24 1960, I have actually understated Buckeye's TOC rate
25 base because Buckeye has been in service for over a
26 hundred years and the shipments of products on the

1 system commenced in 1945. As shown on Exhibit (B-106),
2 Buckeye's claimed starting rate base is very close to
3 its equity only TOC rate base calculated from 1960:
4 \$350 million TOC rate base versus a \$360 million
5 starting rate base.

6 In summary, Dr. Hass concedes that Buckeye correctly
7 applied the Commission's formula to determine starting
8 rate base. Furthermore, Buckeye's claimed starting rate
9 base closely approximates the Commission's intent to
10 establish a starting rate base equal to what it would
11 have been under TOC. Finally, Dr. Hass himself admits
12 that a TOC rate base is fair and reasonable. His
13 proposed adjustments therefore should be rejected.

14 2. Accumulated Deferred Income Taxes

15 Q. Is Dr. Hass' adjustment with respect to Accumulated
16 Deferred Income Taxes ("ADIT") appropriate?

17 A. No, it is not. Dr. Hass recommends that the ADIT
18 balances which were recaptured and paid by Penn Central,
19 as a result of the sale of Buckeye's assets to a master
20 limited partnership, be amortized as a deduction to
21 Buckeye's rate base over the next ten years. In fact,
22 the ADIT balances were paid off and no longer exist.
23 Because the sale of assets was a taxable exchange, the
24 ADIT which existed prior to 1986 was recaptured as

1 taxable gain at the time of the sale of assets to the
2 master limited partnership. There is no pre-1986 ADIT
3 left to deduct and Dr. Hass' adjustment should
4 therefore should be denied.

5 3. Pension Expense

6 Q. Are Dr. Hass' assumptions about the termination of
7 Buckeye's prior pension plan and his proposed adjustment
8 correct?

9 A. Absolutely not. The basic premise for Dr. Hass'
10 adjustment, that \$10,571,800 was paid to Penn Central as
11 a gain resulting from termination of Buckeye's pension
12 plan, is simply incorrect. The entire "gain" from the
13 termination of the pension plan either already has or
14 will benefit shippers through reductions in Buckeye's
15 cost of service. Any other adjustment to reflect the
16 gain would be double counting.

17 4. Buckeye's Real Rate of Return On Equity

18 Q. Correcting all of the errors in Dr. Hass' calculations,
19 what is Buckeye's actual real rate of return on equity
20 for 1987 under the Opinion No. 154-B methodology?

21 A. Correcting the errors and inconsistencies noted above as
22 well as the additional errors identified in the
23 Appendix to my testimony, Buckeye's actual real rate of

1 return on equity would be 7.73%. This number is shown
2 on Exhibit (B-104), Page 1 of 4, and assumes, to be
3 comparable with Dr. Hass, that ADIT should be deducted
4 from rate base and that the deferred earnings arising
5 from the calculation of starting rate base should not be
6 amortized.

7 This 7.73% return as well as the 10.25% return
8 calculated by Commission Staff demonstrates the
9 absurdity of Dr. Hass' calculated 43.6% return. These
10 numbers prove that Dr. Hass applied some regulatory
11 scheme other than the Commission's Opinion No. 154-B
12 methodology. Dr. Hass' calculations reveal Buckeye's
13 returns under what can only be described as the "Hass"
14 methodology for regulating oil pipelines. His
15 conclusions are clearly useless in aiding the Commission
16 to determine if Buckeye possesses market power, and
17 therefore are irrelevant to Phase I of the proceeding.

18 III. MEASURES OF PROFITABILITY EMPLOYED BY WITNESS SHRIVER

19 Q. Please summarize the testimony presented by Witness
20 Shriver.

21 A. Witness Shriver calculates two measures of Buckeye's
22 profitability over the period 1980 to 1987: 1) pre-tax
23 earned return on average assets ("EROAA"); and 2) after-
24 tax return on average common equity ("ROACE"). In

1 addition, Witness Shriver performed a DCF analysis to
2 calculate the cost of common equity for a proxy group of
3 publicly owned gas pipelines for each year of the 1980
4 to 1988 period.

5 A. EROAA AND ROACE

6 Q. Has Witness Shriver accurately calculated Buckeye's
7 return figures?

8 A. No. Witness Shriver's calculations suffer from
9 essentially the same defects as Dr. Hass' calculations
10 of Buckeye's return on book equity. First, he includes
11 the operations of Buckeye of Michigan in his
12 calculations through 1984 and fails to include the
13 operations of Jet except in 1987. Second, his income
14 tax calculations are based on consolidated tax rates.

15 As shown on Exhibit (B-107), correcting Witness
16 Shriver's erroneous calculations yields a return on
17 average assets of 16.6% from 1980-86 and 15.7% from
18 1980-87 and a return on average common equity of 13.3%
19 from 1980-86 and 12.3% from 1980-87. These numbers are
20 well below the values calculated by Mr. Shriver over the
21 comparable period.

22 Q. Does this conclude your testimony?

23 A. Yes, it does.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Buckeye Pipe Line Company,
L.P.

)
)

Docket No. IS87-14-000,
et al.

APPENDIX TO
TESTIMONY OF
RICHARD N. HILDAHL

DATE: March 24, 1989

APPENDIX TO TESTIMONY OF
RICHARD N. HILDAHL

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APPENDIX TO TESTIMONY OF
RICHARD N. HILDAHL

1 Q. What is the purpose of this Appendix to your Prepared
2 Rebuttal Testimony?

3 A. The purpose of this portion of my testimony is to
4 respond in detail to the many errors in the calculation
5 of Buckeye's return under Opinion No. 154-B presented in
6 the testimony of ATA witness Jerome E. Hass. See
7 Exhibit ATA-35.

8 Q. Please generally describe the system of regulation
9 established by the Commission in Opinion Nos. 154-B and
10 154-C.

11 A. Opinion No. 154-B establishes a cost-based methodology
12 in which a pipeline is allowed to set tariffs at a
13 level that will generate revenues sufficient to cover
14 its cost of service. The cost of service is the sum of
15 all prudent costs of operation, including operating
16 expenses, depreciation, taxes and a reasonable return.

17 In Opinion No. 154-B, the Federal Energy Regulatory
18 Commission ("FERC" or "Commission") determined that the
19 appropriate cost-based methodology to be applied to oil
20 pipelines was a trended original cost ("TOC")
21 methodology. With a trending methodology, the nominal
22 allowed rate of return on equity is separated into its
23 real and inflation elements. The real return is

1 multiplied by the current equity rate base and the
2 resultant real dollar return is included in the current
3 cost of service determination. The inflation element is
4 also applied to the current equity rate base, but the
5 resultant inflation portion of the return is deferred.
6 The deferred return is added to the equity rate base and
7 is allowed to earn a return until it is recovered at a
8 later date. This recovery is achieved by amortizing the
9 deferred return to cost of service over the economic
10 life of the pipeline. The result of this methodology is
11 to alter the time pattern of cost of service-based rates
12 from that which would occur if the rates were
13 established under a depreciated original cost
14 methodology, lowering the rates in the early years and
15 raising them in the later years.

16 Because of its decision to switch oil pipelines from the
17 valuation rate base previously employed by the
18 Interstate Commerce Commission ("ICC") to a TOC rate
19 base, the Commission established a starting or
20 transition rate base for existing plant.

21 I. STARTING RATE BASE

22 Q. Does Dr. Hass apply correctly the Commission's formula
23 to determine the starting rate base?

1 A. No. Dr. Hass abandons the formula prescribed by the
2 Commission. Dr. Hass recommends that Buckeye's
3 starting rate base be calculated at the mid-point
4 between Buckeye's 1983 valuation rate base and a 1983
5 net book value rate base. This produces a starting rate
6 base that is almost \$100 million less than that
7 calculated by both Buckeye and FERC Staff.

8 Dr. Hass concedes that Buckeye correctly applied the
9 formula established in Opinion No. 154-B. Nevertheless,
10 he urges the adoption of his mid-point rate base for
11 three reasons: 1) it more closely follows the
12 Commission's "intent" to reach a middle ground between
13 valuation and original cost; 2) it is consistent with a
14 75% debt and 25% equity capital structure; and 3) it is
15 consistent with the expectations of Buckeye's
16 investors. Dr. Hass' position departs radically from
17 the clear language of Opinion No. 154-B, is flatly
18 inconsistent with Buckeye's actual capital structure,
19 and is contrary to the reasonable reliance and
20 expectations of Buckeye's investors.

21 Q. Please explain how the Commission stated that starting
22 rate base should be determined.

23 A. The Opinions describe in clear terms the procedure for
24 developing the starting rate base. The elements of the
25 computation are the following:

- 1 ° The reproduction cost new from the 1983 valuation
- 2 docket;
- 3 ° The original cost as of December 31, 1983;
- 4 ° The net book value ratio (net book value divided
- 5 by gross carrier property in service) as of
- 6 December 31, 1983; and
- 7 ° The capital structure of the pipeline if the
- 8 pipeline's debt is not guaranteed by the parent
- 9 company, and of the parent company if the debt is
- 10 guaranteed.

11 The Opinions clearly state that starting rate base
12 should be computed in accordance with the following
13 formula:

14 $SRB = O(1-e) + R(e)$

15 Where:

16 SRB = starting rate base

17 O = book net depreciated original cost

18 R = net depreciated reproduction cost

19 e = ratio of equity to total capitalization.

20 If the Commission had wanted the simple result urged by
21 Dr. Hass, the Opinions would have provided that the
22 starting rate base should equal the halfway point
23 between valuation and net book value. Instead, the
24 Commission set forth the formula listed above.

1 Q. Dr. Hass discusses at length his belief that the value
2 of the starting rate base must be between valuation and
3 net original cost. Do you believe his opinion is valid?

4 A. No, I do not. The Commission specifically stated its
5 objective in Opinion No. 154-B was to provide a
6 transition rate base that would place the carrier's rate
7 base where it would have been had the carrier employed a
8 TOC rate base methodology from inception. The
9 Commission explicitly stated this objective, as follows:

10 The Commission believes this formula,
11 which is a middle ground between
12 valuation and net depreciated original
13 cost, is fair in view of pipeline
14 investor reliance on a rate base which
15 has been adjusted for inflation. The
16 starting rate base will more closely
17 approximate the TOC rate base that would
18 have existed had the ICC not written up
19 debt.

20 Opinion No. 154-B, 31 FERC ¶61,377 (emphasis added).

21 Clearly, the compromise referred to in the Opinions
22 referred to the rate base formula, not a specific dollar
23 amount. Witness Hass has quoted the Commission's
24 Opinion completely out of context.

25 Q. Does the Opinion No. 154-B starting rate base provide a
26 middle ground compromise between valuation and net
27 original cost?

1 A. Yes. The compromise is best shown by the difference in
2 the behavior of the three methodologies over time.
3 Exhibit (B-108) illustrates this difference by showing
4 the changes in rate base over time for a single asset
5 under the three different methodologies. As this
6 exhibit demonstrates, original cost rate base declines
7 sharply over time, TOC declines at a lesser rate, and
8 valuation rate base never fully declines. The pattern
9 of rate base changes under TOC, as the exhibit shows,
10 falls between the patterns of original cost and
11 valuation. Thus, the application of a TOC rate base or
12 a TOC-derived starting rate base does indeed result in a
13 middle ground between valuation and net original cost.

14 Q. Have you determined whether Buckeye's starting rate base
15 satisfies the Commission's objective to establish a
16 starting rate base which approximates the rate base
17 which would have resulted had the carrier employed TOC
18 from inception?

19 A. Yes. As shown in Exhibit (B-106), I have calculated
20 Buckeye's TOC rate base from 1960. By starting from
21 1960, I am actually understating the TOC rate base
22 because Buckeye has been in service for over a hundred
23 years and the shipment of products on the system
24 commenced in 1945. Nevertheless, this TOC rate base is
25 very close to the starting rate base calculated by

- 1 A. Yes. The compromise is best shown by the difference in
2 the behavior of the three methodologies over time.
3 Exhibit (B-108) illustrates this difference by showing
4 the changes in rate base over time for a single asset
5 under the three different methodologies. As this
6 exhibit demonstrates, original cost rate base declines
7 sharply over time, TOC declines at a lesser rate, and
8 valuation rate base never fully declines. The pattern
9 of rate base changes under TOC, as the exhibit shows,
10 falls between the patterns of original cost and
11 valuation. Thus, the application of a TOC rate base or
12 a TOC-derived starting rate base does indeed result in a
13 middle ground between valuation and net original cost.
- 14 Q. Have you determined whether Buckeye's starting rate base
15 satisfies the Commission's objective to establish a
16 starting rate base which approximates the rate base
17 which would have resulted had the carrier employed TOC
18 from inception?
- 19 A. Yes. As shown in Exhibit (B-106), I have calculated
20 Buckeye's TOC rate base from 1960. By starting from
21 1960, I am actually understating the TOC rate base
22 because Buckeye has been in service for over a hundred
23 years and the shipment of products on the system
24 commenced in 1945. Nevertheless, this TOC rate base is
25 very close to the starting rate base calculated by

1 Buckeye in this proceeding: \$350 million TOC rate base
2 as compared with a \$360 million starting rate base.

3 Furthermore, Dr. Hass' own prior testimony supports a
4 TOC rate base methodology as fair and reasonable because
5 it authorizes a pipeline to recover fully its
6 investment in pipeline facilities, but no more.

7 However, Dr. Hass ignores the evidence presented by
8 Buckeye which shows that its rate base claim in this
9 case is virtually identical to what its rate base would
10 have been had it been on a TOC methodology. Dr. Hass'
11 proposed midpoint rate base on the other hand, is \$89
12 million less than TOC, and if adopted, would guarantee
13 that Buckeye would not recover its invested capital as
14 measured by the Commission's TOC methodology. If TOC is
15 acceptable to Dr. Hass, and he repeatedly states in his
16 testimony that it is, then Buckeye's starting rate base
17 cannot be less than the \$350 million calculated as
18 Buckeye's TOC rate base.

19 Q. To reach a result which approximates his midpoint rate
20 base, Dr. Hass advocates use of a 75% debt 25% equity
21 capital structure for Buckeye. Do you believe this is
22 reasonable?

23 A. No. It is interesting to note that in his prior
24 testimony in this proceeding, Dr. Hass argued that a
25 75/25 capital structure was appropriate because it

1 approximated the industry average capital structure in
2 June 1985. In my rebuttal testimony, I explained that
3 he was wrong. As shown on Exhibit (B-109), the average
4 capital structure for the common carrier oil pipeline
5 industry for the year 1985 was 27% debt and 73% equity.
6 As shown, the average capital structure is closer to 75%
7 equity, not 75% debt as Dr. Hass contended.

8 In his most recent testimony, Dr. Hass apparently
9 abandons his prior testimony and argues that he has used
10 a 75/25 debt-to-equity ratio "not because there is a
11 magic to this debt ratio, but because it results in an
12 equitable 'middle ground' starting rate base." See
13 Exhibit ATA-35 at p.8.

14 Irrespective of his vacillating rationales, Dr. Hass'
15 proposal is inappropriate because a 75/25 debt to equity
16 ratio simply is not Buckeye's actual capital structure.

17 In Opinion 154-B, the Commission clearly stated:

18 The Commission must decide on the
19 appropriate capital structure to use to
20 determine a pipeline's starting rate
21 base and to thereafter compute the
22 pipeline's allowed return. The
23 Commission recently expressed for gas
24 pipelines a general policy of using
25 actual capital structures rather than
26 hypothetical capital structures. The
27 Commission believes that this approach is
28 appropriate for oil pipelines. The
29 actual capital structure could be the
30 actual capital structure of either the
31 pipeline or its parent. The Commission
32 concludes that a pipeline which has
33 issued no long-term debt or which issues

1 long-term debt to its parent or which
2 issues long-term debt guaranteed by its
3 parent to outside investors should use
4 its parent's actual capital structure.
5 However, a pipeline which issues long-
6 term debt to outside investors without
7 any parent guarantee should use its (the
8 pipeline's) own capital structure.

9 Buckeye's actual capital structure at June, 1985 was
10 35.11% debt and 64.89% equity. The capital structure of
11 Buckeye's parent was 13.24% debt and 86.76% equity.
12 Neither of these capital structures even remotely
13 resembles Dr. Hass' proposed 75% debt 25% equity capital
14 structure and his adjustment should therefore be denied.

15 Q. Please discuss Dr. Hass's assertion that Buckeye
16 investors could not have expected a starting rate base
17 higher than valuation?

18 A. Dr. Hass claims that the starting rate base cannot
19 exceed valuation. Such a standard is simply not
20 contained in or implied by the Opinions, and therefore
21 was not expected by investors. Further, as Dr. Hass
22 himself notes, the Buckeye MLP was formed after
23 valuation was replaced with the 154-B methodology. To
24 the extent Buckeye MLP investors relied on any specific
25 rate base formula, they would certainly have relied on
26 the formula enunciated in Opinion Nos. 154-B and C, not
27 valuation.

1 II. ADJUSTING THE STARTING RATE BASE FOR AFUDC

2 Q. In his calculations, Dr. Hass denies any Allowance For
3 Funds Used During Construction ("AFUDC") on assets
4 placed into service prior to 1984. Is this approach
5 valid?

6 A. No, it is not. To understand why, it is necessary to
7 understand the purpose of AFUDC.

8 Assets that are under construction but are not yet in
9 service are excluded from rate base. Therefore, even
10 though investments have been made, pipelines have no
11 way to recover a return on their investments until the
12 projects are completed and placed in service, and the
13 investments are added to rate base.

14 In recognition that investments are made prior to the
15 pipeline's ability to recover costs from customers,
16 regulatory commissions have allowed and required
17 regulated entities to capitalize a return on investment
18 into their property accounts. In other words, the full
19 return including the return on both debt funds and
20 equity funds is deferred until the asset is placed in
21 service.

22 The deferred return, represented by AFUDC, is recovered
23 through depreciation once the assets are placed into
24 service and added to rate base. Any unrecovered

1 amounts earn a return just like other investments that
2 are included in rate base.

3 The Uniform System of Accounts for Oil Pipelines
4 contains no provision for recording the equity portion
5 of AFUDC. Historically this was because of concern on
6 the part of the ICC of the companies' ability to recover
7 such costs. So the system of accounts was focused on
8 financial reporting, not regulatory treatment. The ICC
9 recognized that this was an appropriate cost for
10 ratemaking purposes.

11 Opinion No. 154-B states that pipelines can "add to
12 their rate bases as an allowance for funds used during
13 construction an amount computed using the overall
14 nominal cost of capital." As the Commission recognized,
15 even though AFUDC is not recorded on a pipeline's books,
16 it is a valid regulatory cost. Inclusion of this cost
17 on both a historic and prospective basis is necessary to
18 meet the Commission's objective of adopting a TOC
19 methodology.

20 There is no justification for Dr. Hass's exclusion of
21 this cost element for Buckeye.

22 III. CALCULATING THE TEST YEAR RATE BASE

23 Q. Did Dr. Hass properly calculate Buckeye's 1987 test year
24 rate base?

1 A. No. In calculating Buckeye's 1987 debt and equity rate
2 bases, Dr. Hass makes four unwarranted and unsupported
3 adjustments to Buckeye's prior calculations. First, Dr.
4 Hass refused to "trend" Buckeye's starting rate base
5 from December 31, 1983, the date it is calculated, to
6 the 1987 test year. Second, Dr. Hass reduced Buckeye's
7 rate base by \$47.16 million, allegedly to reflect the
8 existence of accumulated deferred income taxes ("ADIT").
9 These deferred taxes were recaptured at the time of
10 Buckeye's reorganization into a master limited
11 partnership in 1986 and no longer exist. Third, Dr.
12 Hass reduced Buckeye's rate base by \$10.57 million to
13 reflect supposed gains on the termination of a pension
14 plan at the time of the reorganization. Fourth, he
15 adjusted the test period carrier property balances.

16 A. Trending the Rate Base.

17 Q. Please describe what is meant by trending the rate
18 base.

19 A. Opinion No. 154-B requires oil pipelines to defer
20 recovery of that portion of their return on equity
21 capital that is attributable to the inflation component
22 of their nominal rate of return on equity. The
23 recovery of the return on equity attributable to
24 inflation is deferred by adding the inflation return to
25 rate base and amortizing that amount to the pipeline's

1 cost of service over the pipeline's remaining life.

2 This procedure is known as trending the rate base.

3 Because the Commission directed that the starting rate
4 base be calculated for each pipeline as of December 31,
5 1983, it is necessary to apply the trending process for
6 the year 1984 and thereafter.

7 Q. Dr. Hass fails to trend the equity rate base between
8 1983 and 1987. Is his failure to trend proper?

9 A. No, it is not. In discussing the implementation of the
10 new TOC methodology in Opinion No. 154-B, the Commission
11 stated:

12 As stated earlier, the Commission adopts
13 TOC as the form of a cost-based rate base
14 rather than net depreciated original
15 cost. Thus, all new pipeline assets will
16 be added to the rate base at original
17 cost and trended as described below.
18 However, for existing assets that are
19 currently valued under the valuation
20 formula, a one time adjustment will be
21 necessary to arrive at an appropriate
22 base to be trended for the future. The
23 formula the Commission has decided to
24 employ for this one time adjustment to
25 bridge the transition from valuation to
26 TOC is described below in the section
27 called "Starting Rate Base."

28 Thus, the Commission clearly indicated that it planned
29 to bridge the transition from valuation to TOC by
30 calculating a starting rate base as of December 31, 1983
31 and thereafter trending the rate base in accordance with
32 the Commission's TOC methodology. The starting rate

1 base, by definition, represents the point at which the
2 new TOC methodology begins. Dr. Hass' proposal to
3 calculate the starting rate base as of December 31, 1983
4 but not to begin trending the rate base until March 16,
5 1987 can hardly be described as a smooth transition.

6 Moreover, Dr. Hass' proposal is internally
7 inconsistent. Dr. Hass had no problem amortizing the
8 write-up of the starting rate base between 1983 and 1987
9 which results from the trending process. Yet, he
10 refuses to increase rate base over the same period to
11 reflect the write-up which results from the same
12 trending process. Finally, his application is
13 inconsistent with all applications of this methodology
14 in this and other proceedings by the FERC Staff and
15 other parties.

16 Q. Upon what basis does Dr. Hass support his refusal to
17 trend the starting rate base between 1983 and 1987?

18 A. Dr. Hass' reasoning appears to arise from his cavalier
19 conclusion that Buckeye did not defer any earnings
20 between 1983 and 1987. In order to "show" non-deferral
21 of earnings, Dr. Hass is forced to select an arbitrary,
22 extreme, and unsupportable hypothetical capital
23 structure which he immediately abandons for other
24 ratemaking purposes. Dr. Hass attempts to "show" that
25 Buckeye did not defer any earnings by first arbitrarily

1 computing the starting rate base using a 75% debt and
2 25% equity capital structure. Based upon this starting
3 rate base, he computes achieved rates of return that he
4 believes show that Buckeye recovered more than its full
5 cost of equity during the 1984-1987 period.

6 Dr. Hass is factually incorrect. Dr. Hass' argument
7 that there have been no deferred earnings is based on
8 the application of his calculation of the starting rate
9 base. Further, there are significant errors in his
10 analysis including, but not limited to, the fact that he
11 includes the results of the pension "gain" (\$4.1
12 million) in his analysis. Thus, he would count that
13 gain to try to prove earnings were too high,
14 retroactively, and then seek to count the \$4.1 million
15 again as a reduction of cost of service prospectively.
16 This is a classic and impermissible double count.

17 If one follows correctly the Opinions and uses an
18 appropriate rate base, Dr. Hass' returns for each of
19 the years are substantially reduced. As shown on
20 Exhibit (B-110), Buckeye's achieved real equity rate of
21 return over the 1984 to 1987 period ranged from 7.23% to
22 7.96% (with ADIT deducted from rate base and without
23 amortization of deferred earnings in the starting rate
24 base).

1 Q. Dr. Hass also corrects two purported mechanical errors
2 in Buckeye's application of the trending methodology.
3 Are these adjustments appropriate?

4 A. No, they are not. With respect to the first adjustment,
5 Dr. Hass claims that my methodology double counts
6 inflation. However, contrary to Dr. Hass' unsupported
7 assertion, my model counts inflation once and only once.
8 Dr. Hass' proposed adjustment arises from his failure to
9 recognize that current deferred earnings, as measured by
10 the inflation component of the nominal return, are
11 reinvested in the rate base and that those reinvested
12 deferred earnings are entitled to a return just as any
13 other component of rate base is entitled to a return.

14 Dr. Hass' second criticism deals with the appropriate
15 timing of the ADIT deduction in calculating current
16 deferred earnings. See Exhibit ATA-35, at p. 11. Dr.
17 Hass claims ADIT should be deducted from the trended
18 equity rate base before calculating deferred earnings.
19 Once again, Dr. Hass is incorrect. If ADIT is to be
20 deducted from rate base, it should be deducted after the
21 equity portion of the rate base is trended. This is the
22 approach adopted in the ARCO and Kuparuk Initial
23 Decisions.

1 B. Accumulated Deferred Income Taxes

2 Q. What adjustment with respect to Accumulated Deferred
3 Income Taxes ("ADIT") does Dr. Hass propose?

4 A. Dr. Hass recommends that the ADIT balances which were
5 recaptured and paid by Penn Central as a result of the
6 sale of Buckeye's assets to a master limited
7 partnership be treated as a deduction to Buckeye's rate
8 base and amortized over the next ten years.

9 Q. Is Dr. Hass' ADIT adjustment appropriate?

10 A. Absolutely not. The ADIT which existed prior to 1986
11 was recaptured at the time of the sale of assets to the
12 master limited partnership and no longer exists. Non-
13 existent deferred taxes cannot be deducted from the rate
14 base.

15 Q. How were the ADIT balances recaptured at the time of
16 the sale?

17 A. Deferred taxes arise as a result of the accelerated
18 depreciation provisions available under the Internal
19 Revenue Code ("IRC"). Accelerated depreciation for tax
20 purposes is greater than depreciation for book purposes
21 in the early years of a property's life. Because tax
22 expense for ratemaking purposes is calculated on the
23 basis of book depreciation, a regulated enterprise's tax

1 expense is greater than its actual tax liability to the
2 U.S. Treasury, and the difference is recorded as
3 deferred taxes. If the property is not sold, the
4 book/tax timing differences will reverse in the later
5 years of the property's life. At that time,
6 depreciation for book purposes for an individual year
7 will exceed depreciation for tax purposes. Accordingly,
8 the regulated enterprise's tax liability will exceed its
9 tax allowance for ratemaking purposes and the difference
10 will be an adjustment to the deferred tax balances.

11 When the property is sold in a taxable exchange, as was
12 the case with the sale of Buckeye's assets to the
13 master limited partnership, deferred taxes become
14 immediately due and payable to the U.S. Treasury at the
15 time of the sale. This occurs because any accelerated
16 depreciation claimed for tax purposes reduces the
17 owners' tax basis in that property. In other words, the
18 amount of accelerated depreciation in excess of book
19 depreciation is recaptured in such a sale with a selling
20 price in excess of book value. The tax expense
21 reductions generated by the prior accelerated tax
22 depreciation, (i.e., the deferred taxes), are
23 recaptured, and the deferred tax balance falls to zero.

24 Q. Dr. Hass argues that "it does not appear that any
25 recapture taxes were in fact paid by either Buckeye or

1 its former parent corporation" during the formation of
2 the master limited partnership. Is this accurate?

3 A. Penn Central paid the tax obligation on the Buckeye sale
4 by using a portion of its Net Operating Loss ("NOL").
5 NOL's arise when a taxpayer incurs tax deductible losses
6 but lacks adequate current taxable income to fully
7 deduct the losses. In that situation, the IRC, with
8 certain limitations, allows the taxpayer to use the
9 NOL's to offset future taxable income, thereby reducing
10 future taxes. Basically, existing unused NOL's
11 represent a claim available to a taxpayer for "refunds"
12 of taxes that may be incurred in the future.

13 Penn Central's use of the NOL's to satisfy the taxes
14 incurred in the sale is no different than if the taxes
15 were paid in cash and a refund claimed and received for
16 the NOL benefits. Penn Central incurred the same tax
17 liability whether that liability was satisfied with cash
18 or available tax credits.

19 C. Pension Plan Adjustment

20 Q. Please explain the termination of Buckeye's former
21 pension plan?

22 A. Buckeye's former pension plan was established on June 1,
23 1955 and was in effect, as periodically amended, for
24 over 30 years. In 1985, Buckeye terminated the pension

1 plan, purchased annuities for certain employees and
2 funded a new pension plan. In June of 1986,
3 \$10,571,800 from the former pension plan reverted to
4 Buckeye Pipe Line Company and its subsidiaries.

5 Q. What does Dr. Hass believe occurred as a result of the
6 1985 termination of Buckeye's pension plan?

7 A. Dr. Hass asserts that the \$10,571,800 was paid to Penn
8 Central, Buckeye's owner, as a gain or profit resulting
9 from termination of the pension plan. Arguing that this
10 amount represented excess funding of the pension plan
11 contributed by Buckeye's shippers, Dr. Hass claims that
12 the \$10,571,800 should be treated as a reduction to cost
13 of service and amortized over 5 years, and that the
14 unamortized balance should be deducted from the rate
15 base.

16 Q. Are Dr. Hass' assumptions about the transaction and his
17 proposed adjustment correct?

18 A. No, Dr. Hass' adjustment is inappropriate for several
19 reasons. First, the entire "gain" from the termination
20 of the pension plan either already has or will benefit
21 shippers through reductions in Buckeye's cost of
22 service. Another adjustment to reflect the gain would
23 be impermissible double-counting. Second, the excess
24 funding in the pension plan was not contributed by

1 Buckeye's shippers. Finally, Dr. Hass' proposal to
2 consider revenues attributable to a prior year in this
3 rate proceeding constitutes illegal retroactive
4 ratemaking and should be rejected on that basis alone.

5 Q. How did Buckeye Pipe Line Company and its successor in
6 interest, Buckeye, account for the \$10,571,800?

7 A. Buckeye Pipe Line Company did not even receive \$253,723
8 of the \$10,571,800 total. See Prepared Rebuttal
9 Testimony of Frank E. Zieger, filed April 27, 1988.
10 That amount was returned to Everglades Pipeline Company
11 as its portion of the gain and is not even at issue in
12 the proceeding. Only the remaining balance of
13 \$10,318,077 reverted to Buckeye Pipe Line Company and
14 Jet Lines, Inc.

15 This remaining amount has been accounted for in strict
16 accordance with Financial Accounting Standard 88 ("FAS-
17 88"), "Employers Accounting for Settlements and
18 Curtailments of Defined Benefit Pension Plans and for
19 Termination Benefits." In accordance with FAS-88,
20 Buckeye and Jet Lines, Inc. recognized a gain of
21 \$4,141,754 on their 1986 income statements. Buckeye's
22 pension and benefit accounts were credited for this
23 amount as shown on Buckeye's 1986 FERC Form No. 6.
24 Account No. 550 for that year shows a net credit, rather
25 than the substantial expense which would have been

1 incurred in the absence of the termination.

2 Consequently, this portion of the gain has already been
3 used to reduce Buckeye's cost of service.

4 Q. How has Buckeye accounted for the remaining balance?

5 A. The balance of \$6,176,323 was recorded as a deferred
6 liability of \$5,150,645 and a deferred gain of
7 \$1,025,678. The deferred liability will be amortized
8 through cost of service as a source of funds for the
9 Retirement Income Guarantee Plan ("RIGP"). The RIGP
10 guarantees pension benefits to Buckeye employees hired
11 prior to January 1, 1986 equal to those which would have
12 accrued under the terminated plan. The \$5,150,645
13 represents the actuarial estimate of Buckeye's future
14 liability under the RIGP which Buckeye was required to
15 reserve at the time the RIGP was formed. The
16 \$5,150,645 will be used to offset costs under the RIGP
17 when they occur. As the costs are incurred, the
18 deferred liability will be reduced, and there will be no
19 impact on Buckeye's cost of service. Without this
20 deferred liability, RIGP expenses would increase
21 Buckeye's cost of service and be passed on to shippers
22 in the form of higher rates. Thus, shippers will
23 receive the full benefit of the \$5,150,645 and no
24 further adjustment is appropriate.

1 Q. How did Buckeye account for the deferred gain of
2 \$1,025,678?

3 A. The deferred gain of \$1,025,678 is already being used to
4 reduce cost of service. In accordance with actuarial
5 methods and FAS-88, this reduction is occurring over a
6 15-year period. In this rate case, these reductions
7 have been reflected in the form of a \$68,300 credit to
8 cost of service in 1986 and a \$65,300 credit in 1987.
9 Further reductions will be reflected each year during
10 the remainder of the amortization period.

11 In summary, the entire amount received by Buckeye as a
12 result of the termination of the pension plan has or
13 will benefit shippers by reducing Buckeye's cost of
14 service. The \$4,141,754 gain recognized by Buckeye and
15 Jet Lines, Inc. was reflected as a credit to Buckeye's
16 pension and benefit accounts in 1986. The \$5,150,645
17 deferred liability is used to offset costs under the new
18 pension plan. Finally, the \$1,025,678 deferred gain is
19 already being credited to cost of service over a 15-year
20 amortization period. Dr. Hass' proposed adjustment to
21 flow back \$10,571,800 of an alleged pension fund gain to
22 shippers over a five-year period is totally without
23 basis, is an impermissible double count, and should be
24 rejected.

1 Q. Dr. Hass asserts that the so-called "gain" arising from
2 the pension plan termination was contributed by
3 shippers. Do you believe this is accurate?

4 A. No. Buckeye has historically underrecovered its cost of
5 service by a wide margin. From 1960 through 1983,
6 Buckeye underrecovered its cost of service under a
7 valuation standard by \$191 million. Underrecovery
8 occurred even in 1986, the year the \$4.1 million gain
9 was credited to cost of service. Because shippers have
10 not contributed sufficient dollars to even cover
11 Buckeye's legitimate cost of service during this period,
12 it is incorrect to conclude that shippers somehow have
13 contributed any excess funding to the pension plans.
14 Consequently, Dr. Hass is incorrect in asserting that
15 the "gain" on the termination of the pension fund was
16 shipper contributed.

17 Q. Is Dr. Hass' proposed adjustment inappropriate on other
18 grounds?

19 A. Yes. The pension plan was terminated in 1985. The
20 test year in this case is 1987. Dr. Hass' proposal to
21 adjust test year data to reflect revenues attributable
22 to a prior year constitutes prohibited retroactive
23 ratemaking and should be rejected.

1 D. Carrier Property In Service and Depreciation Expense

2 Q. What adjustments did Dr. Hass make to Buckeye's carrier
3 property in service and depreciation accounts?

4 A. Dr. Hass reduced the test year property balance and
5 depreciation expense for the Inwood based expansion
6 because the construction was not complete on December
7 31, 1987 but rather on January 16, 1988. Dr. Hass
8 violates the test year principle of consistency by
9 adjusting the test year to reflect actual end-of-year
10 1987 data where cost elements decrease, but fails to
11 account for other known changes where costs increased.
12 For example, Buckeye's actual 1987 throughputs and
13 revenues were lower than projected in its test year
14 filing, and the cost of the rate proceeding is
15 certainly much greater than expected.

16 Certainly the Inwood facility should be included in rate
17 base in measuring the reasonableness of rates for the
18 future.

19 IV. INCOME AND PROPERTY TAX ADJUSTMENTS

20 Q. What adjustments to Buckeye's income tax and property
21 tax expense claims does Dr. Hass propose?

22 A. With limited discussion and complete lack of analysis,
23 Dr. Hass makes two adjustments to Buckeye's tax expense

1 claims. First, Dr. Hass eliminates Buckeye's income tax
2 expense because Buckeye is organized as a master limited
3 partnership. Second, Dr. Hass reduces Buckeye's
4 property tax expense by \$4,771,584. Each of these
5 adjustments is wholly without merit and should be
6 rejected.

7 A. Income Tax Expense

8 Q. Is ATA's failure to recognize an income tax expense
9 allowance as part of Buckeye's cost of service
10 consistent with established FERC precedent and policy?

11 A. It is not. The FERC regulates a number of entities
12 which are organized as partnerships rather than as
13 corporations. In these cases, the FERC consistently
14 recognizes tax expense as part of the cost of service.

15 FERC recognizes that, regardless of the form of
16 organization, income derived from the provision of
17 service is subject to taxation, and this tax expense is
18 part of the cost of providing service, which should be
19 paid by customers through rates. In the case of
20 corporations, the tax is assessed directly on the
21 corporation providing the service. Under present tax
22 law, partnerships are not taxable entities, but they
23 must report their income to the Internal Revenue Service
24 and must pass all partnership income through to the

1 partners who in turn, must report this income on their
2 tax returns. I.R.C. §701. Thus, the taxes are
3 assessed directly on the owners of the enterprise
4 rather than the partnership, but the tax expense is
5 still incurred, and must be reflected in rates,
6 regardless of the form of ownership.

7 Q. Are there any other problems with Dr. Hass' income tax
8 adjustment?

9 A. Yes. Dr. Hass' adjustment is internally inconsistent.
10 In disallowing any current tax expense, Dr. Hass
11 recognizes the new limited partnership ownership form
12 for Buckeye. However, he also recommends that Buckeye's
13 rate base be reduced by approximately \$48 million to
14 reflect deferred taxes which existed in the old
15 corporate structure, but which were paid off by Penn
16 Central when the Buckeye assets were transferred to the
17 master limited partnership. He asks that Buckeye be
18 treated as a taxable entity in deducting \$48 million of
19 deferred taxes from rate base, and then asks that
20 Buckeye be treated as a non-taxable entity for purposes
21 of disallowing all current income tax expense. Dr. Hass
22 cannot have it both ways.

23 B. Property Tax Expense

24 Q. What adjustment to Buckeye's property tax expense does
25 Dr. Hass make?

1 A. Dr. Hass reduces Buckeye's property taxes for 1987 by
2 \$4,771,584. Dr. Hass supports this \$4.77 million
3 adjustment by the following two sentence explanation:
4

5 Mr. Hildahl's schedules reflect a
6 projected increase in property taxes for 1987
7 of \$4,771,584. Schedules obtained in
8 discovery, however, did not justify this
9 projected increase.
10

11 Due to the total lack of any reasoned analysis, it is
12 difficult to respond to Dr. Hass' adjustment. However,
13 it is reasonable to assume that Dr. Hass' adjustment is
14 consistent with an adjustment proposed earlier in this
15 proceeding by ATA witness Bierman (Bierman Answering
16 Testimony at pp. 26-29).

17 Q. Is ATA's proposed adjustment appropriate?

18 A. No. Contrary to ATA's argument, Buckeye's property
19 taxes in fact increased by \$3,753,000 in 1987. The
20 documents upon which ATA bases its adjustment primarily
21 reflect cash payments made to various taxing
22 authorities. ATA has not attempted to address the
23 underlying accrued tax expense which Buckeye
24 encountered in calendar year 1987. Buckeye's actual
25 accrued 1987 liabilities for property taxes are
26 reflected in Exhibit (B-111). As shown on that exhibit,
27 Buckeye's property taxes increased by \$3,753,000 in
28 1987.

1 Q. Why are the accrued liabilities, rather than cash
2 payments, essential in evaluating Buckeye's expenses?

3 A. As is true of almost all businesses, Buckeye maintains
4 its accounts of expenses and revenues on an accrual
5 basis. Buckeye treats all accrued liabilities, and not
6 simply actual cash disbursements, as expenses. This
7 practice is consistent with GAAP, and is specifically
8 required by this Commission's regulations. 18 C.F.R.
9 Part 353, General Instruction 1-4(a). Buckeye has
10 always calculated its property tax expenses on this
11 basis.

12 The fact that Buckeye has paid in cash only a portion of
13 its accrued 1987 property tax expense is irrelevant to a
14 proper determination of test year tax expense. Buckeye
15 frequently experiences a gap between the accrual of tax
16 liabilities and actual cash payments.

17 Furthermore, ATA's proposal violates the test period
18 concept. The objective of the test year is to reflect
19 cost relationships that will materialize during the
20 period rates are in effect. By their very nature, such
21 costs reflect projections based on the latest available
22 information.

23 It is unfair and inappropriate to selectively adjust one
24 item of cost of service, such as property taxes, based

1 on actual experience without updating all other
2 elements of cost of service. ATA's adjustment should
3 therefore be rejected in its entirety.

4 V. BUCKEYE'S REAL RATE OF RETURN ON EQUITY

5 Q. Correcting for Dr. Hass' numerous errors and
6 inconsistencies, what is Buckeye's actual real rate of
7 return on equity for 1987?

8 A. As set forth in Exhibit (B-104), Page 1 of 4, Buckeye's
9 achieved real equity rate of return for 1987 is 7.73%.
10 This exhibit assumes, as did Dr. Hass, that ADIT should
11 be deducted from rate base and that the deferred
12 earnings arising from the calculation of starting rate
13 base should not be amortized. This 7.73% real equity
14 rate of return demonstrates the absurdity of Dr. Hass'
15 43.6% return. As explained above, the 43.6% return
16 figure was the result of numerous unsupported and one-
17 sided adjustments all designed to make Buckeye's
18 earnings appear excessive. Dr. Hass' highly inflated
19 return is therefore irrelevant and should not be given
20 serious consideration by the Commission.

21 Q. Does this conclude your testimony at this time?

22 A. Yes, it does.

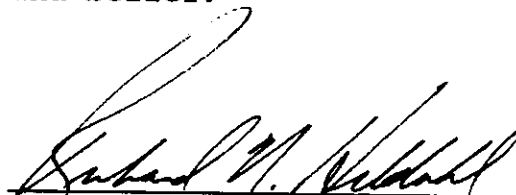
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COMMONWEALTH OF PENNSYLVANIA)

SS.

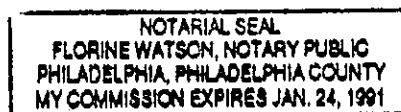
COUNTY OF PHILADELPHIA)

Richard N. Hildahl being duly sworn, deposes and says that he is the same Richard N. Hildahl referred to in the document entitled "Prepared Rebuttal Testimony of Richard N. Hildahl" in Docket Nos. IS87-14-000 and FS87-2-000, that he has read such testimony and is familiar with the contents thereof, and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.



Sworn to and subscribed before me this 22nd day of March 1989.


Notary Public



Member, Pennsylvania Association of Notaries

BUCKEYE PIPE LINE COMPANY, L.P.
Comparison of Hass' Filed Returns
and Corrected Returns

Average Return

<u>Measure</u>	<u>Period</u>	<u>Hass Filed</u>	<u>Corrected</u>
Return on Average Common Equity	1965-1985	18.26%	9.74%
	1965-1987	Not Included	9.71%
Internal Rate of Return to Equity Investor	1963-1986	20.13%	12.96%

BUCKEYE PIPE LINE COMPANY, L.P.
Comparison of Shriver's Filed Returns
and Corrected Returns

Average Return

<u>Measure</u>	<u>Period</u>	<u>Shriver Filed</u>	<u>Corrected</u>
Pre-Tax Return on Average Assets	1980-1986	18.6%	16.6%
	1980-1987	17.6%	15.7%
Return on Average Common Equity	1980-1986	19.0%	13.3%
	1980-1987	17.9%	12.3%

BUCKEYE PIPE LINE COMPANY, L.P.

Returns on Oil Pipeline Regulatory Standards

<u>Methodology</u>	<u>Period</u>	<u>Average Rate of Return</u>	<u>Standard</u>
ICC Valuation	1960-1983	7.49%	10%
Opinion No. 154-B Methodology 1/			
Buckeye 2/	1984-1987 Test Year 1987	7.61% 7.73%	13.5% (Recommended)
ATA	1984-1987 Test Year 1987	22.65% 43.58%	7.4% (Recommended)
FERC Staff	Test Year 1987	10.25%	11.75% (Recommended)

1/ Opinion No. 154-B measures reflect real equity rates of return.

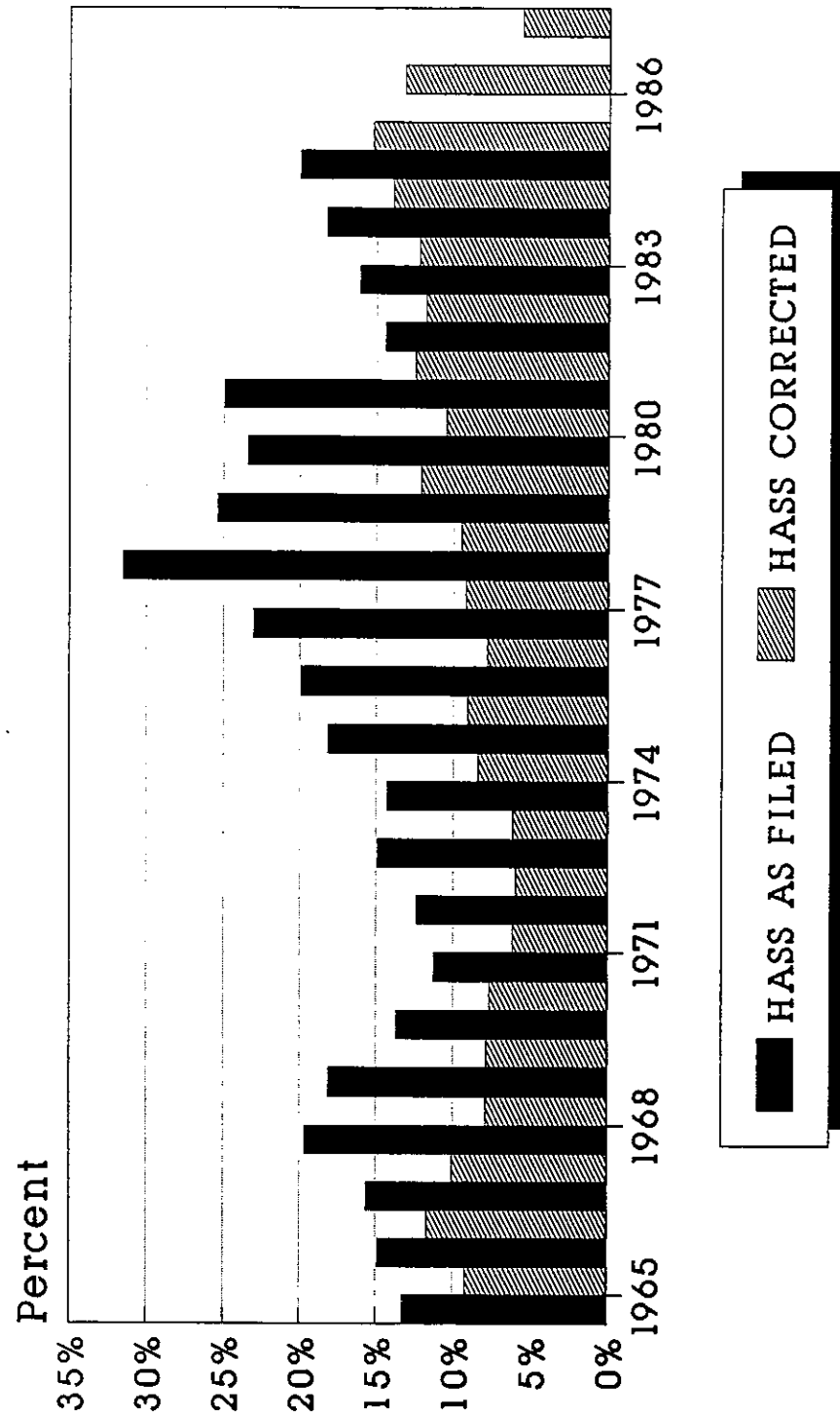
2/ Assuming ADIT is deducted from rate base and deferred earnings in Buckeye's starting rate base are not amortized.

~~Exhibit (B-101)~~
~~Page 1 of 2~~

BUC 018071

BUCKEYE PIPE LINE COMPANY, L.P.

Comparison of Hass Returns on Average Equity to Corrected Returns 1/



1/ Source for Hass data - Exhibit ATA-31, Schedule 1.

BUC 018072

BUCKEYE PIPE LINE COMPANY, L.P.
Comparison of Returns filed by Hass in ATA-31 with Corrected
Accounting Return on Average Common Equity
For the Periods Ending 1965 through 1987

Line No.	Year	JEH Returns 1/	Returns Corrected
1	1965	13.28%	9.18%
2	1966	14.88%	11.65%
3	1967	15.63%	10.01%
4	1968	19.69%	7.88%
5	1969	18.12%	7.81%
6	1970	13.68%	7.64%
7	1971	11.28%	6.17%
8	1972	12.38%	5.95%
9	1973	14.92%	6.15%
10	1974	14.29%	8.40%
11	1975	18.16%	9.07%
12	1976	19.93%	7.80%
13	1977	23.01%	9.20%
14	1978	31.51%	9.48%
15	1979	25.38%	12.08%
16	1980	23.44%	10.48%
17	1981	24.94%	12.46%
18	1982	14.47%	11.79%
19	1983	16.14%	12.21%
20	1984	18.29%	13.93%
21	1985	20.02%	15.25%
22	1986 2/		13.17%
23	1987		5.59%

1/ Source - Jerome E. Hass exhibit ATA-31, Schedule 1.

2/ 1986 returns are weighted using number of days after and before MLP formation. If average returns were calculated using a simple beginning and end of year average, the Corrected Accounting Return on Average Common Equity for 1986 would be 14.21%.

~~Exhibit (B-102)~~

BUC 018073

BUCKEYE PIPE LINE COMPANY, L.P.
Calculation of Internal Rate of Return on Cash Flows
For the Periods Ending 1963 through 1986
(000's)

Line No.	Year	Periodic Div- idends 1/	Cash Out- flows 2/	Cash In- flows 2/	Net Cash Flows
		(a)	(b)	(c)	(d) (a-b+c)
1	1963	\$395	\$28,169		(\$27,774)
2	1964	\$3,728	\$72,124		(\$68,396)
3	1965	\$5,965			\$5,965
4	1966	\$5,800			\$5,800
5	1967	\$6,300			\$6,300
6	1968	\$6,300			\$6,300
7	1969	\$6,300			\$6,300
8	1970	\$3,100			\$3,100
9	1971	\$0			\$0
10	1972	\$6,000			\$6,000
11	1973	\$14,700			\$14,700
12	1974	\$6,000			\$6,000
13	1975	\$19,000			\$19,000
14	1976	\$19,500			\$19,500
15	1977	\$25,000	\$7,631		\$17,369
16	1978	\$30,100			\$30,100
17	1979	\$15,000			\$15,000
18	1980	\$43,500			\$43,500
19	1981	\$28,600			\$28,600
20	1982	\$17,600			\$17,600
21	1983	\$19,504			\$19,504
22	1984	\$23,100			\$23,100
23	1985	\$18,200			\$18,200
24	1986 3/	\$2,500		\$432,400	\$434,900

25 Internal Rate of Return

12.96%

=====

1/ Source - Form No. 6.

2/ Source - Company Provided. No significant capital infusions were made by the Penn Central Corporation after 1964. The Penn Central Corporation purchased Jet Lines, Inc. in 1977 and donated its ownership interest in Jet to Buckeye Pipe Line Company in that year. Jet Lines, Inc. paid dividends to Buckeye in several years before formation of the MLP. These dividends are not included in cash flows developed above.

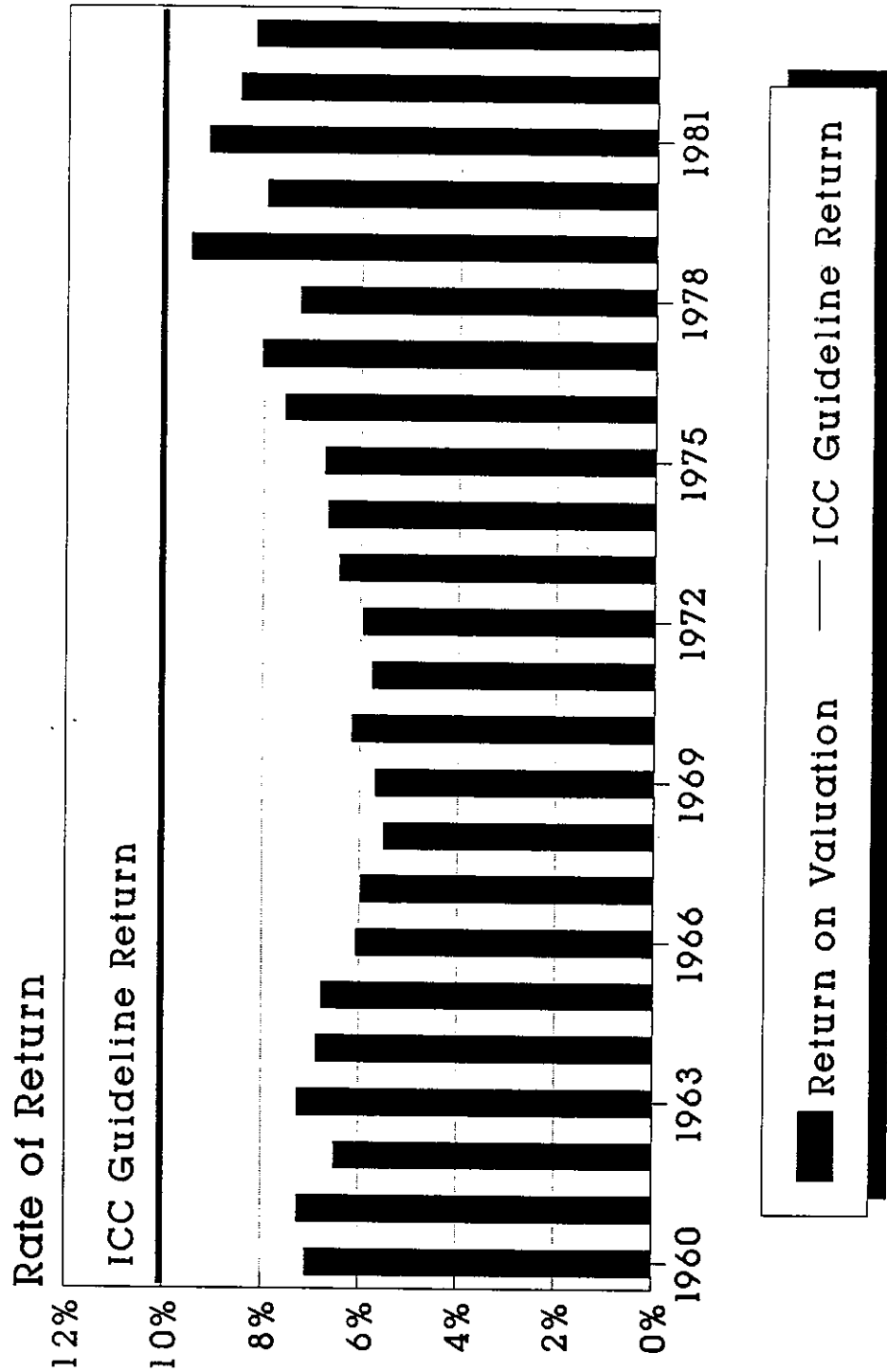
3/ Inflow reflects net pre-tax proceeds received by Penn Central in 1986.

~~Exhibit (B-103)~~

BUC 018074

BUCKEYE PIPE LINE COMPANY

Historical Returns on Valuation 1/



1/ Excludes Buckeye of Michigan. Includes Jet Lines, Inc. from 1977 forward.

~~Exhibit (B-104)~~
~~Page 1 of 4~~

BUC 018075

Exhibit (B-104)
 Schedule 1

BUCKEYE PIPE LINE COMPANY, L.P.
 Results of Operations and Achieved Real Equity Rate of Return Using ADIT Deduction Approach
 and No Amortization of the Deferred Earnings in the Starting Rate Base
 For The Periods Ending December 31, 1986 and 1987
 (\$'000's)

Ln. No.	Description	Source	1986	1987
1	Carrier Revenue	Ex. (IAS-1)	\$123,044	\$128,251
2	Less Carrier Expenses:			
3	Operating Expenses Excluding Depreciation	Ex. (FEZ-1)	\$56,244	\$64,041
4	Carrier Depreciation Expense	Schedule 7, Ln. 8	\$9,999	\$10,210
5	Amortization of Deferred Earnings	Schedule 8, Ln. 9	\$1,211	\$1,621
6	Total Carrier Expenses (Excluding Interest)	Ln. (3 + 4 + 5)	\$67,454	\$75,872
7	Operating Income Before Taxes	Ln. (1 - 6)	\$55,590	\$52,379
8	Carrier Interest	Schedule 4, Ln. 8	\$9,657	\$12,978
9	Income Tax Expense	Schedule 2, Ln. 15	\$23,043	\$17,704
10	Carrier Net Income	Ln. (7 - 8 - 9)	\$22,890	\$21,697
11	Average Tranded Equity Rate Base	Schedule 3, Ln. 8	\$287,577	\$280,845
12	Achieved Real Equity Rate of Return	Ln. (10 / 11)	7.96%	7.73%

~~Exhibit (B-104)~~
~~Page 2 of 4~~

BUC 018076

Exhibit (B-104)
 Schedule 1

ROCKEY PIPE LINE COMPANY, L.P.
Results of Operations and Achieved Real Equity Rate of Return Using ADIT Deduction Approach
and Amortization of the Deferred Earnings in the Starting Rate Base
For The Periods Ending December 31, 1986 and 1987
(\$000's)

Ln. No.	Description	Source	1986	1987
1	Carrier Revenue	Ex. (JAS-1)	\$123,044	\$128,251
2	Less Carrier Expenses:			
3	Operating Expenses Excluding Depreciation	Ex. (FEZ-1)	\$56,244	\$64,041
4	Carrier Depreciation Expense	Schedule 7, Ln. 8	\$9,999	\$10,210
5	Amortization of Deferred Earnings	Schedule 8, Ln. 9	\$7,468	\$7,539
6	Total Carrier Expenses (Excluding Interest)	Ln. (3 + 4 + 5)	\$73,711	\$81,790
7	Operating Income Before Taxes	Ln. (1 - 6)	\$49,333	\$46,461
8	Carrier Interest	Schedule 4, Ln. 8	\$9,657	\$12,978
9	Income Tax Expense	Schedule 2, Ln. 15	\$23,043	\$17,704
10	Carrier Net Income	Ln. (7 - 8 - 9)	\$16,633	\$15,779
11	Average Trended Equity Rate Base	Schedule 3, Ln. 8	\$271,180	\$257,741
12	Achieved Real Equity Rate of Return	Ln. (10 / 11)	6.13%	6.12%

BUC 018077

INCOME FIVE LINE COMPANY, L.P.
 Results of Operations and Adjusted Paid Equity Ratio of Return Making APTT Outside Agreement
 and Attribution of the Reported Earnings in the Standing Ratio Rate
 For the Periods Ending December 31, 1965 and 1967
 (1967)

Exhibit (B-104)
 Schedule 1

Ln. No.	Description	Source	1965	1967
1	Operating Income	Ex. (100-1)	\$125,044	\$128,251
2	Less Operating Expenses			
3	Operating Expenses Excluding Depreciation	Ex. (102-1)	\$54,344	\$64,041
4	Operating Expenses Excluding Depreciation	Schedule 7, Ln. 2	\$9,999	\$40,210
5	Attribution of Reported Earnings	Schedule 2, Ln. 9	\$7,446	\$9,599
6	Total Operating Expenses Excluding Depreciation	Ln. (3 + 4 + 5)	\$71,789	\$113,850
7	Operating Income Before Taxes	Ln. (1) - 6)	\$49,305	\$114,401
8	Operating Income	Schedule 4, Ln. 6	\$10,547	\$15,101
9	Income Tax Expense	Schedule 2, Ln. 15	\$22,096	\$17,461
10	Subtotal	Ln. (7) - 8 - 9)	\$14,249	\$15,790
11	APTT Outside Adjustment	Average APTT x Rate From Ratio	\$1,644	\$172
12	Operating Net Income	Ln. (10 + 11)	\$17,953	\$15,962
13	Average Unadjusted Equity Ratio Rate	Schedule 3, Ln. 7	\$804,740	\$852,686
14	Adjusted Paid Equity Ratio of Return	Ln. (12 / 13)	6.306	6.146

~~Exhibit (B-104)~~
~~Page 4 of 4~~

BUC 018078

Exhibit (B-104)
 Schedule 1

BECKE FIVE LINE CORP., L.P.
 Details of Operations and Additional Paid-Up Capital of Return Using 1987 Credit Approach
 and the Accumulation of the Reported Earnings in the Standing Rate Base
 For the Periods Ending December 31, 1985 and 1987
 (100%)

Ln. No.	Description	Source	1986	1987
1	Capital Return	Ex. (100-1)	\$125,000	\$125,251
2	Less Capital Expenses			
3	Operating Expenses Excluding Depreciation	Ex. (102-1)	\$54,844	\$44,041
4	Capital Expenses Excluding Depreciation	Schedule 7, Ln. 8	\$1,979	\$10,249
5	Accumulation of Reported Earnings	Schedule 8, Ln. 9	\$1,211	\$1,403
6	Total Capital Expenses (Including Depreciation)	Ln. 19 = 4 + 5	\$57,454	\$55,472
7	Operating Income Before Taxes	Ln. (1 - 6)	\$65,590	\$64,379
8	Capital Income	Schedule 4, Ln. 6	\$14,547	\$15,101
9	Income Tax Expense	Schedule 2, Ln. 15	\$12,406	\$17,651
10	Subtotal	Ln. 17 = 8 - 9	\$67,525	\$61,427
11	1987 Credit Adjustment	Average 1987 = 1/10 Times Rate	\$1,406	\$172
12	Capital Net Income	Ln. (10 + 11)	\$64,210	\$61,799
13	Average Taxable Equity Rate Base	Schedule 3, Ln. 7	\$146,146	\$146,740
14	Additional Paid-Up Capital of Return	Ln. (12 / 13)	8,000	7,746

~~Exhibit (B-105)~~

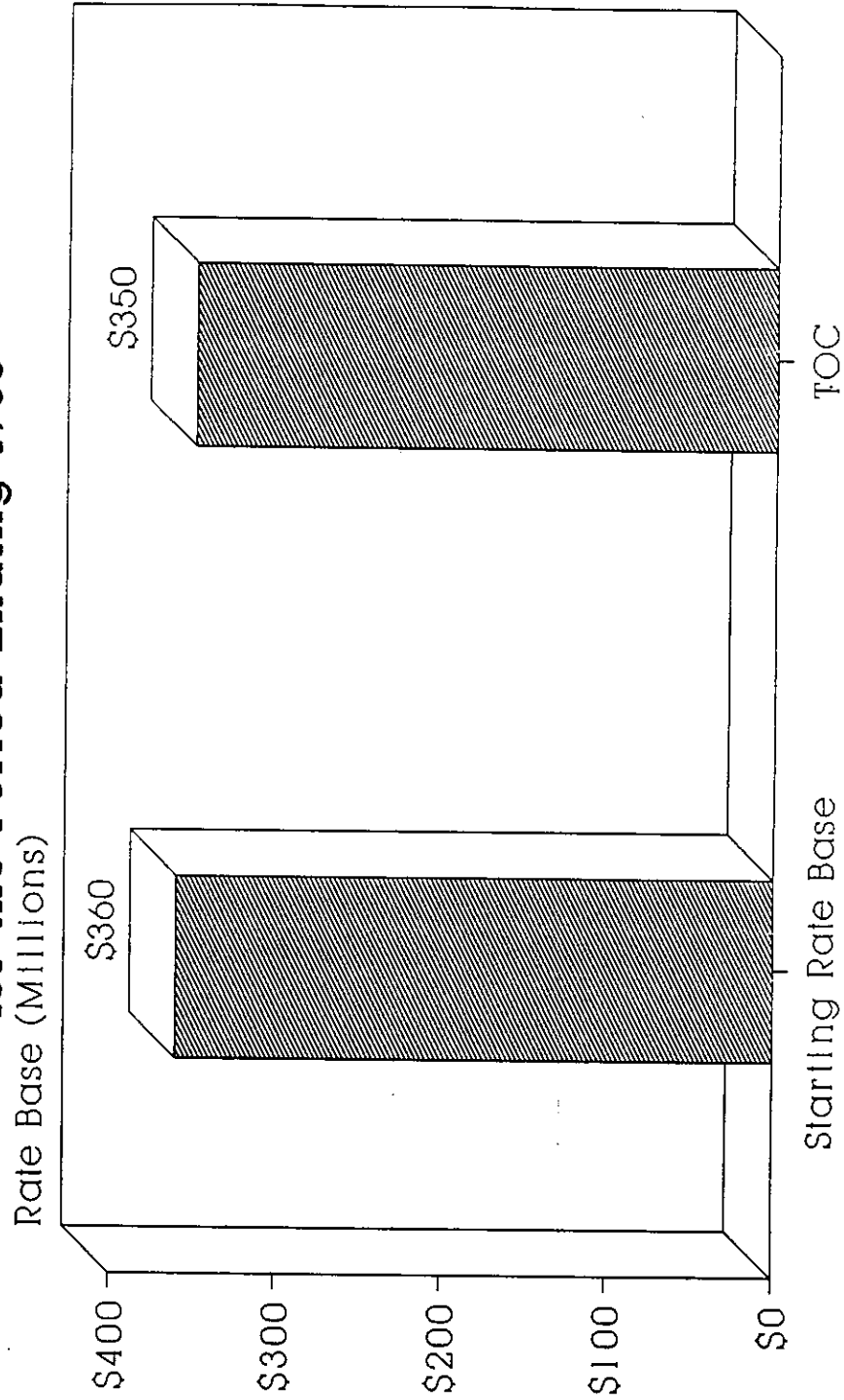
BUCKEYE PIPE LINE COMPANY, L.P.
 Calculation of Return to Investors Assuming ATA's Revenues
 For the Year 1987
 (000's)

Exhibit ____ (RNH 3-10)

Line No.	Description	Source	1987
-----	-----	-----	-----
1	ATA Recommended Revenues	Exhibit ____ (JEH-8)	\$81,660
2	Operating Expenses (Excluding Depreciation)	Exhibit ____ (JEH-8)	\$59,269
3	Depreciation Expense	Form No. 6	\$12,024
4	Total Return	Line (1-2-3)	\$10,367
5	Interest Expense	Form No. 6	\$30,623
6	Equity Return (Operating Loss)	Line (4-5)	(\$20,256)
			=====

BUC 018079

BUCKEYE PIPE LINE COMPANY, L.P.
Comparison of Starting Rate Base to
Trended Original Cost Rate Base
for the Period Ending 1983



~~Exhibit (B-106)~~~~Page 2 of 2~~

BUCKEYE PIPE LINE COMPANY, L.P.
 Summary of TOC Rate Base Calculations
 For The Periods 1960 through 1983
 (\$000's)

Exhibit____(RNH 3-14)
 Schedule 2

Year	Trended Equity Rate Base	Debt Rate Base	Total TOC Rate Base
1960	\$19,861	\$19,321	\$39,181
1961	\$26,885	\$24,503	\$51,388
1962	\$29,667	\$30,979	\$60,645
1963	\$33,393	\$30,640	\$64,033
1964	\$37,287	\$26,636	\$63,922
1965	\$36,417	\$33,981	\$70,398
1966	\$50,022	\$46,105	\$96,128
1967	\$59,221	\$51,482	\$110,702
1968	\$66,979	\$51,439	\$118,418
1969	\$76,479	\$51,807	\$128,286
1970	\$84,076	\$50,932	\$135,008
1971	\$98,814	\$45,401	\$144,215
1972	\$103,035	\$42,898	\$145,933
1973	\$110,056	\$41,022	\$151,078
1974	\$110,354	\$51,444	\$161,798
1975	\$150,132	\$74,001	\$224,133
1976	\$165,838	\$75,169	\$241,007
1977	\$173,930	\$80,277	\$254,207
1978	\$198,237	\$80,313	\$278,549
1979	\$221,256	\$71,205	\$292,462
1980	\$228,391	\$90,722	\$319,113
1981	\$256,190	\$100,906	\$357,096
1982	\$272,977	\$96,745	\$369,722
1983	\$287,269	\$87,109	\$374,378

1/ If ADIT is deducted from the 1983 trended original cost rate base the resulting net rate base would be \$350 million.

~~Exhibit (B-107)~~

BUC 018082

BUCKEYE PIPE LINE COMPANY, L.P.
Presentation of Corrected Shriver Returns on Average Assets and
on Average Stockholders' Equity (GMS-9)
For the Periods Ending 1980 through 1987
('000's)

For the Periods Ending 1980 through 1987 (000's)												
Line No.	Description	Source	Average		1987	1986 1/	1985	1984	1983	1982	1981	1980
			1980-1987	1980-1986								
CORRECTED PRE-TAX RETURN ON AVERAGE ASSETS:												
1	Buckeye Pipe Line Company, L.P. 2/	Workpaper	15.7%	16.6%	9.66%	16.22%	18.13%	17.23%	16.49%	16.24%	17.13%	14.80%
CORRECTED RETURN ON AVERAGE COMMON EQUITY:												
2	Buckeye Pipe Line Company, L.P. 2/	Workpaper	12.3%	13.3%	5.59%	13.15%	15.42%	14.30%	13.33%	12.75%	13.07%	10.94%
3	Cost of Equity - Average for Oil Pipeline Proxy Group	3/	15.6%	16.0%	12.6%	12.6%	13.9%	15.0%	15.5%	19.5%	18.6%	16.9%

- 1/ 1986 returns are weighted using number of days after and before MLP formation. If average returns were calculated using a simple beginning and end of year average, the Corrected Pre-Tax Return on Average Assets and the Corrected Return on Average Common Equity for 1986 would be 14.10% and 14.21% respectively.
- 2/ Known as Buckeye Pipe Line Company prior to December 1986.
- 3/ Source - George M. Shriver exhibit (GMS-9).

BUCKEYE PIPE LINE COMPANY, L.P. Comparison of Rate Base Methodologies Sample Illustration

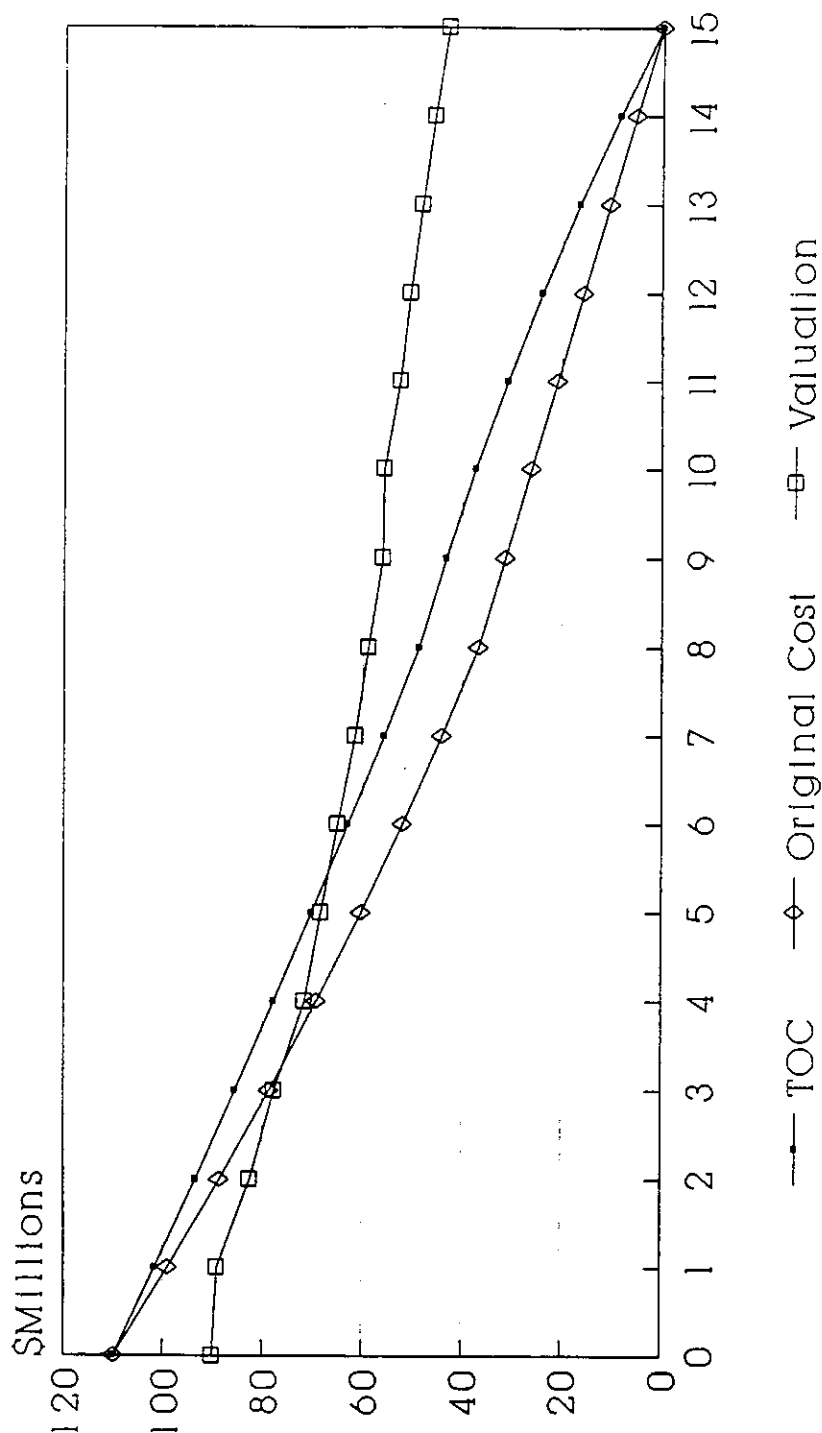


Exhibit (B-109)
Page 1 of 4

BUCKEYE PIPE LINE COMPANY, L.P.
Analysis of Capital Structures
for FERC Regulated Pipeline Companies 1/
For Mid-Year 1985

Exhibit (RNH 3-17)
Page 1 of 4

Line No.	Pipe Line Company	Long-Term Debt-BOY 1985	Long-Term Debt-EOY 1985	Total Equity-BOY 1985	Total Equity-EOY 1985	Average Debt 1985	Average Equity 1985	Debt Percentage	Equity Percentage
1	Airforce Pipeline, Inc.	\$0	\$0	\$230,719	\$86,596	\$0	\$158,658	0.00%	100.00%
2	Algonquin Pipe Line	\$0	\$0	\$2,545,639	\$2,691,608	\$0	\$2,618,624	0.00%	100.00%
3	Allegheny Pipeline Company	\$907,000	\$2,023,000	\$16,511,196	\$18,868,936	\$1,465,000	\$17,690,066	7.65%	92.35%
4	Amerada Hess Pipeline Corporation	\$20,000,000	\$20,000,000	\$59,328,895	\$57,076,385	\$20,000,000	\$58,202,640	25.57%	74.43%
5	American Petrofina Pipe Line Company	\$5,501,485	\$4,883,882	\$19,052,762	\$19,178,399	\$5,192,684	\$19,115,581	21.36%	78.64%
6	Amoco Pipeline Company	\$45,250,000	\$42,875,000	\$208,003,966	\$179,743,123	\$44,062,500	\$193,873,545	18.52%	81.48%
7	ARCO Pipe Line Company	\$567,817,000	\$318,300,000	\$719,955,053	\$945,594,125	\$443,058,500	\$832,764,589	34.73%	65.27%
8	Asamera Pipeline, Inc.	\$0	\$0	(\$1,079,085)	(\$1,396,757)	\$0	(\$1,237,921)	N.A.	2/
9	Ashland Pipe Line Company	\$23,965,000	\$21,710,000	\$43,542,064	\$53,108,874	\$22,837,500	\$48,325,469	32.09%	67.91%
10	Atlantic Pipeline Corporation	\$0	\$0	\$15,000,191	\$0	\$0	\$7,500,096	0.00%	100.00%
11	Badger Pipe Line Company	\$4,250,000	\$4,000,000	\$1,940,942	\$2,840,610	\$4,125,000	\$2,390,776	63.31%	36.69%
12	Belle Fourche Pipeline Company	\$9,047,753	\$6,951,038	\$29,272,110	\$30,614,436	\$7,999,596	\$29,943,273	21.08%	78.92%
13	Black Lake Pipe Line Company	\$2,523,077	\$2,115,385	\$1,748,096	\$1,822,751	\$2,319,231	\$1,785,424	56.50%	43.50%
14	BP Pipelines Inc.	\$738,429,076	\$679,753,372	\$244,574,074	\$259,940,275	\$709,091,224	\$252,257,175	73.76%	26.24%
15	Buccaneer Pipeline Company	\$0	\$75,900	\$0	\$30,848	\$37,950	\$15,424	71.10%	28.90%
16	Buckeye Pipe Line Company	\$69,290,634	\$59,956,274	\$125,782,429	\$129,527,937	\$64,623,454	\$127,635,183	33.61%	66.39%
17	Buckeye Pipe Line Co. of Michigan, Inc.	\$0	\$0	\$6,651,852	\$6,800,959	\$0	\$6,726,406	0.00%	100.00%
18	Butte Pipe Line Company	\$2,750,000	\$2,250,000	\$2,029,515	\$2,952,786	\$2,500,000	\$2,491,151	50.09%	49.91%
19	Calnef Pipe Line Company	\$0	\$0	\$42,138,081	\$49,697,405	\$0	\$45,917,743	0.00%	100.00%
20	Cenergy Transmission Company	\$0	\$0	\$626,430	\$479,510	\$0	\$552,970	0.00%	100.00%
21	Chase Transportation Company	\$0	\$0	\$32,694,886	\$30,927,372	\$0	\$31,811,129	0.00%	100.00%
22	Chevron Pipe Line Company	\$67,512,000	\$65,138,000	\$19,603,933	\$361,931,220	\$66,325,000	\$190,767,577	25.80%	74.20%
23	Chicag Pipe Line Company	\$13,330,000	\$11,742,000	\$3,444,904	\$3,423,062	\$12,536,000	\$3,433,983	78.50%	21.50%
24	Chisholm Pipeline Company	\$0	\$0	\$15,396,274	\$16,581,507	\$0	\$15,988,891	0.00%	100.00%
25	Ciniza Pipe Line, Inc.	\$2,925,006	\$1,114,468	\$2,120,261	\$2,726,421	\$2,019,737	\$2,423,341	45.46%	54.54%
26	Citgo Pipeline Company	\$0	\$0	\$16,288,739	\$14,345,620	\$0	\$15,317,180	0.00%	100.00%
27	Cities Service MGL Pipeline Company	\$0	\$0	\$1,542,067	\$1,194,372	\$0	\$1,368,220	0.00%	100.00%
28	CKX Petroleum, Inc.	\$0	\$0	(\$161,961)	\$526,826	\$0	\$182,433	0.00%	100.00%
29	Clarco Pipe Line Company	\$750,000	\$700,000	\$3,115,937	\$3,271,851	\$0	\$3,193,894	0.00%	100.00%
30	CNG Pipeline Company	\$0	\$0	\$1,420,544	\$1,336,042	\$725,000	\$1,378,293	34.47%	65.53%
31	Cochin Pipeline System - U.S. 3/	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%
32	Collins Pipeline Company	\$0	\$0	\$7,465,583	\$8,458,391	\$0	\$7,961,987	0.00%	100.00%
33	Colonial Pipeline Company	\$585,712,600	\$551,172,300	\$49,417,016	\$48,877,428	\$568,442,450	\$49,147,222	92.04%	7.96%
34	Continental Pipe Line Company	\$11,700,000	\$10,400,000	\$93,695,691	\$112,596,374	\$11,050,000	\$103,146,033	9.68%	90.32%
35	Cook Inlet Pipe Line Company	\$0	\$0	\$16,811,372	\$19,094,878	\$0	\$17,953,125	0.00%	100.00%
36	Crown-Rencho Pipe Line Corporation	\$0	\$0	\$765,611	\$494,036	\$0	\$629,824	0.00%	100.00%
37	Diamond Shamrock Refining and Marketing Co.	\$9,829,781	\$9,350,893	\$0	\$0	\$9,590,337	\$0	100.00%	0.00%
38	Dixie Pipeline Company	\$22,900,000	\$17,500,000	\$6,289,384	\$5,871,631	\$20,200,000	\$6,080,508	76.86%	23.14%
39	Dome Pipeline Corporation	\$0	\$0	\$115,105,968	\$124,250,660	\$0	\$119,678,314	0.00%	100.00%
40	El Paso Frontera Corporation	\$0	\$0	\$1,439,626	\$1,555,411	\$0	\$1,497,519	0.00%	100.00%
41	Emerald Pipeline Corporation	\$0	\$0	\$1,485,703	\$1,661,452	\$0	\$1,573,578	0.00%	100.00%
42	Enterprise Pipeline Company	\$13,106,493	\$12,306,047	\$4,060,291	\$3,936,807	\$12,706,270	\$4,998,549	71.77%	28.23%

BUC 018084

~~BUCKETE PIPE LINE COMPANY, L.P.~~
~~Analysis of Capital Structures~~
~~for FERC Regulated Pipeline Companies 1/~~
~~For Mid-Year 1985~~

Exhibit (RNH 3-17)
Page 2 of 4

BUCKETE PIPE LINE COMPANY, L.P.
Analysis of Capital Structures
for FERC Regulated Pipeline Companies 1/
For Mid-Year 1985

Line No.	Pipe Line Company	Long-Term Debt-BOY 1985	Long-Term Debt-EOY 1985	Total Equity-BOY 1985	Total Equity-EOY 1985	Average Debt 1985	Average Equity 1985	Debt Percentage	Equity Percentage
43	Enterprise Products Company of Mississippi	\$73,182,766	\$62,805,638	\$2,324,710	\$3,348,389	\$67,994,212	\$2,836,550	96.00%	4.00%
44	Explorer Pipeline Company	\$159,480,000	\$154,080,000	\$22,903,474	\$23,105,938	\$156,780,000	\$23,004,706	87.20%	12.80%
45	Exxon Pipeline Company	\$872,982,000	\$835,291,000	\$498,557,885	\$254,030,943	\$854,136,500	\$376,294,414	69.42%	30.58%
46	Fairland Industries, Inc. 3/	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%
47	Four Corners Pipe Line Company	\$31,000,000	\$21,000,000	\$62,960,369	\$72,763,777	\$26,000,000	\$67,862,073	27.70%	72.30%
48	Frontier Pipeline Company	\$50,000,000	\$50,000,000	\$138,359	(\$984,674)	\$50,000,000	(\$423,158)	100.00%	0.00%
49	G and T Pipeline Company	\$0	\$0	\$1,563,998	\$1,801,984	\$0	\$1,682,991	0.00%	100.00%
50	Getty Pipeline, Inc.	\$22,669,958	\$0	\$59,215,319	\$9,770,291	\$11,334,979	\$34,492,805	24.73%	75.27%
51	Gulf Central Pipeline Company	\$0	\$26,600,000	\$61,987,001	\$28,046,645	\$13,300,000	\$45,016,823	22.81%	77.19%
52	Hess Pipeline Company	\$7,500,000	\$6,250,000	\$8,106,720	\$11,267,080	\$6,875,000	\$9,686,900	41.51%	58.49%
53	Howell Crude Oil Company	\$0	\$0	(\$237,666)	(\$1,301,954)	\$0	(\$769,810)	N.A.	N.A.
54	Husky Pipeline Company	\$0	\$0	\$4,412,468	\$5,533,242	\$0	\$4,972,855	0.00%	100.00%
55	Hydrocarbon Transportation, Inc.	\$15,007,571	\$10,690,988	\$57,492,239	\$54,678,183	\$12,849,280	\$56,085,211	18.64%	81.36%
56	Interstate Storage and Pipe Line Corporation	\$672,538	\$138,251	\$2,039,649	\$2,456,631	\$405,395	\$2,267,140	15.28%	84.72%
57	Jayhawk Pipeline Corporation	\$800,000	\$1,855,152	\$8,959,815	\$8,540,206	\$1,327,576	\$8,750,011	13.17%	86.83%
58	Jet Lines, Inc.	\$2,199,645	\$1,357,931	\$6,873,151	\$6,934,564	\$1,778,788	\$6,903,858	20.49%	79.51%
59	Kareb Pipe Line Company	\$39,458,239	\$32,729,227	\$30,924,741	\$38,197,448	\$36,093,733	\$34,561,095	51.08%	48.92%
60	Kaw Pipe Line Company	\$0	\$0	\$2,203,503	\$2,050,075	\$0	\$2,126,789	0.00%	100.00%
61	Kerr-McGee Pipeline Corp.	\$0	\$0	\$3,526,910	\$4,556,513	\$0	\$4,041,712	0.00%	100.00%
62	Kiantone Pipeline Corporation	\$0	\$0	\$9,795,870	\$10,540,168	\$0	\$10,168,019	0.00%	100.00%
63	Kuparuk Transportation Company	\$0	\$0	\$91,365,317	\$91,984,921	\$18,000,000	\$91,675,119	16.41%	83.59%
64	Lake Charles Pipe Line Company	\$0	\$0	\$844,335	\$1,792,223	\$0	\$1,318,279	0.00%	100.00%
65	Lakhead Pipe Line Company, Inc.	\$47,042,000	\$45,347,000	\$105,641,957	\$101,355,137	\$46,194,500	\$103,498,547	30.86%	69.14%
66	Largo Company (The)	\$0	\$0	\$17,499,774	\$18,033,777	\$0	\$17,766,776	0.00%	100.00%
67	Laurel Pipe Line Company	\$1,342,000	\$1,342,000	\$13,121,413	\$12,870,432	\$1,342,000	\$12,995,923	9.36%	90.64%
68	Locap Inc.	\$50,000,000	\$50,000,000	\$15,329,753	\$20,433,692	\$50,000,000	\$17,881,723	73.66%	26.34%
69	Marathon Pipe Line Company	\$104,460,000	\$98,724,000	\$109,988,240	\$95,610,570	\$101,592,000	\$102,799,405	49.70%	50.30%
70	Mark Oil Pipeline Company	\$0	\$1,011,000	\$50,020	\$0	\$505,500	\$25,010	95.29%	4.71%
71	McMoran Pipeline Company	\$0	\$0	\$784,494	\$972,925	\$0	\$878,710	0.00%	100.00%
72	Mesa Transmission Co.	\$1,602,498	\$250,985	\$3,847,066	\$5,296,802	\$926,742	\$4,571,934	16.85%	83.15%
73	Mid-America Pipeline Company	\$0	\$0	\$839,638	\$92,291	\$0	\$465,965	0.00%	100.00%
74	Mid-Valley Pipeline Company	\$6,272,000	\$4,681,000	\$24,542,474	\$24,022,794	\$5,476,500	\$24,282,634	18.40%	81.60%
75	Minle Point Pipe Line Company	\$0	\$0	\$0	\$25,786,158	\$0	\$12,893,079	0.00%	100.00%
76	Minnesota Pipe Line Company	\$10,750,000	\$21,857,143	\$15,028,568	\$18,549,436	\$16,303,572	\$16,789,002	49.27%	50.73%
77	Mitco Pipeline Company	\$0	\$0	(\$173,023)	(\$193,895)	\$0	\$183,459	100.00%	0.00%
78	Mobil Alaska Pipeline Company	\$320,520,000	\$177,100,000	\$191,820,468	\$129,317,257	\$248,810,000	\$160,568,863	60.78%	39.22%
79	Mobil Eugene Island Pipeline Company	\$0	\$0	\$10,242,680	\$13,915,968	\$0	\$12,079,324	0.00%	100.00%
80	Mobil Pipe Line Company	\$82,000,000	\$78,000,000	\$31,989,864	\$35,670,353	\$80,000,000	\$33,830,109	70.28%	29.72%
81	National Transit Company	\$0	\$0	\$115,036	\$290,123	\$0	\$202,580	0.00%	100.00%
82	Navajo Pipeline Company	\$6,986,546	\$0	\$6,020,054	\$7,842,101	\$3,493,273	\$6,931,078	33.51%	66.49%
83	Northern Rockies Pipeline Company	\$0	\$0	\$3,562,000	\$4,138,048	\$0	\$3,850,024	0.00%	100.00%
84	NW Pipeline, Inc.	\$0	\$0	\$4,457,202	\$3,615,732	\$0	\$4,036,467	0.00%	100.00%

BUC 018085

Exhibit No. AIR-133
Page 80 of 84

Exhibit (RMH 3-17)
Page 3 of 4

BUCKEYE PIPE LINE COMPANY, L.P.
Analysis of Capital Structures
for FERC Regulated Pipeline Companies 1/
For Mid-Year 1985

Line No.	Pipe Line Company	Long-Term Debt-BOY 1985	Long-Term Debt-EOY 1985	Total Equity-BOY 1985	Total Equity-EOY 1985	Average Debt 1985	Average Equity 1985	Debt Percentage	Equity Percentage
85	Ohio Oil Gathering Corporation II	\$201,724	\$0	\$913,585	\$1,407,022	\$100,862	\$1,160,304	8.00%	92.00%
86	Ohio River Pipe Line Company	\$0	\$0	\$6,709,046	\$8,112,983	\$0	\$7,411,015	0.00%	100.00%
87	Oiltanking of Texas Pipeline Company	\$8,171,025	\$8,171,025	(\$126,631)	(\$598,488)	\$8,171,025	(\$362,560)	100.00%	0.00%
88	Okie Pipe Line Company	\$1,010,000	\$0	\$14,865,395	\$16,297,554	\$505,000	\$15,581,475	3.14%	96.86%
89	Olympic Pipe Line Company	\$27,928,800	\$26,463,000	\$2,653,148	\$2,550,036	\$27,195,900	\$2,601,592	91.27%	8.73%
90	Oase Pipe Line Company	\$9,860,000	\$9,400,000	\$4,442,841	\$4,361,509	\$9,630,000	\$4,402,175	68.63%	31.37%
91	Owensboro-Ashland Company	\$33,122,000	\$32,320,000	\$7,347,459	\$9,046,441	\$32,721,000	\$8,196,950	79.97%	20.03%
92	Paloma Pipe Line Company	\$750,000	\$500,000	\$1,991,688	\$2,205,855	\$625,000	\$2,098,772	22.95%	77.05%
93	Permco Offshore Pipeline Company	\$0	\$0	\$1,926,217	\$1,813,217	\$0	\$1,869,717	0.00%	100.00%
94	Phillips Alaska Pipeline Corporation	\$45,000,000	\$34,000,000	\$70,987,256	\$49,202,717	\$39,500,000	\$60,094,987	39.66%	60.34%
95	Phillips Pipe Line Company	\$2,800,000	\$2,400,000	\$128,336,398	\$143,352,004	\$2,600,000	\$135,844,201	1.88%	98.12%
96	Pioneer Pipe Line Company	\$0	\$0	\$5,038,831	\$4,476,929	\$0	\$4,757,880	0.00%	100.00%
97	Plantation Pipe Line Company	\$89,077,000	\$81,975,000	\$25,230,579	\$24,735,782	\$85,526,000	\$24,935,181	77.39%	22.61%
98	Platte Pipe Line Company	\$0	\$0	\$14,643,267	\$13,270,807	\$0	\$13,957,037	0.00%	100.00%
99	Pogo Offshore Pipeline Company	\$0	\$0	\$6,737,158	\$7,653,248	\$0	\$7,195,203	0.00%	100.00%
100	Portal Pipe Line Company	\$0	\$0	\$28,288,505	\$25,184,783	\$0	\$26,736,644	0.00%	100.00%
101	Portland Pipe Line Corporation	\$0	\$0	\$19,674,815	\$19,008,028	\$0	\$19,341,422	0.00%	100.00%
102	Pure Transportation Company	\$2,014,866	\$1,002,000	\$24,535,513	\$27,551,503	\$1,508,443	\$26,043,508	5.47%	94.53%
103	Santa Fe Pipeline Company	\$0	\$0	\$23,958,424	\$28,403,598	\$0	\$26,181,011	0.00%	100.00%
104	Seminole Pipeline Company	\$0	\$0	\$161,801,950	\$151,334,626	\$13,992	\$156,568,288	0.01%	99.99%
105	Shamrock Pipe Line Corporation	\$0	\$0	\$35,098,526	\$4,803,686	\$0	\$19,951,106	0.00%	100.00%
106	Shell Pipe Line Corporation	\$34,510,336	\$31,424,086	\$184,778,849	\$227,375,836	\$32,967,211	\$206,077,343	13.79%	86.21%
107	Sohio Pipe Line Company	\$804,828,924	\$1,665,572,628	\$299,111,644	\$347,328,191	\$1,235,200,776	\$323,219,928	79.26%	20.74%
108	Sonot Oil Transmission Inc.	\$0	\$0	\$3,421,196	\$3,936,389	\$0	\$3,678,793	0.00%	100.00%
109	Southcap Pipe Line Company	\$21,064,000	\$19,458,000	\$3,595,685	\$3,592,116	\$20,271,000	\$3,593,901	84.94%	15.06%
110	Southern Pacific Pipe Lines, Inc.	\$0	\$0	\$142,573,697	\$171,715,897	\$0	\$157,144,797	0.00%	100.00%
111	Sun Oil Line Company of Michigan	\$0	\$0	\$262,704	\$230,704	\$0	\$246,704	0.00%	100.00%
112	Sun Pipe Line Company	\$0	\$0	\$78,381,096	\$32,502,550	\$0	\$55,441,823	0.00%	100.00%
113	Tecumseh Pipe Line Company	\$0	\$0	\$4,395,873	\$4,144,617	\$0	\$4,270,245	0.00%	100.00%
114	Texaco-Cities Service Pipe Line Company	\$0	\$0	\$22,482,924	\$20,627,927	\$0	\$21,555,426	0.00%	100.00%
115	Texas Eastern Transmission Corporation 3/	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%
116	Texas-New Mexico Pipe Line Co.	\$1,752,000	\$1,460,000	\$11,216,103	\$9,419,496	\$1,606,000	\$10,317,800	13.47%	86.53%
117	The Eureka Pipeline Company	\$6,168,735	\$4,025,000	\$6,347,816	\$7,340,877	\$5,096,868	\$6,844,347	42.68%	57.32%
118	The Texas Pipe Line Company	\$0	\$0	\$91,306,679	\$93,074,237	\$0	\$92,190,458	0.00%	100.00%
119	Tomehawk Pipe Line Company	\$0	\$0	(\$1,168)	(\$17,177)	\$0	(\$9,173)	N.A.	N.A.
120	Total Pipeline Corp.	\$0	\$0	\$17,110,798	\$16,458,172	\$0	\$16,784,485	0.00%	100.00%
121	Trans Mountain Oil Pipe Line Corporation	\$0	\$0	\$3,809,997	\$4,735,015	\$0	\$4,272,506	0.00%	100.00%
122	Transco Terminal Company	\$7,091,396	\$6,684,159	\$3,650,507	\$3,841,470	\$6,887,778	\$3,745,989	64.77%	35.23%
123	Trans-Ohio Pipeline Company	\$695,000	\$1,160,000	\$7,379,237	\$8,353,656	\$927,500	\$7,866,447	10.55%	89.45%
124	Union Alaska Pipe Line Company	\$68,500,529	\$65,500,529	\$9,093,376	\$8,546,733	\$67,000,529	\$8,819,055	88.37%	11.63%
125	Wascana Pipe Line Inc.	\$275,760	\$492,582	(\$820,846)	(\$969,952)	\$0	\$0	N.A.	N.A.
126	Wesco Pipe Line Company	\$0	\$0	\$45,558,500	\$44,986,571	\$0	\$45,272,536	0.00%	100.00%

BUC 018086

Exhibit (B-109)
 Page 4 of 4

BUCKEYE PIPE LINE COMPANY, L.P.
 Analysis of Capital Structures
 for FERC Regulated Pipeline Companies 1/
 For Mid-Year 1985

Exhibit (RNH 3-17)
 Page 4 of 4

Line No.	Pipe Line Company	Long-Term Debt-BOY 1985	Long-Term Debt-EQY 1985	Total Equity-BOY 1985	Total Equity-EQY 1985	Average Debt 1985	Average Equity 1985	Debt Percentage	Equity Percentage
127	West Emerald Pipe Line Corporation	\$0	\$0	\$1,838,328	\$1,990,218	\$0	\$1,914,273	0.00%	100.00%
128	West Shore Pipe Line Company	\$10,600,000	\$10,850,000	\$2,355,926	\$2,404,940	\$10,725,000	\$2,380,433	81.84%	18.16%
129	West Texas Gulf Pipe Line Company	\$0	\$0	\$4,911,093	\$4,442,428	\$0	\$4,676,761	0.00%	100.00%
130	Western Oil Transportation Co.	\$220,942,977	\$230,500,000	\$28,117,394	\$184,954,881	\$225,721,489	\$106,536,138	67.94%	32.06%
131	White Shoal Pipeline Corporation	\$0	\$0	\$1,518,128	\$1,497,054	\$0	\$1,507,591	0.00%	100.00%
132	Williams Pipe Line Company	\$70,629,196	\$97,662,769	\$192,220,798	\$206,788,422	\$84,145,993	\$199,504,610	29.67%	70.33%
133	Wolverine Pipe Line Company	\$29,240,000	\$27,680,000	\$2,997,137	\$2,937,924	\$28,460,000	\$2,967,531	90.56%	9.44%
134	Wood River Pipeline Company	\$0	\$0	\$156,606,888	\$156,986,175	\$0	\$156,796,532	0.00%	100.00%
135	Wyco Pipe Line Company	\$5,182,000	\$4,586,000	\$2,214,059	\$2,207,137	\$4,804,000	\$2,210,598	68.84%	31.16%
136	Yellowstone Pipe Line Company	\$0	\$0	\$5,778,644	\$6,676,377	\$0	\$6,227,511	0.00%	100.00%

137	Average Industry Debt Percent Capital Structure	27.07%
138	Average Industry Equity Percent Capital Structure	72.93%
139	Weighted Average Industry Debt Percent Structure	50.92%
140	Weighted Average Industry Equity Percent Structure	49.08%

1/ Average for total FERC regulated petroleum and petroleum products pipeline companies.

Source: FERC Form No. 6

2/ Ratios designated as Not Applicable ("N.A.") represent companies which have zero debt and/or negative equity in their respective accounts.

3/ Not included in average calculations since debt and equity levels were not reported in Form No. 6.

Note: All computations reflect the pipelines's actual capital structures without consideration of parent company guarantees. If such guarantees were taken into consideration the industry's equity portion of capital structure would be even greater.

Opinion Nos. 154-B and C do not apply to the Trans Alaska Pipeline System ("TAPS"). If TAPS owners were removed from the calculation, the average capital structure for the oil pipeline industry would be 75.04% equity. The weighted average capital structure for the oil pipeline industry would be 61.83% equity.

BUC 018087

~~Exhibit (B-110)~~

BUCKEYE PIPE LINE COMPANY, L.P.
Summary of Results of Operations With ADIT Deduction From Rate Base
For The Periods Ending December 31, 1984 through 1987
(\$000's)

Exhibit (RMH 3-15)
Schedule 1

Ln. No.	Description	Calculation	With Amortization of Deferred Earnings in the Starting Rate Base				Without Amortization of Deferred Earnings in the Starting Rate Base			
			1984	1985	1986	1987	1984	1985	1986	1987
1	Carrier Revenue		\$114,137	\$112,977	\$123,044	\$128,251	\$114,137	\$112,977	\$123,044	\$128,251
2	Less Carrier Expenses:									
3	Operating Expenses Excluding Depreciation		\$55,334	\$51,040	\$56,244	\$64,041	\$55,334	\$51,040	\$56,244	\$64,041
4	Carrier Depreciation Expense		\$9,520	\$9,845	\$9,999	\$10,210	\$9,520	\$9,845	\$9,999	\$10,210
5	Amortization of Deferred Earnings		\$6,793	\$7,257	\$7,468	\$7,539	\$478	\$929	\$1,211	\$1,621
6	Total Carrier Expenses (Excluding Interest)	Ln. (3 + 4 + 5)	\$71,647	\$68,142	\$73,711	\$81,790	\$65,331	\$61,814	\$67,454	\$75,872
7	Operating Income Before Taxes	Ln. (1 - 6)	\$42,490	\$44,835	\$49,333	\$46,461	\$48,806	\$51,163	\$55,590	\$52,379
8	Carrier Interest		\$7,054	\$6,616	\$9,657	\$12,978	\$7,054	\$6,616	\$9,657	\$12,978
9	Income Tax Expense		\$20,644	\$22,229	\$23,043	\$17,704	\$20,644	\$22,229	\$23,043	\$17,704
10	Carrier Net Income	Ln. (7 - 8 - 9)	\$14,792	\$15,990	\$16,633	\$15,779	\$21,108	\$22,319	\$22,890	\$21,697
11	Average Trended Equity Rate Base		\$288,540	\$287,106	\$271,180	\$257,741	\$291,758	\$296,869	\$287,577	\$280,845
12	Achieved Real Equity Rate of Return	Ln. (10 / 11)	5.13%	5.57%	6.13%	6.12%	7.23%	7.52%	7.96%	7.73%

BUC 018088

~~Exhibit (B-111)~~
~~Page 1 of 2~~

Exhibit (FEZ-6)
 Page 1 of 2

BUCKEYE PIPE LINE COMPANY, L.P.
 Analysis of Property & Other Taxes
 1987 vs. 1986

Property Tax by State	Tax Expense		Difference	Normal Other		Reason for Other Difference
	1987	1986		Increase	Other	
Indiana	\$ 237,132	\$ 118,338	\$ 118,794	\$ 20,000	\$ 98,894	MLP increased basis
Michigan	546,943	309,099	237,844	20,000	271,844	MLP increased basis
New Jersey	1,000,000	590,489	409,511	62,664	346,847	Increase due to current case in Linden, N.J. City taxes increased our assessment on real property. Buckeye is appealing increase.
New York	3,412,938	2,416,716	966,222	996,222	-0-	
Ohio	2,426,896	346,964	2,079,932	123,000	1,956,932	MLP increased basis
Pennsylvania	91,993	89,181	2,812	2,812	-0-	
Washington	16,904	13,649	3,255	3,255	-0-	
Connecticut	101,500	181,462	(79,962)	(79,962)	-0-	
Massachusetts	40,000	55,275	(15,275)	(15,275)		
	<u>7,874,306</u>	<u>4,121,173</u>	<u>3,753,133</u>	<u>1,132,716</u>	<u>2,620,417</u>	

BUC 018089

~~Exhibit (B-111)~~
~~Page 2 of 2~~Exhibit (FEZ-6)
Page 2 of 2

<u>Other Taxes</u>							
PA Franchise	-0-	475,000	(475,000)	-0-	(475,000)	MLP Corp. Taxes Eliminated	
NY Franchise	-0-	114,480	(114,480)	-0-	(114,480)	MLP Corp. Taxes Eliminated	
CT Franchise	-0-	21,200	(21,200)	-0-	(21,200)	MLP Corp. Taxes Eliminated	
MA Excise	-0-	10,000	(10,000)	-0-	(10,000)	MLP Corp. Taxes Eliminated	
		<u>\$4,741,853</u>	<u>\$3,132,453</u>		<u>\$1,132,716</u>	<u>\$1,999,737</u>	
<u>MLP Adjustment</u>							
Property Taxes		\$2,273,570					
Less: Other		(620,680)					
		<u>\$1,652,890</u>					

BUC 018090

EXHIBIT NO. AIR-134

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

Check appropriate box:

☒ Original signed form

☐ Conformed copy

FILED
OFFICE OF THE SECRETARY
COMMERCIAL AND FINANCIAL
DIVISION

Form Approved
OMB No. 1902-0022
(Expires 8/31/93)



FERC FORM NO. 6: ANNUAL REPORT OF OIL PIPELINE COMPANIES

(Formerly ICC Form P)

This report is mandatory under the Interstate Commerce Act, Section 20, and 18 CFR 357.2. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)
Buckeye Pipe Line Company, L.P.

Year of Report
Dec. 31, 19 92

FERC FORM NO. 6 (ED. 12-92)

2726 0000

NAME OF RESPONDENT BUCKEYE PIPE LINE COMPANY, L.P.		THIS REPORT IS: AN ORIGINAL	DATE OF REPORT	YEAR OF REPORT DEC 31, 1992
OPERATING REVENUE ACCOUNTS (Account 600)				
<p>1. State the pipeline operating revenues of the respondent for the year, classified in accordance with the U.S. of A.</p> <p>2. Also indicate by footnote: (1) the revenues in Account Nos. 200, 210, and 220 which are derived from the interstate transportation of oil, and (2) the revenues in Account Nos. 200, 210, and 220 which are derived from the intrastate transportation of oil. The sum of the two revenue figures should equal the total revenues in Account Nos. 200, 210, and 220.</p>				
LINE NO.	OPERATING REVENUE ACCOUNTS (a)	CRUDE OIL (In dollars) (b)	PRODUCTS (In dollars) (c)	TOTAL (b + c) (In dollars) (d)
1	GATHERING REVENUES (200) (A)			
2	TRUNK REVENUES (210) (B)		141,224,239	141,224,239
3	DELIVERY REVENUES (220) (C)			
4	ALLOWANCE OIL REVENUE (230)			
5	STORAGE AND DEMURRAGE REVENUE (240)			
6	RENTAL REVENUE (250)		223,889	223,889
7	INCIDENTAL REVENUE (260)		1,658,800	1,658,800
8	TOTAL	0	143,106,928	143,106,928
<p>(1) Interstate Revenue 138,849,180</p> <p>(2) Intrastate Revenue 2,375,059</p> <p>141,224,239</p>				

NAME OF RESPONDENT BUCKEYE PIPE LINE COMPANY, L.P.		THIS REPORT IS: AN ORIGINAL		DATE OF REPORT		YEAR OF REPORT DEC 31, 1992	
OPERATING EXPENSE ACCOUNTS (ACCOUNT 610)							
State the pipeline operating expenses of the respondent for the year, classifying them in accordance with the U.S. of A.							
LINE NO.	OPERATING EXPENSE ACCOUNTS (a)	CRUDE OIL				TOTAL (b+c+d) (e)	
		GATHERING (b)	TRUNK (c)	DELIVERY (d)			
	OPERATIONS						
1	SALARIES AND WAGES (300)					0	
2	SUPPLIES AND EXPENSES (310)					0	
3	OUTSIDE SERVICES (320)					0	
4	OPERATING FUEL AND POWER (330)					0	
5	OIL LOSSES AND SHORTAGES (340)					0	
6	TOTAL OPERATIONS EXPENSES	0	0	0		0	
	MAINTENANCE						
7	SALARIES AND WAGES (400)					0	
8	SUPPLIES AND EXPENSES (410)					0	
9	OUTSIDE SERVICES (420)					0	
10	MAINTENANCE MATERIALS (430)					0	
11	TOTAL MAINTENANCE EXPENSES	0	0	0		0	
	GENERAL						
12	SALARIES AND WAGES (500)					0	
13	SUPPLIES AND EXPENSES (510)					0	
14	OUTSIDE SERVICES (520)					0	
15	RENTALS (530)					0	
16	DEPRECIATION AND AMORTIZATION (540)					0	
17	PENSIONS AND BENEFITS (550)					0	
18	INSURANCE (560)					0	
19	CASUALTY AND OTHER LOSSES (570)					0	
20	PIPELINE TAXES (580)					0	
21	TOTAL GENERAL EXPENSES	0	0	0		0	
22	GRAND TOTALS	0	0	0		0	
23	OPERATING RATIO (RATIO OF OPERATING EXPENSES TO OPERATING REVENUE-PERCENT)						
	(a) GATHERING	(b) TRUNK			62.73%		

NAME OF RESPONDENT BUCKEYE PIPE LINE COMPANY, L.P.		THIS REPORT IS: AN ORIGINAL		DATE OF REPORT		YEAR OF REPORT DEC 31, 1992	
OPERATING EXPENSE ACCOUNTS (ACCOUNT 610)							
LINE NO.	OPERATING EXPENSE ACCOUNTS (a)	PRODUCTS (In dollars)				TOTAL (f+g+h)	
		GATHERING (f)	TRUNK (g)	DELIVERY (h)			
	OPERATIONS						
1	SALARIES AND WAGES (300)					0	
2	SUPPLIES AND EXPENSES (310)		2,204,859			2,204,859	
3	OUTSIDE SERVICES (320)		26,678,276			26,678,276	
4	OPERATING FUEL AND POWER (330)		14,045,173			14,045,173	
5	OIL LOSSES AND SHORTAGES (340)					0	
6	TOTAL OPERATIONS EXPENSES	0	42,928,308	0		42,928,308	
	MAINTENANCE						
7	SALARIES AND WAGES (400)					0	
8	SUPPLIES AND EXPENSES (410)		1,442,948			1,442,948	
9	OUTSIDE SERVICES (420)		9,966,274			9,966,274	
10	MAINTENANCE MATERIALS (430)		1,645,016			1,645,016	
11	TOTAL MAINTENANCE EXPENSES	0	13,054,238	0		13,054,238	
	GENERAL						
12	SALARIES AND WAGES (500)					0	
13	SUPPLIES AND EXPENSES (510)		204,896			204,896	
14	OUTSIDE SERVICES (520)		7,659,406			7,659,406	
15	RENTALS (530)		3,285,557			3,285,557	
16	DEPRECIATION AND AMORTIZATION (540)		12,822,208			12,822,208	
17	PENSIONS AND BENEFITS (550)					0	
18	INSURANCE (560)		1,104,944			1,104,944	
19	CASUALTY AND OTHER LOSSES (570)		1,320,929			1,320,929	
20	PIPELINE TAXES (580)		7,392,150			7,392,150	
21	TOTAL GENERAL EXPENSES	0	33,790,090	0		33,790,090	
22	GRAND TOTALS	0	89,772,636	0		89,772,636	
23							
(c) DELIVERY _____ (d) TOTAL _____						62.73%	

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**INITIAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P. TO THE
NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Initial Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-1

With respect to Buckeye's FERC Tariff No. 67, filed June 5, 1991 contained in the documents Bates stamped BUC 001483 – 001505,

- a. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to JFK Airport, NY was increased by 3.53%.
 - i. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to JFK Airport, NY was increased by 3.53% and not 3.86% as permitted under Buckeye's Experimental Rate Program.
 - ii. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to JFK Airport, NY was increased by 3.53% and not any other percentage change less than or equal to 3.86% as permitted under Buckeye's Experimental Rate Program.
 - iii. Please provide all documents, analysis, or other material related to why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to JFK Airport, NY was increased by 3.53%.
 - iv. Please identify all persons, whether currently or formerly employed by Buckeye or an affiliate, consulted in responding to this request and explain the basis for consulting each such person.
- b. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to LaGuardia Airport, NY was increased by 3.57%.
 - i. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to LaGuardia Airport, NY was increased by 3.57% and not 3.86% as permitted under Buckeye's Experimental Rate Program.
 - ii. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to LaGuardia Airport, NY was increased by 3.57% and not any other percentage change less than or equal to 3.86% as permitted under Buckeye's Experimental Rate Program.
 - iii. Please provide all documents, analysis, or other material related to why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to LaGuardia Airport, NY was increased by 3.57%.
 - iv. Please identify all persons, whether currently or formerly employed by Buckeye or an affiliate, consulted in responding to this request and explain the basis for consulting each such person.
- c. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Newark Airport, NY was increased by 3.41%.
 - i. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Newark Airport, NY was increased by

3.41% and not 3.86% as permitted under Buckeye's Experimental Rate Program.

- ii. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Newark Airport, NY was increased by 3.41% and not any other percentage change less than or equal to 3.86% as permitted under Buckeye's Experimental Rate Program.
- iii. Please provide all documents, analysis, or other material related to why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Newark Airport, NY was increased by 3.41%.
- iv. Please identify all persons, whether currently or formerly employed by Buckeye or an affiliate, consulted in responding to this request and explain the basis for consulting each such person.

OBJECTION: Buckeye objects to this request, including subsections (a) – (c) and all subparts thereunder, as overly broad and unduly burdensome. This request seeks detailed information regarding a tariff filing that was made 23 years ago. Buckeye has no obligation to maintain tariffs or related workpapers for more than three years after the expiration or cancellation of the tariff (see 18 C.F.R. § 356.3). Buckeye further objects to this request to the extent it seeks “all documents, analysis, or other material related to” the reasons why Buckeye increased its rates by the referenced percentage, as the request fails to identify with specificity the information or material sought, and responding would create an unreasonable burden on Buckeye as compared to the likelihood of such request leading to the discovery of admissible evidence. If interpreted literally, the request for “all documents, analysis or other material” could require the search of a vast number of documents, many of which have little or no connection to this proceeding and no potential evidentiary value. Furthermore, this request assumes that Buckeye is required not only to make a good-faith search of its records, but also to attempt to locate and interview individuals who no longer work for Buckeye (see subsections (a)(iv), (b)(iv) and (c)(iv)). Buckeye objects to this portion of the request, as Buckeye is under no obligation to contact and interview individuals who do not work for Buckeye. Subject to these objections, Buckeye will provide a narrative response explaining the reason for the referenced increase, to the extent such information is within Buckeye's knowledge. Buckeye will also perform a diligent, good-faith search of its records and will produce any documents identified that are responsive to subsections (a)(iii), (b)(iii) and/or (c)(iii).

RESOLUTION OF OBJECTION: The parties have not yet reached a resolution concerning Buckeye's objections to this request, but are currently engaged in ongoing discussions to resolve such objections.

RESPONSE: Buckeye is diligently working on this request and anticipates providing a response by December 5, 2014.

Response prepared by: Counsel for Buckeye

Dated: November 14, 2014

AIRLINES-BUCKEYE 9-2
5, 1991,

With respect to Buckeye's FERC Tariff No. 68, filed June

- a. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Long Island City, NY was increased by 3.57%.
 - i. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Long Island City, NY was increased by 3.57% and not 3.86% as permitted under Buckeye's Experimental Rate Program.
 - ii. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Long Island City, NY was increased by 3.57% and not any other percentage change less than or equal to 3.86% as permitted under Buckeye's Experimental Rate Program.
 - iii. Please provide all documents, analysis, or other material related to why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Long Island City, NY was increased by 3.57%.
 - iv. Please identify all persons, whether currently or formerly employed by Buckeye or an affiliate, consulted in responding to this request and explain the basis for consulting each such person.

OBJECTION: Buckeye objects to this request, including subsection (a) and all subparts thereunder, as irrelevant, overly broad and unduly burdensome. This request seeks detailed information regarding a tariff filing that was made 23 years ago. Information regarding why a rate to a destination other than one of the NYC Airports was changed by a particular percentage 23 years ago is not relevant to any material issue in this proceeding and not reasonably calculated to lead to the discovery of relevant or admissible evidence. Moreover, Buckeye has no obligation to maintain tariffs or related workpapers for more than three years after the expiration or cancellation of the tariff (see 18 C.F.R. § 356.3). Buckeye further objects to this request to the extent it seeks "all documents, analysis, or other material related to" the reasons why Buckeye increased its rates by the referenced percentage, as the request fails to identify with specificity the information or material sought, and responding would create an unreasonable burden on Buckeye as compared to the likelihood of such request leading to the discovery of admissible evidence. If interpreted literally, the request for "all documents, analysis or other material" could require the search of a vast number of documents, many of which have little or no connection to this proceeding and no potential evidentiary value. Furthermore, this request assumes that Buckeye is required not only to make a good-faith search of its records, but also to attempt to locate and interview individuals who no longer work for Buckeye (see subsection (a)(iv)). Buckeye objects to this portion of the request, as Buckeye is under no obligation to contact and interview individuals who do not work for Buckeye.

RESOLUTION OF OBJECTION: The parties have not yet reached a resolution concerning Buckeye's objections to this request, but are currently engaged in ongoing discussions to resolve such objections.

RESPONSE: Buckeye is diligently working on this request and anticipates providing a response by December 5, 2014.

Response prepared by: Counsel for Buckeye

Dated: November 14, 2014

AIRLINES-BUCKEYE 9-3
5, 1991,

With respect to Buckeye's FERC Tariff No. 70, filed June

- a. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Inwood, NY was increased by 3.45%.
 - i. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Inwood, NY was increased by 3.45% and not 3.86% as permitted under Buckeye's Experimental Rate Program.
 - ii. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Inwood, NY was increased by 3.45% and not any other percentage change less than or equal to 3.86% as permitted under Buckeye's Experimental Rate Program.
 - iii. Please provide all documents, analysis, or other material related to why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Inwood, NY was increased by 3.45%.
 - iv. Please identify all persons, whether currently or formerly employed by Buckeye or an affiliate, consulted in responding to this request and explain the basis for consulting each such person.

OBJECTION: Buckeye objects to this request, including subsection (a) and all subparts thereunder, as irrelevant, overly broad and unduly burdensome. This request seeks detailed information regarding a tariff filing that was made 23 years ago. Information regarding why a rate to a destination other than one of the NYC Airports was changed by a particular percentage 23 years ago is not relevant to any material issue in this proceeding and not reasonably calculated to lead to the discovery of relevant or admissible evidence. Moreover, Buckeye has no obligation to maintain tariffs or related workpapers for more than three years after the expiration or cancellation of the tariff (see 18 C.F.R. § 356.3). Buckeye further objects to this request to the extent it seeks "all documents, analysis, or other material related to" the reasons why Buckeye increased its rates by the referenced percentage, as the request fails to identify with specificity the information or material sought, and responding would create an unreasonable burden on Buckeye as compared to the likelihood of such request leading to the discovery of admissible evidence. If interpreted literally, the request for "all documents, analysis or other material" could require the search of a vast number of documents, many of which have little or no connection to this proceeding and no potential evidentiary value. Furthermore, this request assumes that Buckeye is required not only to make a good-faith search of its records, but also to attempt to locate and interview individuals who no longer work for Buckeye (see subsection (a)(iv)). Buckeye objects to this portion of the request, as Buckeye is under no obligation to contact and interview individuals who do not work for Buckeye.

RESOLUTION OF OBJECTION: The parties have not yet reached a resolution concerning Buckeye's objections to this request, but are currently engaged in ongoing discussions to resolve such objections.

RESPONSE: Buckeye is diligently working on this request and anticipates providing a response by December 5, 2014.

Response prepared by: Counsel for Buckeye

Dated: November 14, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Delta Air Lines, Inc.	)	Docket No. OR12-28-001
Continental Airlines, Inc.)	
JetBlue Airways Corporation)	
United Air Lines, Inc.)	
US Airways, Inc.)	
)	
v.)	
)	
Buckeye Pipe Line Company, L.P.)	

**SIXTH SUPPLEMENTAL RESPONSES OF BUCKEYE PIPE LINE COMPANY, L.P.
TO THE NINTH SET OF DISCOVERY REQUESTS OF THE AIRLINES**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.401, *et seq.*, Buckeye Pipe Line Company, L.P. (“Buckeye”) hereby submits its Sixth Supplemental Responses to the Ninth Set of Data Requests of Delta Air Lines, Inc., Continental Airlines, Inc., JetBlue Airways Corporation, United Air Lines, Inc., and US Airways Inc. (collectively, the “Airlines”) directed to Buckeye.

AIRLINES-BUCKEYE 9-1

With respect to Buckeye's FERC Tariff No. 67, filed June 5, 1991 contained in the documents Bates stamped BUC 001483 – 001505,

- a. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to JFK Airport, NY was increased by 3.53%.
 - i. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to JFK Airport, NY was increased by 3.53% and not 3.86% as permitted under Buckeye's Experimental Rate Program.
 - ii. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to JFK Airport, NY was increased by 3.53% and not any other percentage change less than or equal to 3.86% as permitted under Buckeye's Experimental Rate Program.
 - iii. Please provide all documents, analysis, or other material related to why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to JFK Airport, NY was increased by 3.53%.
 - iv. Please identify all persons, whether currently or formerly employed by Buckeye or an affiliate, consulted in responding to this request and explain the basis for consulting each such person.
- b. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to LaGuardia Airport, NY was increased by 3.57%.
 - i. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to LaGuardia Airport, NY was increased by 3.57% and not 3.86% as permitted under Buckeye's Experimental Rate Program.
 - ii. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to LaGuardia Airport, NY was increased by 3.57% and not any other percentage change less than or equal to 3.86% as permitted under Buckeye's Experimental Rate Program.
 - iii. Please provide all documents, analysis, or other material related to why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to LaGuardia Airport, NY was increased by 3.57%.
 - iv. Please identify all persons, whether currently or formerly employed by Buckeye or an affiliate, consulted in responding to this request and explain the basis for consulting each such person.
- c. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Newark Airport, NY was increased by 3.41%.
 - i. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Newark Airport, NY was increased by

3.41% and not 3.86% as permitted under Buckeye's Experimental Rate Program.

- ii. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Newark Airport, NY was increased by 3.41% and not any other percentage change less than or equal to 3.86% as permitted under Buckeye's Experimental Rate Program.
- iii. Please provide all documents, analysis, or other material related to why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Newark Airport, NY was increased by 3.41%.
- iv. Please identify all persons, whether currently or formerly employed by Buckeye or an affiliate, consulted in responding to this request and explain the basis for consulting each such person.

OBJECTION:

Buckeye objects to this request, including subsections (a) – (c) and all subparts thereunder, as overly broad and unduly burdensome. This request seeks detailed information regarding a tariff filing that was made 23 years ago. Buckeye has no obligation to maintain tariffs or related workpapers for more than three years after the expiration or cancellation of the tariff (see 18 C.F.R. § 356.3). Buckeye further objects to this request to the extent it seeks “all documents, analysis, or other material related to” the reasons why Buckeye increased its rates by the referenced percentage, as the request fails to identify with specificity the information or material sought, and responding would create an unreasonable burden on Buckeye as compared to the likelihood of such request leading to the discovery of admissible evidence. If interpreted literally, the request for “all documents, analysis or other material” could require the search of a vast number of documents, many of which have little or no connection to this proceeding and no potential evidentiary value. Furthermore, this request assumes that Buckeye is required not only to make a good-faith search of its records, but also to attempt to locate and interview individuals who no longer work for Buckeye (see subsections (a)(iv), (b)(iv) and (c)(iv)). Buckeye objects to this portion of the request, as Buckeye is under no obligation to contact and interview individuals who do not work for Buckeye. Subject to these objections, Buckeye will provide a narrative response explaining the reason for the referenced increase, to the extent such information is within Buckeye's knowledge. Buckeye will also perform a diligent, good-faith search of its records and will produce any documents identified that are responsive to subsections (a)(iii), (b)(iii) and/or (c)(iii).

RESOLUTION:

Buckeye will fully respond to all parts of the request to the extent that it has knowledge. However, Buckeye is under no obligation to contact individuals who no longer work for Buckeye. With regard to subsections (a)(iii), (b)(iii) and (c)(iii), Buckeye will perform a diligent, good-faith search of company records that Buckeye identifies as being likely to contain responsive information. Buckeye will respond to subparts (a)(iv), (b)(iv) and (c)(iv), and if Buckeye identifies current employees who are likely to have knowledge regarding responsive information, will inquire of those individuals. Any such current employees will be asked

whether they are aware of former employees who have responsive knowledge. If any former employees of Buckeye are identified, Buckeye will identify those persons to Airlines in its response.

RESPONSE:

- a. Buckeye does not know why the rate from Linden, Port Reading, and Sewaren, NJ to JFK Airport, NY was increased by 3.53%. The tariff was filed more than 20 years ago, and no one at Buckeye has familiarity with this filing.
 - i. Please see Buckeye's response to subsection (a).
 - ii. Please see Buckeye's response to subsection (a).
 - iii. Buckeye has identified one document that is responsive to this request. This document is privileged, and is reflected on Buckeye's privilege log.
 - iv. Buckeye has identified no current employees with knowledge of the reasons Buckeye increased the rate by the referenced percentage. However, the following individuals are former Buckeye employees that might have such knowledge: (1) James Spicer, (2) Karen Hite, (3) Henry Courtright, and (4) C.R. Wilson. Buckeye has not contacted these individuals regarding this request.
- b. Buckeye does not know why the rate from Linden, Port Reading, and Sewaren, NJ to LaGuardia Airport, NY was increased by 3.57%. The tariff was filed more than 20 years ago, and no one at Buckeye has familiarity with this filing
 - i. Please see Buckeye's response to subsection (b).
 - ii. Please see Buckeye's response to subsection (b).
 - iii. Buckeye has identified one document that is responsive to this request. This document is privileged, and is reflected on Buckeye's privilege log.
 - iv. Buckeye has identified no current employees with knowledge of the reasons Buckeye increased the rate by the referenced percentage. However, the following individuals are former Buckeye employees that might have such knowledge: (1) James Spicer, (2) Karen Hite, (3) Henry Courtright, and (4) C.R. Wilson. Buckeye has not contacted these individuals regarding this request.
- c. Buckeye does not know why the rate from Linden, Port Reading, and Sewaren, NJ to Newark Airport, NY was increased by 3.41%. The tariff was filed more than 20 years ago, and no one at Buckeye has familiarity with this filing.
 - i. Please see Buckeye's response to subsection (c).
 - ii. Please see Buckeye's response to subsection (c).
 - iii. Buckeye has identified one document that is responsive to this request. This document is privileged, and is reflected on Buckeye's privilege log.
 - iv. Buckeye has identified no current employees with knowledge of the reasons Buckeye increased the rate by the referenced percentage. However, the following individuals are former Buckeye employees that might have such knowledge: (1) James Spicer, (2) Karen Hite, (3) Henry Courtright, and (4) C.R. Wilson. Buckeye has not contacted these individuals regarding this request.

Response prepared by: *Counsel for Buckeye*

Date: December 12, 2014

AIRLINES-BUCKEYE 9-2
5, 1991,

With respect to Buckeye's FERC Tariff No. 68, filed June

- a. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Long Island City, NY was increased by 3.57%.
 - i. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Long Island City, NY was increased by 3.57% and not 3.86% as permitted under Buckeye's Experimental Rate Program.
 - ii. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Long Island City, NY was increased by 3.57% and not any other percentage change less than or equal to 3.86% as permitted under Buckeye's Experimental Rate Program.
 - iii. Please provide all documents, analysis, or other material related to why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Long Island City, NY was increased by 3.57%.
 - iv. Please identify all persons, whether currently or formerly employed by Buckeye or an affiliate, consulted in responding to this request and explain the basis for consulting each such person.

OBJECTION:

Buckeye objects to this request, including subsection (a) and all subparts thereunder, as irrelevant, overly broad and unduly burdensome. This request seeks detailed information regarding a tariff filing that was made 23 years ago. Information regarding why a rate to a destination other than one of the NYC Airports was changed by a particular percentage 23 years ago is not relevant to any material issue in this proceeding and not reasonably calculated to lead to the discovery of relevant or admissible evidence. Moreover, Buckeye has no obligation to maintain tariffs or related workpapers for more than three years after the expiration or cancellation of the tariff (see 18 C.F.R. § 356.3). Buckeye further objects to this request to the extent it seeks "all documents, analysis, or other material related to" the reasons why Buckeye increased its rates by the referenced percentage, as the request fails to identify with specificity the information or material sought, and responding would create an unreasonable burden on Buckeye as compared to the likelihood of such request leading to the discovery of admissible evidence. If interpreted literally, the request for "all documents, analysis or other material" could require the search of a vast number of documents, many of which have little or no connection to this proceeding and no potential evidentiary value. Furthermore, this request assumes that Buckeye is required not only to make a good-faith search of its records, but also to attempt to locate and interview individuals who no longer work for Buckeye (see subsection (a)(iv)). Buckeye objects to this portion of the request, as Buckeye is under no obligation to contact and interview individuals who do not work for Buckeye.

RESOLUTION:

Buckeye will fully respond to all parts of the request to the extent that it has knowledge. However, Buckeye is under no obligation to contact individuals who no longer work for Buckeye. With regard to subsection (a)(iii), Buckeye will perform a diligent, good-faith search of company records that Buckeye identifies as being likely to contain responsive information. Buckeye will respond to subparts (a)(iv), and if Buckeye identifies current employees who are likely to have knowledge regarding responsive information, will inquire of those individuals. Any such current employees will be asked whether they are aware of former employees who have responsive knowledge. If any former employees of Buckeye are identified, Buckeye will identify those persons to Airlines in its response.

RESPONSE:

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 - iii. Buckeye has identified one document that is responsive to this request. This document is privileged, and is reflected on Buckeye's privilege log.
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Response prepared by: *Counsel for Buckeye*

Date: December 12, 2014

AIRLINES-BUCKEYE 9-3
5, 1991,

With respect to Buckeye's FERC Tariff No. 70, filed June

- a. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Inwood, NY was increased by 3.45%.
 - i. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Inwood, NY was increased by 3.45% and not 3.86% as permitted under Buckeye's Experimental Rate Program.
 - ii. Please provide an explanation of why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Inwood, NY was increased by 3.45% and not any other percentage change less than or equal to 3.86% as permitted under Buckeye's Experimental Rate Program.
 - iii. Please provide all documents, analysis, or other material related to why Buckeye's rate from Linden, Port Reading, and Sewaren, NJ to Inwood, NY was increased by 3.45%.
 - iv. Please identify all persons, whether currently or formerly employed by Buckeye or an affiliate, consulted in responding to this request and explain the basis for consulting each such person.

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RESOLUTION:

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RESPONSE:

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 - i. Please see Buckeye's response to subsection (a).
 - ii. Please see Buckeye's response to subsection (a).
 - iii. Buckeye has identified one document that is responsive to this request. This document is privileged, and is reflected on Buckeye's privilege log.
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Response prepared by: *Counsel for Buckeye*

Date: December 12, 2014

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

BP West Coast Products, L.L.C.,	§	Docket No. OR07-22-000
Complainant	§	
v.	§	
Calnev Pipe Line, L.L.C.,	§	
Respondent.	§	
	§	
ExxonMobil Oil Corporation,	§	Docket No. OR07-5-000
Complainant	§	
v.	§	
Calnev Pipe Line, L.L.C.,	§	
Respondent.	§	
	§	
Tesoro Refining and Marketing Company,	§	Docket No. OR07-7-000
Complainant	§	
v.	§	
Calnev Pipe Line, L.L.C.,	§	
Respondent.	§	
	§	
America West Airlines, Inc.,	§	Docket No. OR07-18-000
Chevron Products Company,	§	
Continental Airlines, Inc.,	§	
Northwest Airlines, Inc.,	§	
Southwest Airlines Co., and	§	
Valero Marketing and Supply Company,	§	
Complainants	§	
v.	§	
Calnev Pipe Line, L.L.C.,	§	
Respondent.	§	
	§	
ConocoPhillips Company,	§	Docket No. OR07-19-000
Complainant	§	
v.	§	
Calnev Pipe Line, L.L.C.,	§	
Respondent.	§	

AFFIDAVIT OF ROBERT G. VAN HOECKE

Introduction

1. My name is Robert G. Van Hoecke. I am a Principal with Regulatory Economics Group, LLC, a firm specializing in economic, financial, and regulatory consulting for the pipeline industry. My business address is 2325 Dulles Corner Boulevard, Suite 470, Herndon, Virginia 20171. I have over 20 years of experience working either directly for or as a consultant to major companies in the oil pipeline industry. I have presented testimony regarding the regulation of oil pipelines on numerous occasions before the Federal Energy Regulatory Commission (“FERC” or “Commission”), the Surface Transportation Board, various state regulatory agencies, and federal and state courts. A detailed statement of my qualifications is attached hereto as Exhibit No. RGV-1.
2. I am providing this affidavit on behalf of Calnev Pipe Line LLC (“Calnev”). The purpose of this affidavit is to respond to the affidavit of Mr. Patrick Crowley attached as Exhibit B to the Amended Complaint of BP West Coast Products, LLC (“BP”), in Docket No. OR07-22-000, the affidavit of Mr. Peter K. Ashton attached as Exhibit G to the Second Amended Complaint of Tesoro Refining and Marketing Company (“Tesoro”), in Docket No. OR07-7-000, and the affidavit of Mr. Matthew P. O’Loughlin attached to the Amended Complaint of ConocoPhillips Company, LLC (“ConocoPhillips”), in Docket No. OR07-19-000 and *America West et al* in Docket No. OR07-18-000.¹ I will begin by providing an overview of the standards for evaluating substantial change in economic

¹ Regarding Mr. Crowley’s affidavit, I would note that he has not actually filed a new affidavit. As I will discuss in detail in Section IV of my affidavit, I have already responded to similar arguments he provided on behalf of Exxon, and have attached my previous pleading as Exhibit No. RGV-2.

- circumstances that the Commission established during the prior SFPP proceeding, Docket Nos. OR96-2, *et al.* (“OR96-2”). I will briefly review my understanding of the Commission’s guidance since the prior SFPP proceeding (*i.e.*, the Commission’s December 2007 Orders²) and explain how I incorporated my understanding of the inquiry into my current analysis regarding substantial change. I will then discuss how I believe the Commission can correct certain minor arithmetic inconsistencies it has identified in these standards. Next, I will present a properly calculated substantial change calculation and show that under the Commission’s standards Calnev has not experienced a substantial change.
3. For the reasons discussed herein, I believe the most accurate means to evaluate the change in Calnev’s economic circumstances is to compare the aggregate percentage change in Calnev’s cost of service and the percentage change in the grandfathered portion of its revenue by weighting each percentage based on the arithmetic mean of these factors during the economic basis period. As my testimony will demonstrate, following the relevant Commission guidance and employing the proper cost of service methodology indicates that there has been no substantial change in Calnev’s economic circumstances.

² The Commission issued two Orders on Complaint related to Calnev Pipe Line LLC (“Calnev”) on December 26, 2007. The first addressed complaints filed by a group of airlines, Docket No. OR07-18, and Conoco, Docket No. OR07-19. *America West Airlines, Inc.*, 121 FERC ¶ 61,241 (2007), referred to herein as the “December 2007 America West Order.” The second addresses a complaint filed against Calnev by BP in Docket No. OR07-22. *BP West Coast Prods., LLC*, 121 FERC ¶ 61,242 (2007), referred to herein as the “December 2007 BP Order.” On December 26, 2007, the Commission also issued an Order on Rehearing, Remand, Compliance and Tariff Filings related to SFPP Docket Numbers OR92-8 and OR96-2. *SFPP, L.P.*, 121 FERC ¶ 61,240 (2007), referred to herein as the “December 2007 SFPP Order.” Because of the overlap in these orders relating to the issue of substantial change, I sometimes refer to these orders in aggregate as the “December 2007 Orders.”

4. A key data element in this analysis, which the Complainants ignore, is Calnev's 1992 cost of service and revenue.³ Despite the Commission's prior orders that any substantial change analysis must only consider the degree of economic change which occurred after enactment of EPAct, none of the evidence presented by the Complainants compares Calnev's existing economic circumstances to those that existed in 1992. For example, Mr. O'Loughlin's analysis simply assumes that volumes, cost, and revenue do not change from 1991 to 1992. In contrast to the Complainants, my analysis, set forth below, makes this requisite showing. This data shows that Calnev's volumes and revenue had increased significantly by 1992, compared to the 1991 filing, thereby dramatically deflating the post-EPAct revenue increase asserted by Mr. O'Loughlin. With the change in Calnev's revenue and cost of service between 1991 and 1992 taken into account, a proper substantial change analysis reveals that Calnev's economic circumstances have declined by slightly more than 4 percent.⁴ This clearly demonstrates that there has been no substantial change in Calnev's economic circumstances.
5. In the last portion of my affidavit, I will explain how each of these Complainants fails to meet even the most basic requirements of showing that a substantial change has occurred. Specifically, they omit the specific elements of a substantial change showing that the Commission has required in previous cases and instead present arguments the Commission has already rejected multiple times. I find

³ None of the Complainants raise any issue with or attempt to evaluate Calnev's grandfathered terminalling rate, which along with the \$0.83 transportation rate, was also established in the August 1991 tariff filing at \$0.206, was not challenged, and thereby was grandfathered as of October 24, 1992. The sole exception is BP, which generally claims that all of Calnev's rates are unjust and unreasonable but fails to provide any analysis as to substantial change under EPAct. Thus, my analysis of Calnev's rates is focused on Calnev's grandfathered transportation rate, since its grandfathered terminalling rate is not at issue in this proceeding.

⁴ See, Table 3 below.

these omission's particularly surprising since the Commission stated in December 2007 *America West* Order

One purpose of the EAct of 1992 is to simplify and expedite oil pipeline proceedings. This purpose will be compromised if complainant parties continue to base their initial submissions on the issue of substantially changed circumstances on arguments or methodologies that the Commission has expressly rejected. Such a practice places a burden on the Commission and the pipeline that is inconsistent with the statutory purpose.⁵

The Substantial Change Standard

6. Before setting forth my analysis showing that Calnev has not experienced a substantial change, I will explain my understanding of the Commission's standards for assessing substantial change, including discrete modifications the Commission should make to resolve the concerns it identified in the December 2007 *America West* Order.
7. In a series of orders, the Commission has clearly articulated the basic analytical method for assessing whether the Complainants have met the threshold "substantial change" standard under Section 1803(b)(1) of the Energy Policy Act of 1992 ("Energy Policy Act").⁶ A complainant must present evidence demonstrating that a substantial change has occurred after the date of enactment of the Energy Policy Act in the economic circumstances of the pipeline, which were a basis of the rate, or in the nature of the services provided which were a basis of the rate. For the most part, the Commission has performed this analysis by examining an overall change in economic circumstances as demonstrated by adding the percentage change in volumes and the additive inverse of the

⁵ See December 2007 *America West* Order at P.11.

⁶ Energy Policy Act of 1992, Pub. L. No. 102-486, 106 Stat. 2776 (1992 ("EAct")).

percentage change in the overall cost of service. When performing this analysis, the Commission has established a generally applicable formula which takes the difference in these broad measures of economic circumstances in the complaint period and the twelve-month period leading up to the passage of the Energy Policy Act and determines the significance of any post-Energy Policy Act change relative to the economic circumstances which were the basis for the grandfathered rate. Expressed algebraically, the formula for evaluating the change in each factor (*e.g.*, volumes or cost of service) can be represented as $(C-B)/A$, where “C” represents the economic circumstances in the complaint period, “B” represents the economic circumstances in the twelve-month period preceding the passage of the Energy Policy Act, and “A” represents the economic basis at the time the grandfathered rate was initially filed.⁷

8. Through its orders in the OR92-8 proceedings and subsequently in its March 2004 and June 2005 Orders in the OR96-2 case, the Commission has focused on measuring change in the pipeline’s economic performance and recognized that the analysis must focus on a broad measure of return.⁸ The Commission ultimately determined that the change in two factors, volume and cost of service, is a more

⁷ As the Commission explains in its March 2004 Order, if the value of “B” is less than “A,” the general formula $(C-B)/A$ is replaced with the formula $(C-A)/A$ for any factor wherein an increase could lead to a finding of substantial change (*e.g.*, volumes). Conversely, for factors such as cost of service where a decrease in the factor may lead to a finding of substantial change, if the value at “B” is greater than period “A,” then the general formula $(C-B)/A$ is replaced with the formula $(C-A)/A$. Finally, in the absence of other evidence that addresses the year in which the rates were established, the Commission has determined that it might be reasonable to use 1992 as the base year for measuring any change (*i.e.*, $(C-B)/B$). March 2004 Order at PP 24-25, 64.

⁸ The Commission issued two decisions relevant to the question of substantial change in Docket Nos. OR96-2, *et al.* The first was issued on March 26, 2004, *ARCO Prods. Co. v. SFPP, L.P.*, 106 FERC ¶ 61,300 (2004) (“March 2004 Order”). The second was issued on June 1, 2005, *SFPP, L.P.*, 111 FERC ¶ 61,334 (2005) (“June 2005 Order”).

- reliable indicator of the change in a carrier's economic performance.⁹ The Commission described to the Court in *ExxonMobil Oil Corp. v. F.E.R.C.* that broad factors should be used in evaluating substantially changed circumstances.¹⁰
9. In the prior OR96-2 proceeding, when evaluating whether substantial change had occurred in the economic circumstances, the Commission added the percentage change in volume to the additive inverse of the percentage change in cost-of-service. For example, if a pipeline had a 15-percent increase in volume and a negative 15-percent change in cost-of-service (*i.e.*, a decrease in costs), the Commission would have determined that the pipeline had experienced a 30-percent improvement in its economic circumstances, because a 15-percent improvement in volumes plus the 15-percent improvement in costs (*i.e.*, a decrease in costs) yields an overall 30-percent improvement, under the method employed by the Commission in its March 2004 and June 2005 Orders. By contrast, if the pipeline experienced a 15-percent increase in volumes and a 15-percent increase in cost-of-service the Commission's approach would find no change because the economic improvement created by the increased volumes is offset by the increase in cost.¹¹
10. The Commission has previously determined that in order for a change to be "substantial" it must constitute at a minimum a 20-percent improvement in the economic circumstances of the pipeline. In Paragraph 39 of the Commission's

⁹ June 2005 Order at P 38 n.56.

¹⁰ *ExxonMobil Oil Corp. v. Fed. Energy Regulatory Comm'n*, 487 F.3d 945, 958-59 (2007).

¹¹ The logic behind using the additive inverse of the cost-of-service change is that cost increases worsen the pipeline's economic circumstances and cost decreases improve those economic circumstances. By contrast, volume increases improve the pipeline's economic circumstances and volume decreases worsen the pipeline's economic circumstances.

June 2005 Order, the Commission states that in all instances where it has found substantial change the change has exceeded 20 percent. In addition, in a recent order in this proceeding, the Commission reiterates that “the findings in the March 2004 Order were based on changes in return in excess of 20 percent.” December 2007 America West Order at P 9 n.12. This language forms the basis for my determination that the appropriate threshold for substantial change is at least 20 percent.

11. The Commission has also made clear that, when developing the revenue factor for the substantial change analysis, only the portion of the revenue associated with the grandfathered rate (i.e., the grandfathered rate multiplied by the volumes – referred to herein as the “grandfathered-rate revenue”) is relevant.¹² The appropriate comparison would then be between the grandfathered-rate revenue and cost of service for each relevant period.¹³ By distinguishing the grandfathered and non-grandfathered revenues, the Commission avoids confusing the change associated with the application of the Commission’s indexing methodology with actual change in the pipeline’s economic circumstances.¹⁴ Because each increment of the rate (i.e., the grandfathered or non-grandfathered) is subject to challenge using a different methodology, the Commission’s approach

¹² The portion of the rate that is above the grandfathered rate level is not protected by the EPAct. In other words, the shippers do not have to demonstrate a substantial change in the economic circumstances underlying the grandfathered rate in order to reduce the overall rate back down to the grandfathered level. If, by challenging the non-grandfathered portion of the rate, the Complainants were successful in getting the rate reduced back to the grandfathered level, all alleged economic change would disappear.

¹³ See December 2007 America West Order, 121 FERC ¶61,241 at PP 3, 8, 12-13, and Attachment A.

¹⁴ The Commission first addressed the issue of a rate consisting of different increments in a complaint against 2001 *ARCO v. Calnev Pipe Line, L.L.C.*, 97 FERC ¶ 61,057 at 61,311 (2001). There the Commission articulates its opinion that an oil pipeline rate and resulting revenue are composed of at least two distinct increments, the grandfathered and non-grandfathered portions. In that proceeding, the Commission allowed the complainants to pursue their challenge against the non-grandfathered portion of Calnev’s rate.

is logical and appropriate – it only examines the grandfathered portion of the rate when evaluating substantial change.¹⁵

12. In the December 2007 Orders, the Commission expressed concern relating to its prior practice of adding the relative percentage change in volumes and cost of service when determining the overall change in economic circumstances. Specifically, it is my current understanding that the Commission now believes it is incorrect to simply add the percentage change in two factors unless the percentages are derived from the same base.¹⁶ The Commission appears to be addressing two potential issues. The first is adding percentages when the units of measure are different. In other words, because volumes and dollars represent two potentially dissimilar units of measure, it is incorrect to simply add the percentage change between the two without making some adjustments. The second issue relates to adding percentages when the percentages are based on values of different size. It is inappropriate to simply add the two percentage changes together without first adjusting the percentages to take into account their relative size to each other.

Adding percentages calculated using different bases can lead to misleading or even meaningless comparisons. The base unit of measure (*e.g.*, barrels vs. dollars) can affect the relative impact a percentage change has on the overall economic circumstances. In addition, it is incorrect to simply add the two

¹⁵ I would note that it appears that both Mr. O'Loughlin and Mr. Ashton confine their analysis to the change in grandfathered-rate revenue. Regarding this issue, I agree with their analysis, although for reasons I detail later in this affidavit, many other aspects of their analysis and their ultimate conclusion are incorrect.

¹⁶ December 2007 BP Order at P 10; December 2007 America West Order at P 8.

percentages together and assume that the percentages are derived from factors of equal size. This may not always be the case.

13. To illustrate the units of measure problem, imagine a hot dog vendor on a beach side boardwalk. During the peak summer season, the vendor's sales increase by 50 percent; it just so happens that during this same time period the cost to run the hot dog stand doubles (100 percent). Absent any other information, it would be difficult to determine if the vendor's economic circumstances have improved or worsened.¹⁷ If we were to simply add the percentage change in volume (*i.e.*, the 50 percent increase in the number of hot dogs sold) to the additive inverse of the percentage change in costs (*i.e.*, -100 percent) it might appear that the vendor is 50 percent worse off. The obvious solution to the problem is to convert the calculations to a common unit of measure. In this case, both factors (volume and costs) can be represented in dollars in order to determine the economic impact of the two changes simultaneously.

14. To illustrate the problem associated with percentages derived from unequal sized bases consider the following simple example. Imagine a husband and a wife each of whom earns an income, with the wife earning \$100,000 per year and the husband earning \$50,000. Assume the wife gets a 20-percent raise and the husband receives a salary reduction of 50 percent. If you simply add the percentages, it would appear that the household is 30 percent worse off.

However, as this example makes clear, such a conclusion is absurd because the

¹⁷ For either single event by itself the economic circumstances are straightforward. For example, if sales increased by 50 percent, but everything else remained unchanged; the vendor would see an economic improvement. Conversely, if cost doubled, but everything else remained unchanged, the vendor would see a reduction in his economic circumstances. The difficulty arises when we try to measure the impact of both changes simultaneously.

- wife's smaller 20-percent increase, calculated from her larger base, results in \$20,000 of additional income, which nearly offsets the husband's 50-percent salary reduction (*i.e.*, \$25,000).
15. Here we can convert the barrels into dollars of revenue, or as the Commission has explained, dollars of revenue associated with the grandfathered portion of the rate (*i.e.*, the grandfathered rate multiplied by the applicable volumes).¹⁸ This solution, however, does not resolve the issue of adding percentages when the relative size of the base in each factor is different (*i.e.*, the household income dilemma above). I believe the appropriate solution, which preserves the Commission's prior findings, is to first put everything in dollar terms and then weight the percentage calculations to reflect the size of the base for each factor. By properly weighting the percentage change in each factor the problem of adding unlike percentages is solved.
16. Weighting the percentage change of each factor adjusts the impact it has on the aggregate change based on its relative size. When weighing factors with a different-sized base, if the factors have an additive impact to economic performance, such as the household income example above, the weights are determined based on the size of each factor relative to the sum of the two. If however, the factors offset each other, such as cost and revenue, then in order to adhere to the Commission's methodology, the factor weights need to be based on the relative size of each factor to the arithmetic mean of the two factors. By using the mean, the weighting approach recognizes that a single dollar change in either

¹⁸ See December 2007 America West Order, 121 FERC ¶ 61,241 at PP 3, 8, 12-13, and Attachment A.

cost or revenue will have an equal but offsetting impact on the overall change in economic performance. In my substantial change analysis, I weight the cost of service and grandfathered-rate revenue factors based on the relative weight of each factor in the period when the grandfathered rate was established. So, for example, if cost of service and revenues were equal in period A, the percentage change in both factors at period C would be multiplied by a weighting factor (in this example each weight would be 1) and then the weighted percentages are added together. In other words, if the factors are initially of equal size, it is appropriate to simply add the two percentages together assuming each has an equal weight. If however, revenues were 50 percent larger than the cost of service in period A, then weights should be computed such that the weight for the revenue factor is 50 percent larger than the weight for the cost of service factor (*i.e.*, the cost of service weight in this example would be .8 and the revenue weight would be 1.2: precisely 50 percent larger). This difference in weights accounts for the fact that a given percentage change in revenue in this example will have a larger impact on the economic circumstances than an equal percentage change in cost of service because revenue represents a larger portion of the total. This approach preserves the basic logic of the Commission's comparison in the prior SFPP case by adhering to the fundamental approach employed by the Commission in the OR96-2 orders, while correcting the arithmetic error of adding percentages in unlike items. These two relatively simple changes preserve the basic logic of the Commission's findings in the SFPP case, while correcting the arithmetic error of adding percentages in unlike items.¹⁹ To demonstrate this

¹⁹ In short, the Commission does not need to completely discard its methodology and adopt a measure such

point, I have confirmed that the approach I am recommending generates conclusions which are consistent with those the Commission reached in the prior proceedings. In other words, using the numbers the Commission relied upon in OR96-2, my approach would indicate a substantial change in those cases in which the Commission found a substantial change to have occurred and vice versa. As demonstrated in Tables 1 and 2 below, my approach would have found that no substantial change occurred for the North Line and the Oregon Line for the periods 1995-1999, just as the Commission's prior approach found. In addition, as to SFPP's West Line rates, my approach would have found that a substantial change occurred at Yuma, Calnev and Tucson beginning in 1995 but did not occur on SFPP's Watson-Phoenix movement until 1997, which is consistent with the Commission's prior findings.

as the gross margin advocated by the Complainants.

Table 1								
North Line								
	Year	Grandfathered Revenue	Cost of Service	Revenue Change	Cost of Service Change	Unweighted Change	Weighted Change	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
		(\$000s)	(\$000s)	(c-a)/a	(c-b)/a	Col. (4) - Col. (5)	(4)*Weight - (5)*Weight	
							Rev Weight	COS Weight
(a)	1989	\$ 13,712	\$ 17,457				0.88	1.12
(b)	1992	\$ 13,534	\$ 11,559					
(c1)	1995	\$ 15,347	\$ 13,179	11.93%	9.28%	2.65%	0.10%	
(c2)	1996	\$ 15,182	\$ 12,967	10.73%	8.07%	2.66%	0.40%	
(c3)	1997	\$ 15,205	\$ 15,182	10.89%	20.75%	-9.86%	-13.67%	
(c4)	1998	\$ 15,764	\$ 15,774	14.97%	24.15%	-9.18%	-13.88%	
(c5)	1999	\$ 15,292	\$ 13,932	11.53%	13.59%	-2.07%	-5.09%	

Sources: Revenue: Volumes * Grandfathered Rate; 1992 Volume: Exhibit No. SFO-83; 1989, 1995-1999 Volume: March 2004 Order, Appendix C, Table 1; Costs of Service: June 2005 Order, Chart 15; Weights equal Revenue/((Revenue+Cost)/2) and Cost/((Revenue+Cost)/2) for the 1989 base year, respectively.

Table 2								
Oregon Line								
	Year	Grandfathered Revenue	Cost of Service	Revenue Change	Cost of Service Change	Unweighted Change	Weighted Change	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
		(\$000s)	(\$000s)	(c-b)/b	(c-b)/b	Col. (4) - Col. (5)	(4)*Weight - (5)*Weight	
							Rev Weight	COS Weight
							1.10	0.90
(b)	1992	\$ 5,709	\$ 4,697					
(c1)	1995	\$ 6,106	\$ 5,467	6.96%	16.39%	-9.44%	-7.17%	
(c2)	1996	\$ 6,155	\$ 6,136	7.81%	30.64%	-22.82%	-19.08%	
(c3)	1997	\$ 5,917	\$ 6,398	3.65%	36.21%	-32.56%	-28.68%	
(c4)	1998	\$ 6,641	\$ 7,999	16.33%	70.30%	-53.97%	-45.55%	
(c5)	1999	\$ 7,069	\$ 6,406	23.83%	36.38%	-12.55%	-6.70%	

Sources: Revenue: Volumes * Grandfathered Rate; 1992 Volume: Exhibit No. SFO-83; 1995-1999 Volume: March 2004 Order, Appendix D, Table 1; Costs of Service: June 2005 Order, Chart 23; Weights equal Revenue/((Revenue+Cost)/2) and Cost/((Revenue+Cost)/2) for the 1992 base year, respectively.

Assessing Substantial Change on Calnev

17. In responding to the amended complaint, I accept *arguendo* Mr. O’Loughlin’s calculations of the interstate cost-of-service as contained in Mr. O’Loughlin’s Table 5 for the periods 1991 and 2006.²⁰ As I will demonstrate, even using Mr. O’Loughlin’s inputs but applying a methodology consistent with the Commission’s approach (correcting the arithmetic issues identified above) demonstrates that a substantial change has not occurred.
18. As I noted above, a key element of the substantial change analysis is the requirement that any change alleged by a complainant must have occurred after October 24, 1992 – when the Energy Policy Act was enacted – the “B” period in the (C-B)/A standard. Yet, Mr. O’Loughlin did not provide the Commission with a 1992 cost of service for the period leading up to the enactment of EPAct. Specifically, he states that his cost and revenue data is based on

The same period, which is actual data for the 12-months ending June 30, 1991 with test period adjustments as presented in Calnev’s August 5, 1991 justification analysis as both the basis period (“A” in the Commission’s formula) and as a proxy for the 12 months prior to EPAct (“B” in the Commission’s formulas).
O’Loughlin Affidavit Page 20.

²⁰ I would note that in calculating an adjusted cost of service, Mr. O’Loughlin makes several assumptions that appear relatively aggressive to me. For example, he assumed that the interstate portion of the cost-of-service equaled the interstate transportation revenue. This assumption is unsupported by any evidence and has the effect of making it more likely that he will find a substantial change has occurred. In addition, as shown on Table 2, he assumes that the interstate delivery revenue and fuel surcharge precisely cover their costs. If on the other hand, he had assumed their revenues exceeded their cost, perhaps by the same fraction that revenues on the system overall appear to exceed cost, his cost of service figures would have been higher, and indeed he may not have met the threshold of showing that grandfathered revenue even exceeded cost of service. I would note that as Mr. Ashton’s testimony illustrates, when comparing the cost of service Mr. Wetmore prepared, costs for the 2005 time period exceed revenue. However to demonstrate the lack of substantial change even as the Complainants seek to calculate it. I have accepted these assumptions *arguendo*. If the Commission ultimately determines that it must set this matter for hearing, I will reserve the right to address these concerns at that time.

19. He appears to believe that since 1991 and 1992 are relatively close in time, this approach is appropriate. However, such an argument is absurd. Costs and revenues can and do shift in a single year. Indeed, as Mr. O’Loughlin notes on Page 15 of his testimony, Calnev’s 1992 Form 6 reports total revenue exceeding the projected cost of service in the August 5, 1991 filing by \$0.8 million. However, he c ignores this fact when making his unsupported claim that the 1991 Basis period can serve as a proxy for circumstances in 1992 – the pre-EPAct period. He never attempted to develop (or request²¹) 1992 interstate volumes to assess whether the actual grandfathered revenue might have increased relative to the figure contained in the filing – despite evidence in the Form 6 that suggests that it had increased. To ensure the Commission can base its decision on a complete record, I requested that Calnev provide this data to me. Mr. Gary Prim, the Division Controller at Kinder Morgan Energy Partners, L.P. (“KMEP”) who is responsible for Calnev, obtained this data and has provided it in his affidavit. As Mr. Prim attests, Calnev transported 23.242 million barrels of oil through its pipeline in interstate service in 1992. This amount is well in excess of the 20.361 million Mr. O’Loughlin uses in his analysis. Multiplying the 23.242 million barrels by \$0.83 results in a grandfathered revenue level of \$19.3 million. This amount is well above the \$16.9 million of grandfathered revenue which Mr. O’Loughlin uses in his analysis in both the basis and pre-EPAct periods.
20. Beyond failing to assess 1992 revenue, Mr. O’Loughlin also fails to include a 1992 cost of service in his analysis. Although, in 1992, Form 6 did not contain a

²¹ Yet, Mr. O’Loughlin, through the sponsoring parties, did ask and obtain from Calnev information in other areas as is clear from his affidavit at P. 4.

- Page 700, it is possible to calculate a cost of service based on the other values reported in the 1992 Form 6 and other publicly available data.²² In my previous response to Mr. Crowley,²³ I explained how I used publicly available sources to prepare a 1991 and 1992 cost of service.²⁴ Mr. O'Loughlin ignored this information which Calnev already provided to the Commission and to him.
21. Using my 1992 cost-of-service, on a total company basis, I reproduced Mr. O'Loughlin's methodology to calculate an "interstate transportation-only" cost-of-service and estimated allowed equity return in this interstate-transportation-only piece.²⁵ Specifically, I applied the same methodology to 1992 data that Mr. O'Loughlin did in his 1991 calculations, as shown in Attachment C to his affidavit, Page 1. I am attaching my reproduction of Mr. O'Loughlin's allocation methodology using 1992 numbers as Exhibit No. RGV-3. As this Exhibit demonstrates, in all but one input, I used the same type of data and applied the same adjustments as Mr. O'Loughlin.
22. I recreated Mr. O'Loughlin's Step 1 – the "Combined Interstate and Intrastate Transportation and Delivery Costs and Revenue" – as follows: Column [a] includes Allowed Total Return of \$4.632 million, Return on Equity Rate Base (Allowed Real Return plus Net Income) of \$3.780 million, Cost-of-Service of \$20.328 million, as derived in my 1992 Calnev Cost-of-Service calculations in Exhibit No. RGV-2, and Total Operating Revenue of \$23.593 million, as filed in

²² The FERC did not require page 700 information until 1993. Order No. 571 at 31,170 (1994)

²³ Attached hereto as Exhibit No. RGV-2.

²⁴ Exhibit No. RGV-2 contains all of the relevant pages from the FERC Form 6 as well as my resulting cost-of-service calculation for 1991 and 1992.

²⁵ I would note that I do not endorse Mr. O'Loughlin's methodology for separating interstate and transportation-only cost; however, to minimize controversy and demonstrate the impact of Mr. O'Loughlin's omissions, I have accepted his methodology *arguendo* for the purposes of this affidavit.

the 1992 Form 6. Column [b] represents Step 2 called “Actual Embedded Return on Combined Interstate and Intrastate Transportation and Delivery Costs and Revenue.” The Allowed Return in this column equals \$5.484 million (Interest Expense plus Net Income), Return on Equity Rate Base equals Net Income of \$4.632 million. The only input where I do not apply Mr. O’Loughlin’s approach is the cost of service value in Step 2 (row [3], column [b]). In the footnotes to his 1991 Base Period Table, Mr. O’Loughlin notes that “the adjustment to cost of service in this column is to reduce allowed return and income tax allowance to a level where the cost-of-service equals the projected revenues from operations after the grandfathered rate increase”. He makes this adjustment based on the unsupported assumption that Calnev’s grandfathered rates were designed to precisely match its cost of service at the time they were filed. Even assuming *arguendo* that Mr. O’Loughlin’s assumption is valid for the point in time when the rate is set, this argument would not apply into the future years because, while Calnev did not adjust its rate in future years, as volumes and revenues did change relative to the amounts contained in the 1991 filing as Mr. Prim’s affidavit demonstrates. Therefore, in Step 2, I include the same calculated 1992 cost of service of \$20.328 million developed in Step 1. This represents the only change I make to Mr. O’Loughlin’s methodology. In addition, the Step 2 column includes a calculation of Interstate percentage based on revenue data filed in Calnev’s 1992 Form 6, Page 301. Mr. O’Loughlin’s 1991 revenue-based interstate percentage equals 91.2%. I calculate a similar result for 1992- a revenue-based interstate percentage of 92.0% (\$21.713 million of interstate Revenue divided by \$23.593

- million Total Revenue). Based on Mr. O'Loughlin's methodology, I use this allocation percentage in Step 3 to calculate the interstate portion of values from Step 2. The resulting interstate Allowed Equity Return and Cost-of-Service are \$4.263 million and \$18.708 million, respectively. Finally, in Step 3, Mr. O'Loughlin also calculates Interstate Transportation Percent of Interstate Revenue, *i.e.* excluding Delivery Revenue. His 1991 Transportation percentage is 89.2%. Following his methodology, I calculate a Transportation percentage of 88.8% for 1992. Then in Step 4, I apply this percentage to the results developed in Step 2 to derive 1992 Interstate Transportation-Only Allowed Equity Return and Cost-of-Service of \$3.787 million and \$16.621 million, respectively. Mr. O'Loughlin's 1991 Interstate Transportation-Only Allowed Equity Return and Cost-of-Service are \$2.789 million and \$16.900 million, respectively.
23. With this 1992 information, it is now possible to properly apply the Commission's test of $(C-B)/A$, using cost and revenue for the 1992 period. The following table uses the Commission's approach for measuring substantial change, as amended to address the arithmetic issue associated with percentages derived from different bases. As Table 3 shows, costs in this case have increased by 100.49% and revenues have increased by 96.05%. In other words, since the Energy Policy Act, the pipeline's economic circumstances have declined by approximately 4%.

Table 3 Calnev Analysis of Substantially Changed Economic Circumstances Using O'Loughlin's Numbers							
	Grandfathered		Revenue	Cost of Service	Unweighted	Weighted	
Year	Revenue	Cost of Service	Change	Change	Change	Change	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
	(\$000s)	(\$000s)	(c-b)/a	(c-b)/a	Col. (4) - Col. (5)	(4)*Weight	(5)*Weight
						Rev Weight	COS Weight
(a) 1991	\$ 16,900	\$ 16,900				100.0%	100.0%
(b) 1992	\$ 19,291	\$ 16,598					
(c) 2006	\$ 35,524	\$ 33,581	96.05%	100.49%	-4.44%	-4.44%	

Source: Revenue equals volumes multiplied by the grandfathered rate of \$0.83. 1991 and 2006 cost-of-service and volume figures are from Mr. O'Loughlin's Table 5. 1992 cost-of-service and volume figures are from Exhibit No. RGV-4. For Column "Weighted Change", the weights equal Revenue/((Revenue + COS)/2) or COS/((Revenue+COS)/2) for the 1991 base period, respectively.

Responding to the Complainants

24. None of the Complainants' witnesses even begin to demonstrate that a substantial change has occurred using the Commission's existing approach. Both Messrs Ashton and Crowley appear to agree that the rate Calnev filed on August, 5, 1991, and which became effective on September 2, 1991, of \$0.83 represents the grandfathered rate level.²⁶ They also acknowledge that reducing the rate below this level requires that they meet an additional threshold of showing that substantially changed circumstances have occurred. Neither of them meet this standard.
25. Before discussing the specific deficiencies in the Complainants' testimony, it is important to discuss the threshold for showing substantial change. Mr. Ashton has suggested that a change of 15% is substantial.²⁷ However, this belief appears to rest on statements of the Commission that a change of less than 15 percent does not meet the substantial change threshold. He appears to use this language to

²⁶ Mr. Ashton's Affidavit at P.18; Mr. Crowley's Affidavit at P. 4, ln. 2-6; Mr. O'Loughlin's Attachment C, p. 1 of 1.

²⁷ Mr. Ashton's Affidavit at P. 19.

support his belief that a change of greater than 15 percent must constitute a substantial change. However, this belief does not reflect a reasonable reading of the Commission's orders or an accurate representation of when the Commission has found substantial change has occurred. My review of the Commission's past evaluations of substantial change indicates that the Commission found no substantial change when in some instances it recognized that a change greater than 15 percent had occurred.²⁸ Specifically, the Commission found in the June 2005 Order that no substantial change had occurred on the West Line at Phoenix in 1996.²⁹ As Table 3 of that order demonstrates, in 1996 the West Line volumes at Phoenix had increased by 0.68 percent and cost-of-service had decreased by 14.94 percent. Summing these two percentages produces the purported 15-percent threshold.³⁰ Furthermore, in the prior order (*i.e.*, March 2004) the Commission determined that percentage changes well above 15 percent did not meet the substantial threshold. As shown in Table 2 of the March 2004 Order, the change in volume to Phoenix on the West Line in 1996 was 0.68 percent and the concurrent change in cost-of-service (shown on Table 6) was 19.11 percent. Adding these two items produces a total change of 19.79 percent.³¹ Based on this information, the Commission determined that no substantial change had occurred

²⁸ I would also note that, in Paragraph 39, of the Commission's June 2005 Order, 111FERC ¶61,334, the Commission states that in all instances where it has found substantial change the change has exceeded 20 percent. In addition, in a recent order on complaint the Commission reiterates that "the findings in the March 2004 Order were based on changes in return in excess of 20 percent." December 2007 *America West* Order. 121 FERC ¶61,241 at P 9 n.12. This language forms the basis for my determination that a substantial change in economic circumstances must exceed 20 percent.

²⁹ See June 2005 Order, 111FERC ¶61,334 at P 39.

³⁰ Above I have addressed the concerns created by summing two percentages as an absolute measure of change when the percentages have different bases.

³¹ Because a cost decrease represents an improvement to the pipeline's circumstances, this amount is added to the volume increase, which also represents an improvement to the pipeline's circumstances. By the same logic, a cost increase or a volume decrease would each offset the other (*i.e.*, be subtracted) as occurred on the North Line and Oregon Line.

- on the West Line in 1996, despite the level of change exceeding 15 percent by several percentage points. The Commission first identifies substantial change on the West Line to Phoenix in 1997 when volumes increase by 7.56 percent and the cost-of-service decreases by 19.09 percent—a 26.65 percent change under the Commission’s methodology.³² Based on this information, I believe the interpretation that substantial change is any change exceeding 15 percent is incorrect. Consequently, I believe that the appropriate threshold for substantial change is at least 20 percent.
26. Mr. Crowley also proposes substituting overall revenues for volumes in his analysis. However, as I discuss above, comparing a change in total revenue to a change in cost, as Mr. Crowley does, has the potential to conflate a change in the non-grandfathered rate level with an improvement in the pipeline’s economic circumstances.
27. Counsel for BP/ Exxon claims that they *cannot meet the standard* the Commission articulated on its various Orders on December 26, 2007.³³ As a result, they simply reattach Mr. Crowley’s prior testimony that they submitted in support of their previous complaints, which the Commission has already found wanting. As I described in my affidavit submitted in support of Calnev’s response to prior Exxon complaint, filed November, 26 2007, Mr. Crowley’s analysis suffers from a number of flaws, most particularly using the change in actual revenues rather than the change in grandfathered revenues, and not calculating the required cost of service figures for the relevant time periods based

³² See 106 FERC ¶61,300 at P. 58.

³³ See First Amended Second Original Complaint of BP West Coast Products LLC Against Calnev Pipe Line LLC, Docket No. OR07-22-000, at p. 5 (filed February 11, 2008).

- on publicly available data.³⁴ Mr. Crowley's testimony refiled on behalf of BP continues to suffer from these same deficiencies. Since Counsel for BP and Exxon has simply attached the same pieces of testimony that Mr. Crowley initially filed, the same criticisms I previously noted would also apply to this re-filed testimony. Rather than repeat my rebuttal in this affidavit, I have simply attached my previous affidavit to this filing, Exhibit No. RGV-2. To the extent the Commission believes it necessary to consider Mr. Crowley's resubmitted, unchanged arguments, my rebuttals are thus available.³⁵
28. As with his previous testimony Mr. Crowley's testimony does not even begin to meet the burden of suggesting that a substantial change in Calnev's economic circumstances has occurred. Indeed, it does not even acknowledge certain deficiencies the Commission identified with his assertions in the December 2007 America West Order, such as the issue of conflating grandfathered revenue with actual revenue. As a consequence, neither BP nor Exxon have even attempted to present an analysis under the Commission's methodology that would show that a substantial change has occurred. The Commission should dismiss their amended complaint.
29. Mr. Ashton refers to "the Commission's *new* test regarding substantially changed circumstances" (emphasis added) used in the Commission's December 2007

³⁴ As I demonstrated in Table 3 above, using grandfathered revenues and costs of service for the three relevant time periods, Calnev has not experienced a substantial change in circumstances.

³⁵ I would also note that more current Commission guidance suggests that adding the percentage change in volume and the percentage change in cost is incorrect. I agree with this guidance. For the reasons I discuss above, I believe the appropriate solution is to add the weighted percentage change in grandfathered-rate revenue and the weighted percentage change in cost to assess the economic circumstances. As I demonstrate above, this approach also demonstrates that Calnev has not experienced a substantial change in the economic circumstances that were the basis for its rate.

America West Order.³⁶ The Commission's analysis in Attachment A of the December 2007 America West Order examines whether the revenues generated by the grandfathered rate are sufficient to cover current cost of service as reported by Calnev. This test represents an important preliminary threshold test. As the Commission notes:

[I]f current volumes times the grandfathered rate are inadequate to cover current costs, after allowing for a downward adjustment of the net change in the cost-of-service factors in the rate design, the return of the grandfathered rate declines and there are no substantially changed circumstances".³⁷

30. Mr. Ashton makes a false assumption that grandfathered-rate revenues in excess of cost of service necessarily provides evidence of substantially changed circumstances. However, this assumption ignores the Commission's description of its test as a "preliminary analysis" which was not intended to supplant its clearly articulated threshold standard. It appears, the Commission offered this preliminary analysis to indicate that it was dubious that further investigation was warranted since, if the cost of service exceeds the grandfathered revenue, further analysis would be futile – any cost-based rate set at the end of a rate case would exceed the grandfathered rate.
31. However, this preliminary analysis was clearly not offered as a replacement of the well-developed threshold standard under Section 1803(b). As I discussed in depth in Section II, the Commission has described in explicit detail in the March 2004 and June 2005 *SFPP* Orders the proper way to assess whether a substantial

³⁶ Mr. Ashton's Affidavit at P.17. Mr. O'Loughlin also identifies this test. However, as I will discuss below, Mr. O'Loughlin correctly recognizes that this is a preliminary threshold test rather than a way to measure changed economic circumstances.

³⁷ See December 2007 *America West* Order, 121 FERC ¶61,241, at P.12, originally in *ExxonMobil Oil Corp., et al. v. FERC*, 487 F.3d 945 (D.C.Circ.2007) at 956-60.

change has occurred. Mr. Ashton does not even attempt to provide information consistent with these orders upon which the Commission can rely to assess whether a change has occurred.³⁸

32. Even if Mr. Ashton's cost of service calculation were beyond reproach, which it clearly is not, the mere fact that grandfathered revenue exceeds cost of service, while a necessary first step, provides no information about whether a substantial change has occurred. To make this assessment, Mr. Ashton would still need to provide cost of service and revenue data for the 1991 basis period, when the rate was put in place, and 1992 when EPAct was enacted, as I did in Section III. Over-earning in the period in which a complaint is filed has no relevance beyond indicating that performing the threshold "substantial change" test is a potentially worthwhile exercise. For example, in the March 2004 Order, the Commission attached a hearing exhibit from Trial Staff labeled Exhibit No. S-51. This exhibit shows that in 1995 and 1996 revenues on SFPP North Line exceeded its cost of service by almost \$3.0 million. In percentage terms, these revenues exceeded costs by approximately 25 percent.³⁹ This exhibit also shows that in 1999 revenue on SFPP's Oregon Line exceeded cost-of-service by \$1.1 million, an 18.22% difference. The Commission did not find that substantially changed

³⁸ I would also note that comparing Calnev's cost of service found on page 5 of Mr. Ashton's affidavit with the grandfathered-rate revenue he shows on page 9 demonstrates that Calnev's costs of service exceeds its grandfathered-rate revenue. Mr. Ashton asserts that a lower cost of service is more appropriate; however his claims are largely unsupported by any evidence. While I am skeptical of his claims on Pages 5-8 that Calnev's operating expenses should be reduced by \$2 million, and that its overall weighted average cost-of-capital should be a scant 6.44%, it is not necessary for the Commission to address these allegations for it to determine that Mr. Ashton's testimony fails to meet even the minimal burden of showing that a substantial change has occurred under the (C-B)/A test.

³⁹ See 106 FERC ¶61,300 at P 62.

- circumstances had occurred on either line.⁴⁰ This information leads me to conclude that simply comparing costs and revenues for one period in isolation has no relevance in assessing whether substantial change has occurred in a carrier's economic circumstances. Adopting Mr. Ashton's approach – that a complainant need only show that revenues exceed costs – would void the rate protection afforded by the passage of EPAct and frustrate the goal of simplifying oil pipeline ratemaking. Because his testimony does not even begin to assess whether a substantial change has occurred, the Commission should reject Tesoro's claim that it has met this burden.
33. In contrast to Mr. Ashton, Mr. O'Loughlin does calculate a cost of service in the Basis (or "A") period. However, he too fails to meet the basic requirements of showing that a substantial change has occurred under the (C-B)/A approach, but instead attempts to re-litigate issues long settled. As I discussed above, he fails to assess costs or revenue for the pre-EPAct (or "B") period. This omission also represents a fundamental violation of clear guidance by this Commission regarding the proper way to assess whether a substantial change has occurred. Specifically, in *Santee Distributing Co. v. Dixie Pipeline Co.*, 71 FERC ¶ 61,205, at 61,754 (1995), the first instance in which the Commission had the opportunity to consider the substantial change issue, Santee claimed that a substantial change had occurred because Dixie's volumes had increased since it put its rates in place in 1987. The Commission correctly rejected Santee's complaint noting that

⁴⁰ I would note that the Commission ultimately updated some of the cost-of-service calculations by employing a full tax allowance in the June 2005 Order. However, in both the March 2004 and the June 2005 Orders, the Commission continued to hold that no substantial change in economic circumstances had occurred on the North or Oregon Lines.

EPAct required that the change in circumstances occur after the enactment of the act (i.e. 1992). Aside from the fact that Calnev put its rates in place in 1991 rather than 1987, Mr. O'Loughlin's approach precisely replicates the error of Santee, providing no evidence of whether the change happened after 1992. In short, Mr. O'Loughlin and the Complainants who rely on his testimony are attempting to re-litigate an issue the Commission resolved in 1995. On this basis alone, the Chevron and ConocoPhillips have failed to demonstrate substantial change.

34. I would also note that Messrs Ashton and O'Loughlin appear to believe that the Commission's use of grandfathered revenue generates the need for a new substantial change test.⁴¹ Given the Commission's statement in that its recent orders have resolved much of the uncertainty regarding the methodology for assessing substantially changed circumstances,⁴² I find their conclusion puzzling. Mr. O'Loughlin argues that the appropriate test to assess whether a substantial change has occurred involves a variant of the gross margin test. The gross margin test suffers from serious flaws, would represent a significant departure from the Commission's previous methodology and would lead to problematic results in many circumstances. The Commission has previously found that substantial change must be evaluated using broad economic measures.⁴³ One significant problem with using a carrier's gross margin to measure change is that this indicator is not a broad enough unit of measure. Gross margin consists of the difference between two broad-based economic factors, revenue and cost. Because gross margin represents the difference between two factors, it is by definition a

⁴¹ For reasons I will discuss herein their additional tests suffer from serious deficiencies.

⁴² December 2007 *America West* Order at P. 6.

⁴³ June 2005 Order, 111FERC ¶ 61,334 at P 38 n.56.

more narrow measure of change than the factors used to compute it. Consequently, it should be rejected—just like the other narrow elements previously considered and ultimately rejected by the Commission—because, when narrow measures are employed, small changes can erroneously appear “substantial.”⁴⁴ For example, imagine a pipeline with costs of \$1000 and revenues of \$1001 in periods A and B. Assume in period C revenues increase by \$1 to \$1002. The gross margin in periods A and B would be \$1 ($\$1001 - \1000). By period C, the gross margin would have increased to \$2. Comparing the difference in gross margin generates a change of 100% ($(\$2 - \$1) / \$1$). While such a calculation is not arithmetically in error, any common-sense observer would realize that a single dollar of increased revenue (or margin) does not represent a significant change in economic circumstance given that it costs approximately \$1000 to operate the pipeline. The Commission’s use of broad measures (such as percentage changes in volumes and cost-of-service) in previous cases avoids the mistake of transforming small fluctuations in cost or revenue into “substantial change.”⁴⁵

⁴⁴ Despite its initial list of several rate elements in Opinion No. 435 which might affect a carrier’s return (e.g., volumes, asset base, operating and perhaps capital costs), in the subsequent proceeding, OR-96-2, the Commission evaluated the potential change in volumes, rate base, income tax allowance, total return and cost-of-service but ultimately determined that volumes and cost-of service represented the two measures that had the highest correlation to changed economic circumstance. Consequently, the Commission found that these two broad measures (volumes and cost-of-service) *must* be relied upon over the narrower factors previously considered.

⁴⁵ Another problem using margin to measure change is that in certain circumstances it could generate nonsensical results. For example, if the pipeline were earning revenues exactly equal to its costs in period A and B, it would not be possible to calculate a change in period C because it would require dividing by zero. Similarly, if the pipeline were earning revenues that were below its costs in periods A and B, using the margin would generate a negative change. It is unclear how the Commission could provide a meaningful interpretation of the potential change in circumstance where a pipeline had a negative percentage change in gross margin.

35. One way to demonstrate the problems associated with applying a gross margin test involves examining the results this test would have generated had the Commission applied it in its March 2004 Order, where it found SFPP's North Line and Oregon Line had not experienced a substantial change. Using information from the March 2004 Order, I calculated the change in gross margin (*i.e.*, revenue in excess of cost) the Commission would have found on the North and Oregon Lines had it used this measure. As Table 4 below shows, if the Commission had applied this methodology in the previous case, it would have found that a positive 53.00% change had occurred by 1998 on the North Line and negative 234.22% change had occurred by 1998 on the Oregon Line.⁴⁶ Moreover, as this table demonstrates the wide annual fluctuations in profit margin do not correlate well with the separate changes in cost-of-service and revenues.

⁴⁶ In the prior proceeding, certain complaints argued that revenues in excess of cost (*i.e.*, gross margin) should be used to evaluate substantial change. See, e.g., Exh. ARCO-106 as well as attachments to ARCO Post-hearing Brief in Docket No. OR96-2. Despite evidence of large percentage changes in margin in the record, neither the Presiding Judge nor the Commission used margin to determine if a substantial change had occurred.

Table 4								
North Line								
	Year	Grandfathered Revenue	Cost of Service	Revenue Change	Cost of Service Change	Unweighted Change	Gross Margin	Gross Margin Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		(\$000s)	(\$000s)	(c-a)/a	(c-b)/a	Col (4)-Col (5)	Col (2)- Col (3)	(c-b)/a
(a)	1989	\$ 13,712	\$ 17,457				\$ (3,746)	
(b)	1992	\$ 13,534	\$ 11,559				\$ 1,975	
(c ₁)	1995	\$ 15,347	\$ 13,179	11.93%	9.28%	2.65%	\$ 2,168	-5.14%
(c ₂)	1996	\$ 15,182	\$ 12,967	10.73%	8.07%	2.66%	\$ 2,215	-6.40%
(c ₃)	1997	\$ 15,205	\$ 15,182	10.89%	20.75%	-9.86%	\$ 23	52.13%
(c ₄)	1998	\$ 15,764	\$ 15,774	14.97%	24.15%	-9.18%	\$ (10)	53.00%
(c ₅)	1999	\$ 15,292	\$ 13,932	11.53%	13.59%	-2.07%	\$ 1,360	16.43%
Sources: Revenue: Volumes * Grandfathered Rate; 1992 Volume: Exhibit No. SFO-83; 1989, 1995-1999 Volume: March 2004 Order, Appendix C, Table 1; Costs of Service: June 2005 Order, Chart 15								
Oregon Line								
	Year	Grandfathered Revenue	Cost of Service	Revenue Change	Cost of Service Change	Unweighted Change	Gross Margin	Gross Margin Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		(\$000s)	(\$000s)	(c-b)/b	(c-b)/b	Col (4)-Col (5)	Col (2)- Col (3)	(c-b)/b
(b)	1992	\$ 5,709	\$ 4,697				\$ 1,012	
(c ₁)	1995	\$ 6,106	\$ 5,467	6.96%	16.39%	-9.44%	\$ 639	-36.86%
(c ₂)	1996	\$ 6,155	\$ 6,136	7.81%	30.64%	-22.82%	\$ 19	-98.14%
(c ₃)	1997	\$ 5,917	\$ 6,398	3.65%	36.21%	-32.56%	\$ (481)	-147.50%
(c ₄)	1998	\$ 6,641	\$ 7,999	16.33%	70.30%	-53.97%	\$ (1,358)	-234.22%
(c ₅)	1999	\$ 7,069	\$ 6,406	23.83%	36.38%	-12.55%	\$ 663	-34.44%
Sources: Revenues: Volumes * Grandfathered Rate; Year 1992 Volumes: Exhibit No. SFO-83; 1995-1999 Volumes: March 2004 Order, Appendix D, Table 1; Costs of Service: June 2005 Order, Chart 23								

This check confirms that a methodology that evaluates the change in margin will generate the appearance of substantial change far more frequently than a methodology based on broad measures of economic change that I will describe below. If the Commission were to substitute a gross margin test such as that shown in Table 4 for its existing broad-based measurement, it could expect far more frequent complaints against grandfathered rates.

I believe the Commission should reject the attempt by these Complainants to introduce a wholesale change in the Commission's approach based on the need to correct a relatively narrow arithmetic issue. As I demonstrated above, a relatively simple adjustment preserves the Commission's preferred approach.

36. In any event, even under Mr. O’Loughlin’s approach of analyzing the gross margin, if the “B” value – 1992 data – is included, substantial change cannot be demonstrated. As Table 5 below illustrates, using Mr. O’Loughlin’s methodology, but adding in the information from the 1992 cost of service and grandfathered revenues shows that the over-recovery since 1992 has declined by 13%.

Table 5
Reproduction of O’Loughlin’s Table 5
Changes in Calnev’s Interstate Revenue Relative to Cost of Service
Including 1992 Base Period
(\$000)

		1991 Base Period	1992 Base Period	2006 Interstate Transportation Only Complaint Period Unadjusted Form 6
		[A]	[B]	[C]
1	Estimated Allowed Equity Return	2,789	4,008	3,380
2	Transportation Cost of Service	16,900	16,598	33,581
3	Transportation Revenue 2006 at Grandfathered Rate	[2]*0.83	16,900	19,291
4	Overrecovery (Underrecovery) of Cost of Service	[3] - [2]	(0)	2,693
5	After-Tax Overrecovery	[4]*(1-tax rate)	(0)	1,620
6	Increase in After-Tax Overrecovery Between 1991 Basis Period and 2006	[5][C] - [5][B]		(373)
7	Percent Change in Embedded Equity Return	[6]/[1][A]		-13%

Notes:

1991 and 2006 inputs are taken from Mr. O’Loughlin’s Table 5.

1992 inputs are taken from 1992 cost-of-service calculations provided in Exhibit No. RGV-4.

	<u>1991</u>	<u>1992</u>	<u>2006</u>
Interstate Volumes	20,361	23,242	42,800
Tax Rate	40.41%	39.83%	35.84%

37. In other words, Mr. O’Loughlin’s omission of 1992 data not only contravenes the Commission’s methodology, the omission masks the truth that there has been no substantial change in 2006 on Calnev when compared to 1992. Table 5 demonstrates two important points. First, it demonstrates that by ignoring 1992,

Mr. O'Loughlin dramatically altered his results. In addition, it demonstrates the extreme sensitivity of his methodology to relatively small changes. In my opinion no sensible analysis of Calnev's economic circumstances would show a -13% decline in its economic circumstances with one set of assumptions and a 45% increase in its economic circumstance with only a slightly different set of assumptions. This example demonstrates that the Commission should retain the current methodology it employs, and defended before the Court of Appeals, with the modifications I suggested above. Adopting Mr. O'Loughlin's approach would generate ridiculous results. However, even if the Commission were to adopt his approach, simply adhering to the standard first set forth in *Santee* – including 1992 data – demonstrates that a substantial change has not occurred.

Conclusions

38. From my analysis I draw several conclusions. The Complainant witnesses continue to apply a variety of incorrect standards in attempting to show that a substantial change has occurred in the economic circumstances that were the basis of Calnev's grandfathered rate. For example, Mr. Ashton simply compares grandfathered revenue to cost of service in the current period, ignoring the explicit requirements to assess whether a change has occurred since the enactment of EPAct. Counsel for BP and Exxon simply reattach Mr. Crowley's previous affidavits which the Commission has already found lacking. Mr. O'Loughlin carves the "B" value out of the Commission's established and court-affirmed (C-B)/A test, thereby ignoring the Commission's guidance in *Santee*, and attempts to

use a relatively minor and technical issue regarding adding percentage changes as a springboard to completely alter the Commission's method of evaluating substantial change. Most importantly, my testimony clearly demonstrates that, comparing the change in the economic circumstances that has occurred since the enactment of EPAct with the circumstances that were the basis of the rate, no change has occurred. In fact, Calnev's circumstances have declined slightly.

39. For these reasons, I conclude that the Complainants have failed to show a substantial change in economic circumstances that were the basis for Calnev's grandfathered rate.

ROBERT G. VAN HOECKE

Principal

Mr. Van Hoecke has over twenty years experience in the oil pipeline business. For over twelve years, Bob held various positions with William Pipe Line Company ("WPL"), including Manager of Regulatory Affairs. Since leaving WPL, Bob has provided consulting services to industry, primarily relating to cost of service, market studies and business planning. Bob has provided expert testimony in numerous matters relating to pipeline tariffs, cost of service and business practices.

Relevant Experience

Rates and Regulation

- ◆ For WPL, directed company's Phase II defense in rate case before the FERC (IS-90-21-000 et al.). Responsible for developing the course of defense and selecting appropriate expert witnesses to testify on the company's behalf. Supervised development of various stages of discovery, direct testimony, rebuttal testimony and case preparation. Served as chief company witness and performed short-run marginal cost analysis of integrated pipeline network containing more than 40,000 distinct routes.
- ◆ Presented testimony in a FERC complaint proceeding to determine whether certain bookkeeping services provided by a common carrier pipeline were jurisdictional.
- ◆ Expert testimony regarding the proper method for determining just and reasonable transportation charges for unregulated carbon dioxide pipelines in two separate class action disputes initiated by royalty interest owners in the Federal District Court of New Mexico and Colorado.
- ◆ Expert testimony regarding the proper method for determining just and reasonable cost-based transportation charges for regulated oil pipelines at the FERC.
- ◆ Expert testimony regarding rate reasonableness and revenue adequacy on behalf of an anhydrous ammonia pipeline at the Surface Transportation Board (STB).
- ◆ Expert testimony regarding just and reasonable rates for the Trans Alaska Pipeline Settlement ("TAPS") under various alternative cost of service methodologies at the Regulatory Commission of Alaska and the FERC.
- ◆ Expert testimony regarding the application of standards set forth in the 1992 Energy Policy Act ("EPAAct") for determining whether substantially changed economic circumstances have occurred for rates previously deemed to be just and reasonable under the EPAAct.
- ◆ Prepared market evaluation, laid-in cost data, and testimony for market-based rate applications for several oil pipelines seeking market-based rates at the FERC.
- ◆ Prepared market evaluation and laid-in cost analysis to support oil industry mergers and acquisitions at the Federal Trade Commission.

Economics and Finance

- ◆ Assisted in the financial and regulatory evaluation of potential acquisition opportunities.
- ◆ Participated in the development of a historical cost trend analysis for the oil pipeline industry related to the oil pipeline tariff index.
- ◆ Provided expert testimony regarding the reasonableness of certain decisions made by a majority partner in a joint venture pipeline in a dissolution action initiated by a minority partner before the Federal District Court of Missouri.

Commercial Analysis

- ◆ Market evaluations and determining appropriate competitive tariff structures to maximize a pipeline's profitability. Conducting competitive analysis of potential market encroachments and assisting pipeline clients in developing a series of strategic and tactical responses. Developing the data and testimony required for market-based rate applications at the FERC.
- ◆ Performing economic analysis of proposed business development projects to assist pipeline management in evaluating various business strategies.
- ◆ While with WPL, responsible for performing market evaluations and establishing competitive tariff rates and ancillary fees to maximize profitability. Worked closely with Marketing and Business Development groups to develop and implement market-based, negotiated rates with strategic shippers and joint pipeline carriers.

Testimony

Feb. 27, 2008	Submitted Prepared Answering Testimony on behalf of SFPP, L.P. at the Federal Regulatory Commission in response to complaint filed by BP West Coast Products, LLC, ExxonMobil Oil Corporation, and ConocoPhillips Co. in Docket No. OR-03-5-001
Nov. 27, 2007	Filed Affidavit on behalf of Calneve Pipe Line LLC at the Federal Energy Regulatory Commission in response to complaint filed by ExxonMobil Oil Corporation in Docket No. OR07-5-000.
Jul. 20, 2007	Submitted Affidavit in behalf of the Petition for Declaratory Order of Enbridge Pipelines (Southern Lights) LLC at the Federal Energy Regulatory Commission supporting an innovative rate structure for the new pipeline in Docket No. OR07-15.
Mar. 22, 2007	Submitted Expert Designee Report on behalf of Cortez Pipeline Company under the terms of the Arbitration Agreement established in CO2 Committee, Inc vs. Shell Oil Company, Shell CO2 Company, Ltd., aka Kinder Morgan CO2 Company, L.P., Shell Western E&P, Inc., Mobil Producing Texas and New Mexico, Inc., and Cortez Pipeline Company.

Nov. 28-30, 2006	Presented Oral Testimony on behalf of TAPS Carriers at the Federal Energy Regulatory Commission regarding an investigation of interstate transportation rates in Docket Nos. IS05-82 and IS06-01 et al.
Aug. 11, 2006	Filed Prepared Rebuttal Testimony at the Federal Energy Regulatory Commission on behalf of the TAPS Carriers in an investigation of interstate transportation rates in Docket Nos. IS05-82 and IS06-01 et al.
June 29, 2006	Presented Direct Oral Testimony and Cross Examination on behalf of Cortez Pipeline in Arbitration by Agreement involving CO2 Committee, Inc. vs. Shell Oil Company, Shell CO2 Company, Ltd., aka Kinder Morgan CO2 Company, L.P., Shell Western E & P, Inc., Mobil Producing Texas and New Mexico, INC., and Cortez Pipeline Company.
May 30, 2006	Filed Expert Report on behalf of Cortez in Arbitration by Agreement involving CO2 Committee, Inc. vs. Shell Oil Company, Shell CO2 Company, Ltd., aka Kinder Morgan CO2 Company, L.P., Shell Western E & P, Inc., Mobil Producing Texas and New Mexico, INC., and Cortez Pipeline Company.
May 26, 2006	Filed Prepared Answering Testimony at the Federal Energy Regulatory Commission on behalf of the TAPS Carriers in an investigation of interstate transportation rates effective January 1, 2006 in Docket Nos. IS05-82 et al. and IS06-01 et al.
Apr. 4, 2006	Filed Prepared Supplemental Direct Testimony at the Federal Energy Regulatory Commission on behalf of the TAPS Carriers in an investigation of interstate transportation rates effective January 1, 2006 in Docket No. IS06-01 et al.
Mar. 31, 2006	Filed Affidavit at the Surface Transportation Board ("STB") on behalf of Valero, L.P. supporting its claim of materially changed circumstances which would permit the STB to vacate its prior rate prescription in Koch and thus restore ratemaking initiatives to Valero. In Docket No. 42084.
Dec. 7, 2005	Filed Prepared Direct Testimony at the Federal Energy Regulatory Commission on behalf of the TAPS Carriers in an investigation of interstate transportation rates effective January 1, 2005 in Docket No. IS05-82 et al.
July 18, 2005	Filed Affidavit in support of Sunoco's answer to ConocoPhillips's protest of Sunoco's application for authority to charge market-based rates in OR05-7-000.
Apr. 12, 2005	Filed Prepared Direct Testimony on behalf of Sunoco Pipelines L.P. supporting Sunoco's application for authority to charge market-based rates in OR05-7-000.
Feb. 25 – Mar. 2, 2005	Presented Oral Testimony and Cross Examination on behalf of SFFP in response to protest and complaint in Texaco Refining and Marketing et al. SFFP Docket Nos. OR96-2-000 et al. and IS98-1-000.

Jan. 28, 2005	Filed Prepared Rebuttal Testimony on behalf of SFPP in response to protest and complaint in Texaco Refining and marketing et al. SFPP LP Docket Nos. OR96-2-000 et al. and IS98-1-000.
Dec. 10, 2004	Filed Affidavit at the Federal Energy Regulatory Commission in support of Petition for Declaratory Order filed by Enbridge Energy Company, Inc. regarding initial rated and determination of rate base for a proposed crude oil pipeline system between Chicago, IL and Cushing, OK. Docket No. OR05-1-000.
Dec. 10, 2004	Filed Prepared Answering Testimony on behalf of SFPP in response to protest and complaint in Texaco Refining and Marketing, et al. v. SFPP, LP Docket Nos. OR96-2-000 et al. and IS98-1-000.
Oct. 14, 2004	Filed Affidavit at the Surface Transportation Board on behalf of Kaneb Pipe Line Partners, L.P. rebutting certain statements and allegations contained in the verified statement of Complainant witnesses in Docket No. 42084.
Sept. 13, 2004	Filed Affidavit at the Surface Transportation Board ("STB") on behalf of Kaneb Pipe Line Partners, L.P. supporting its claim of materially changed circumstances which would permit the STB to vacate its prior rate prescription in Koch and thus restore ratemaking initiatives to Kaneb. In Docket No. 42084.
April 6, 2004	Filed Affidavit at the Federal Energy Regulatory Commission discussing entitlement of third party shippers to reparations. Big West vs. Frontier, Docket No. OR01-3.
April 5, 2004	Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Frontier Pipeline Company to the request for rehearing of Big West Oil Company and Chevron Products Company. Docket No. OR01-02-000 and OR01-04-000.
Dec. 11, 2003	Presented Oral Testimony and Cross Examination on behalf of the TAPS Carriers in the matter of Tariff Rates To Be Effective January 1, 2003 for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System and the Investigation Into the 2001 and 2002 Tariff Rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the Regulatory Commission of Alaska. P-03-4.
Oct. 15, 2003	Submitted Rebuttal on behalf of the TAPS Carriers in the matter of Tariff Rates To Be Effective January 1, 2003 for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System and the Investigation Into the 2001 and 2002 Tariff Rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the Regulatory Commission of Alaska. P-03-4.
Sep. 10, 2003	Filed Affidavit at the Federal Energy Regulatory Commission in support of Shell Pipeline Company LP's motion to compel discovery in OR02-10.
Aug. 29, 2003	Submitted Prepared Direct Testimony at the Federal Energy Regulatory Commission on behalf of Shell Pipeline Company LP in support for its application for authority to charge market-based rates. Docket No. OR02-10.

Jul. 24, 2003	Filed Affidavit at the Federal Energy Regulatory Commission in support of Shell Pipeline Company LP's motion to extend the procedural schedule in OR02-10.
Jun. 10, 2003	Submitted Prepared Answering and Rebuttal Testimony at the Federal Energy Regulatory Commission supporting Platte FERC Tariff No. 1474 in Docket No. IS02-384-000 et al.
Jun. 3, 2003	Submitted Prepared Direct Testimony on behalf of the TAPS Carriers in the matter of Tariff Rates To Be Effective January 1, 2003 for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System and the Investigation Into the 2001 and 2002 Tariff Rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the Regulatory Commission of Alaska. P-03-4.
Dec. 20, 2002	Submitted Prepared Direct Testimony at the Federal Energy Regulatory Commission supporting Platte FERC Tariff No. 1474 in Docket No IS02-384-0000 et al.
Oct. 28, 2002	Submitted Reply Testimony at the Federal Energy Regulatory Commission on behalf of Shell Pipeline Company in response to protest by Phillips Petroleum Co., Tosco Corporation, and ToscoPetro Corp. Docket No. OR02-10-000.
Aug. 9, 2002	Submitted Testimony at the Federal Energy Regulatory Commission in support of reparations calculations proposed by Frontier Pipeline Company in Docket Nos. OR01-2-00 and OR01-4-000.
Jul. 9, 2002	Submitted Testimony at the Federal Energy Regulatory Commission on behalf of Shell Pipeline Company in support for its application for authority to charge market-based rates. Docket No. OR02-10-000.
Jan. 11-31, 2002	Cross-examination in complaint of ARCO Products Company et al. vs. SFPP, LP in Docket Nos. OR96-2-000, et al. before the Federal Energy Regulatory Commission.
Nov. 2, 2001	Filed Affidavit at the Federal Energy Regulatory Commission supporting Plantation Pipe Line Company's Petition for Declaratory Order regarding initial rates for proposed new pipeline service from Bremen, Georgia to Chattanooga and Knoxville, Tennessee OR02-1-000.
Jul. 31, 2001	Filed Prepared Reply Testimony on behalf of SFPP at the Federal Energy Regulatory Commission in response to complaint of ARCO Products Company et al. in Docket Nos. OR96-2-000, et al.
May 15, 2001	Filed Prepared Answering Testimony on behalf of SFPP in response to complaint of ARCO Products Company et al. in Docket Nos. OR96-2-000, et al.
Apr. 23-26, 2001	Presented Oral Testimony on behalf of TAPS CARRIERS in the matter of the correct calculation and use of acceptable input data to calculate the 1997, 1998 1999, and 2000 tariff rates for the intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the Regulatory Commission of Alaska P97-4 and P97-7.

Apr. 2, 2001	Filed Affidavit with the Superior Court of Arizona, Tax Court discussing Commission regulations regarding the concept of Original Cost in SFPP, L.P. v. Arizona Department of Revenue No. TX 1999-00532.
Mar. 29, 2001	Filed Rebuttal Report on behalf of Cortez Pipeline Company in CO ₂ Claims Coalition, et al., vs. Shell Oil Company, et al. in the United States District Court for the State of Colorado CIV NO. 96-Z-2451.
Mar. 26, 2001	Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Anschutz Ranch East Pipeline to the complaint made by Chevron Products Company. Docket No. OR01-05-000.
Mar. 20, 2001	Submitted Testimony at the Federal Energy Regulatory Commission on behalf of West Shore Pipe Line Company in support for its application for authority to charge market-based rates. Docket No. OR01-06-000.
Mar. 14, 2001	Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Frontier Pipeline Company to answer of complaint made by Chevron Products Company. Docket No. OR01-04-000.
Mar. 13, 2001	Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Anschutz Ranch East Pipeline Inc. to the amended complaint made by Big West Oil Company. Docket No. OR01-03-000.
Mar. 5, 2001	Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Frontier Pipeline Company to answer of complaint made by Big West Oil Company. Docket No. OR01-02-000.
Feb. 26, 2001	Rebuttal Testimony on behalf of TAPS CARRIERS in the matter of the correct calculation and use of acceptable input data to calculate the 1997, 1998, 1999 and 2000 tariff rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the State of Alaska, Regulatory Commission of Alaska, P-97-4.
Feb. 6, 2001	Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Anschutz Ranch East Pipeline Inc. to the complaint made by Big West Oil Company. Docket No. OR01-03-000.
Jan. 29, 2001	Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Frontier Pipeline Company to the complaint made by Big West Oil Company. Docket No. OR01-02-000.
Dec. 20, 2000	Prepared Direct Testimony, filed with the FERC, in support of Chase Transportation Company's application for authority to charge market-based rates OR01-1-000.
Nov. 14, 2000	Presented oral testimony on behalf of Kinder Morgan Energy Partners, L.P. before the state of Arizona, Board of Equalization regarding the proper valuation of SFPP's pipeline assets in the state of Arizona.
Jul. 12, 2000	Second Prepared Direct Testimony on behalf of TAPS CARRIERS in the matter of the correct calculation and use of acceptable input data to calculate the 1997, 1998, 1999 and 2000 tariff rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the State of Alaska, Regulatory Commission of Alaska, P-97-4.

May 9, 2000	Submitted second report to the American Arbitration Association regarding oil pipeline tariff regulations rebutting testimony of Marcum Midstream-Farstad, LLC in the arbitration between Marcum Midstream-Farstad, LLC et .al. vs. Amoco Oil Company. Case No. 70 198 00294-99.
May 5, 2000	Filed Affidavit at the Federal Energy Regulatory Commission supporting the Response of ExxonMobil Pipeline Company to the Motion to Intervene of BP Exploration & Oil, Inc. in Opposition to ExxonMobil Pipeline Company's Petition for Declaratory Order and Petition for Discovery regarding initial transportation rates on the Hoover Offshore Oil Pipeline System ("HOOPS") OR00-2-000.
May 2, 2000	Submitted Testimony at the Federal Energy Regulatory Commission on behalf of Equilon Pipeline Company, LLC in support of its cost-of-service filing in IS00-208-000.
Mar. 20, 2000	Submitted report to the American Arbitration Association regarding oil pipeline tariff regulations in support of Amoco Oil, Company's position in the arbitration between Marcum Midstream-Farstad, LLC et al. vs. Amoco Oil Company. Case No. 70 198 00294-99.
Mar. 9, 2000	Filed Affidavit at the Federal Energy Regulatory Commission supporting ExxonMobil Pipeline Company's Petition for Declaratory Order regarding initial transportation rates on the Hoover Offshore Oil Pipeline System ("HOOPS") OR00-2-000.
Feb. 15, 2000	Submitted Testimony at the Federal Energy Regulatory Commission on behalf of Marathon Ashland Pipe Line LLC in support of its application for the authority to charge Market-Based Rates in OR00-1-000.
Jun. 16, 1999	Submitted Testimony at the Federal Energy Regulatory Commission on behalf of Amoco Pipeline Company in support of its cost-of-service filing in IS99-268-000.
Apr. 30, 1999	Supplemental Testimony on behalf of Cortez Pipeline Company in CO ₂ Claims Coalition, et al., vs. Shell Oil Company, et al. in the United States District Court for the State of Colorado CIV NO. 96-Z-2451.
Feb. 19, 1999	Supplemental Testimony on behalf of Explorer Pipeline Company as part of its Motion for Summary Disposition in its Application for Market-Based Rates at the Federal Energy Regulatory Commission, OR99-1-000.
Jan. 29, 1999	Oral testimony and cross-examination in Conoco Pipeline Company, Inc. vs. Transmontaigne Pipeline, Inc. in the United States District Court for the Western District of Missouri, Southwest Division, Case No. 97-5085-CV-SW-1.
Jan. 13, 1999	Deposition in CO ₂ Claims Coalition, et al., vs. Shell Oil Company, et al. in the United States District Court for the State of Colorado CIV NO. 96-Z-2451.
Nov. 23, 1998	Prepared Testimony on behalf of Cortez Pipeline in CO ₂ Claims Coalition, et al., vs. Shell Oil Company, et al. in the United States District Court for the State of Colorado CIV NO. 96-Z-2451.

Oct. 15, 1998	Submitted Testimony on behalf of Explorer Pipeline Company as part of its Application for Market-Based Rates at the Federal Energy Regulatory Commission, OR99-1-000.
Oct. 8, 1998	Prepared Direct Supplemental Testimony on behalf of the TAPS Owners in the Alaska Public Utilities Commission Docket No. P-97-4, the protest of the 1997 and 1998 Tariff Rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System (revised Oct. 15, 1999).
Sep. 25, 1998	Deposition in Conoco Pipeline Company, Inc. vs. Transmontaigne Pipeline, Inc. in the United States District Court for the Western District of Missouri, Southwest Division, Case No. 97-5085-CV-SW-1.
Aug. 14, 1998	Testimony in Conoco Pipeline Company, Inc. vs. Transmontaigne Pipeline, Inc. in the United States District Court for the Western District of Missouri, Southwest Division, Case No. 97-5085-CV-SW-1.
Mar. 2, 1998	Rebuttal Testimony in CF Industries, et al., vs. Koch Pipeline Company, LP. at the Surface Transportation Board, STB Docket No. 41685.
Dec. 17, 1997	Deposition in Doris Feerer, et al., vs. AMOCO Production Company in the United States District Court for the State of New Mexico CIV NO. 95-00012-JC/WWD.
Nov. 10, 1997	Direct Testimony in CF Industries vs. Koch Pipeline Company, LP. at the Surface Transportation Board, STB Docket No. 41685.
May 5, 1997	Doris Feerer, et al., vs. AMOCO Production Company in the United States District Court for the State of New Mexico CIV NO. 95-00012-JC/WWD.
Dec. 1995	Cross-examination in Phase II of Williams Pipe Line Company, IS90-21-000 et al., before the Federal Energy Regulatory Commission.
Oct. 26, 1995	Rebuttal Testimony in Phase II of Williams Pipe Line Company, IS90-21-000 et al., before the Federal Energy Regulatory Commission.
Jul. 21, 1995	Supplemental Direct Testimony in Phase II of Williams Pipe Line Company, IS90-21-000 et al., before the Federal Energy Regulatory Commission.
Jul. 1995	Deposition in Phase II of Williams Pipe Line Company, IS90-21-000 et al., before the Federal Energy Regulatory Commission.
Jan. 23, 1995	Direct Testimony in Phase II of Williams Pipe Line Company, Docket No. IS90-21-000 et al., before the Federal Energy Regulatory Commission.
Jul. 30, 1993	Verified Statement in Kerr-McGee Refining Corporation and Texaco Refining and Marketing, Inc. vs. Williams Pipe Line Company, Docket No. OR91-01-000, before the Federal Energy Regulatory Commission.

Presentations

- ◆ **Changes in North American Logistics and Regulatory Environment (September 2007).** Association of Oil Pipelines, Annual Business Conference, Los Angeles, California.
- ◆ **FERC Jurisdictional or Not? (September 2007).** Association of Oil Pipelines, Annual Business Conference, Los Angeles, California.
- ◆ **Grandfathered Rates, Changed Circumstances (September 2007).** Association of Oil Pipelines, Annual Business Conference, Los Angeles, California.
- ◆ **FERC Jurisdictional and Non-Jurisdictional Services (May 2006).** Association of Oil Pipelines, Annual Business Conference, Minneapolis, Minnesota.
- ◆ **FERC Jurisdictional and Non-Jurisdictional Services (May 2005).** Association of Oil Pipelines, Annual Business Conference, New Orleans, Louisiana.
- ◆ **FERC Form 6 (May 2004).** Association of Oil Pipelines, Annual Business Conference, St. Petersburg, Florida.
- ◆ **FERC Jurisdictional and Non-Jurisdictional Services (May 2004).** Association of Oil Pipelines, Annual Business Conference, St. Petersburg, Florida.
- ◆ **FERC Jurisdictional and Non-Jurisdictional Services (May 2003).** Association of Oil Pipelines, Annual Business Conference, Baltimore, Maryland.
- ◆ **FERC Form 6 – Page 700 (May 2002).** Association of Oil Pipelines, Accounting and Regulatory Workshop, St. Petersburg, Florida.
- ◆ **FERC Jurisdictional and Non-Jurisdictional Services (May 2002).** Association of Oil Pipelines, Accounting and Regulatory Workshop, St. Petersburg, Florida.
- ◆ **Market-based Rates for Oil Pipelines (May 2001).** Association of Oil Pipelines, Accounting and Finance Workshop, New Orleans, Louisiana.
- ◆ **Market-based Rates for Oil Pipelines (May 2000).** Association of Oil Pipelines, Accounting and Finance Workshop, San Antonio, Texas.
- ◆ **Market-based Rates (May 1999).** Association of Oil Pipelines, Accounting and Finance Workshop, San Antonio, Texas.
- ◆ **FERC Form 6 (May 1998).** Association of Oil Pipelines, Accounting and Finance Workshop, Atlanta, Georgia.

- ♦ **FERC's Indexation of Oil Pipeline Rates (April 1998).** American Petroleum Institute, Pipeline Conference, Houston, Texas.
- ♦ **Applying for Market-based Rates (May 1997).** Association of Oil Pipelines, Accounting and Finance Workshop, Atlanta, Georgia.
- ♦ **Oil Pipeline Rate Regulation (March 1997).** Executive Enterprises, Oil Pipeline Regulation, Houston, Texas.
- ♦ **Pipeline Economics (1992-1996).** American Petroleum Institute, School of Pipeline Technology, Harris College, Houston, Texas.
- ♦ **Overview of Current Oil Pipeline Regulations (May 1996).** Association Of Oil Pipelines, Accounting and Finance Workshop, St. Louis, Missouri.
- ♦ **Oil Pipeline Rate Regulation (October 1995).** Executive Enterprises, Alternative Ratemaking and Gas Price Methodologies, Houston, Texas.
- ♦ **Challenges Facing Oil Pipelines (June 1995).** Executive Enterprises, Oil Pipeline Ratemaking Strategies for the 90s, Houston, Texas.
- ♦ **Recent FERC Rulemakings (May 1995).** Association of Oil Pipelines, Accounting and Finance Workshop, St. Louis, Missouri.
- ♦ **Quantifying Competition in the Quest for Market-Based Rates (May 1994).** Association of Oil Pipelines, Accounting and Finance Workshop, Dallas, Texas.
- ♦ **The Future of Oil Pipeline Ratemaking (May 1993).** Association of Oil Pipelines, Accounting and Finance Workshop, San Antonio, Texas.

Prior Experience

<i>Klick, Kent & Allen, Inc.</i> (1997 – 1998)	Senior Consultant Led client engagements regarding oil pipeline regulatory matters; provided financial and economic consulting services to clients regarding strategic planning, market analysis, ratemaking and litigation support.
<i>Williams Pipe Line Company</i> (1993 – 1997)	Manager, Tariffs and Regulatory Affairs Directed company's Phase II defense in rate case before the FERC (IS-90-21-000 et al.).
<i>Williams Pipe Line Company</i> (1990-1993)	Manager, Strategic Planning and Tariffs Supervised the preparation of monthly, annual and long-range forecasts of volumes, revenues and related variance comments.
<i>Williams Pipe Line Company</i> (1987-1990)	Supervisor, Health and Safety Responsible for establishing system-wide health and safety programs for approximately 700 employees in 10 states.
<i>Williams Pipe Line Company</i> (1986-1987)	Operations Supervisor Responsible for supervising all aspects of pipeline terminal and pump station operations for terminal complex handling refined petroleum, fertilizer, asphalt and LPG.
<i>Williams Pipe Line Company</i> (1984-1986)	Various Positions in Field Operations Responsible for various aspects of pipeline operation and administration at the terminal, station and regional field office level.

Education

<i>Northwestern University</i>	Pipeline Economics and Management Program
<i>University of Kansas</i>	BS Business Administration

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ExxonMobil Oil Corporation,
Complainant

v.

Calnev Pipe Line LLC,
Kinder Morgan GP Inc.
Kinder Morgan Inc.

Respondents

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Docket No. OR07-5-000

AFFIDAVIT OF ROBERT G. VAN HOECKE

I. Introduction

1. My name is Robert G. Van Hoecke. I am a Principal with Regulatory Economics Group, LLC, a firm specializing in economic, financial, and regulatory consulting for the pipeline industry. My business address is 2325 Dulles Corner Boulevard, Suite 470, Herndon, Virginia 20171. I have over 20 years of experience working either directly for or as a consultant to major companies in the oil pipeline industry. I have presented testimony regarding the regulation of oil pipelines on numerous occasions before the Federal Energy Regulatory Commission ("FERC" or "Commission"), the Surface Transportation Board, various state regulatory agencies, and federal and state courts. A detailed statement of my qualifications is attached hereto as Exhibit No. RGV-1.
2. I am providing this affidavit on behalf of Calnev Pipe Line LLC ("Calnev"). The purpose of this affidavit is to respond to the affidavit of Mr. Patrick Crowley attached as Exhibit B to the Amended Complaint of ExxonMobil Oil Corporation,

in Docket No. OR07-5-000. Specifically, I will address conceptual errors that Mr. Crowley has made in attempting to apply the Commission's test for "substantially changed circumstances" under Section 1803 of the Energy Policy Act of 1992 ("EPAAct") to Calnev's grandfathered rates. Next, I will show how even using Mr. Crowley's numbers, applying the proper test for substantially changed circumstances leads to the conclusion that Calnev has not experienced a substantial change in the economic circumstances underlying its interstate rates. Finally, I will identify several errors in Mr. Crowley's numbers and demonstrate how, after correcting these errors, Calnev has not experienced a substantial change in the economic circumstances that were the basis of its grandfathered rates.

II. The Standards for Evaluating Substantially Changed Circumstances

3. Beginning at page 2, line 18 and continuing on to page 3, Mr. Crowley purports to describe the Commission's "substantially changed circumstances" test. He then describes the nature of "grandfathered" rates, noting that pursuant to Section 1803(a) of EPAAct Congress deemed most existing oil pipeline rates "just and reasonable" under the Interstate Commerce Act ("ICA"). Mr. Crowley correctly states that in order to challenge a grandfathered rate a complaint must demonstrate that a substantial change has occurred in the economic circumstances that were the basis for the grandfathered rate and that this change occurred after the passage of EPAAct, October 24, 1992. In the specific case of Calnev, this means that the \$0.83 rate that became effective on September 2, 1991 is the grandfathered rate protected under EPAAct. If ExxonMobil wishes to reduce

Calnev's rate below its grandfathered level, it is insufficient for ExxonMobil to merely contend that costs exceed revenues. ExxonMobil must demonstrate that a substantial change in the economic circumstances that were the basis of the grandfathered rate has occurred. Mr. Crowley claims that the evidence set forth on Page 3 of his affidavit meets the Commission's standard. However, an analysis of his calculations clearly demonstrates that he is misapplying the Commission's standard.

4. Before discussing Mr. Crowley's errors, it is useful to describe the tests established by the Commission to evaluate whether a substantial change has occurred. As the Commission described in the March 26, 2004 Opinion in the SFPP, L.P. ("SFPP") OR96-2 proceeding, the reference points for evaluating grandfathered rates are: the point at which the grandfathered rate was initially set – denoted as Point A; the point at which it became grandfathered pursuant to the enactment of EAct (October 1992) – denoted as Point B; and the period prior to the filing of the complaint – denoted as Point C.¹ As noted above, EAct requires the complainant to show that a substantial change has occurred and that this change has occurred after the passage of the EAct in October 1992. Using these reference points, the Commission has set forth an arithmetic formula for assessing change as $(C-B)/A$.² In addition, the Commission has observed that in order for a change to be considered substantial, the direction of the change must benefit the pipeline. In other words, if costs decreased by a substantial amount, and

¹ *ARCO Prods. Co. v. SFPP, L.P.*, 106 FERC ¶ 61,300, at P 19 (2004) ("March 2004 Order").

² Depending on the circumstances, the Commission may at times also apply $(C-A)/A$. In his affidavit, Mr. Crowley also presents the results for $(C-B)/B$ —a comparison the Commission rejected in its March 2004 Order. The analysis discussed below provides all three calculations.

everything else remained constant, the pipeline would be better off and this would represent a substantial change. By contrast, if costs increased (even by a substantial amount), and other elements remained constant, the pipeline would be worse off and this would not be a basis for a finding of substantial change under EPC Act Section 1803. In addition, the combined impact of changes in volume and cost must also be considered. If volumes increase substantially but costs also increase by a similar amount, a substantial change has not occurred.

5. Mr. Crowley commits his first error by comparing the change in cost-of-service to the change in *revenue*. Specifically, he subtracts the increase in cost from the increase in revenue to find a substantial change of approximately 51% (See Chart A of Crowley Affidavit). He claims this test is consistent with the Commission's March 26, 2004 decision in SFPP. However, even a cursory review of this decision reveals that the Commission did not combine changes in cost with changes in revenue. Instead the Commission compared changes in cost with changes in *volume*.³ For example in evaluating whether changed circumstances had occurred at Phoenix the Commission states

It appears that the volumes to Phoenix did not grow as fast as SFPP had anticipated in its 1989 cost-of-service filing and in fact had declined by 1992 compared to 1989, and had increased by 1996 by only .68 percent over 1989 volumes. However, the increase in volumes between 1989 and 1997 was 7.56 percent compared to the 1989 base while cost-reductions between 1992 and 1997 were 19.09 percent compared to the 1989 base. The combined impact of the volume increase and cost decrease between 1992 and 1997, compared to 1989, is similar to that of the Yuma line in 1995. Thus, given the volume increase of 7.56 percent in 1997, when combined with the 19.09 percent decrease in

³ March 2004 Order at P 58.

costs by 1997, the Commission finds substantially changed circumstances as of 1997.⁴

This passage and other similar passages in the Commission's decision clearly state that the relevant comparison is between volumes and cost. The Commission clearly had access to revenue information in the SFPP proceeding but opted to use volumes as a proxy for economic growth. As I explain in greater detail below (see PP 14-17), the Commission astutely determined that a comparison of volume and cost provided the best means to isolate any substantial change associated with the grandfathered rate component.

6. Moreover, comparing volume and cost, as the Commission did in the March 2004 Order, represents an appropriate basis for measuring substantially changed circumstances. The specific facts of Calnev provide an example of why volume and cost provide the appropriate point of comparison. Specifically, two elements comprise revenue: the rate that the pipeline charges and the volume that moves on the pipeline. An change in either volume or rate will cause the revenue to change. At first glance, it may seem appropriate to consider the relationship between costs and revenue when assessing the pipelines economic circumstances. After all, the pipeline's profitability is based on revenues and cost not on volume and cost. However, as noted above, the grandfathered rate represents a floor below which the Commission may not prescribe a rate absent a showing of substantially changed circumstances. On the other hand, a different threshold exists to challenge the portion of a rate that is above the grandfathered level. To the extent that revenue has increased because the rate has increased, but volume and cost

⁴ *Id.* (footnote omitted).

have remained constant, a complainant may be able to challenge the non-grandfathered components of the new rate, regardless of whether substantially changed circumstances have occurred. To better illustrate this point, the following table presents an example of a hypothetical pipeline with costs of \$1000 in all three periods, volumes of 1000 barrels in all three periods and a rate of \$1.50 in the A and B periods and a rate of \$2.00 in the C period.

Table 1 Hypothetical Pipeline			
Item	Period A	Period B	Period C
COS	\$1000	\$1000	\$1000
Volume	1000	1000	1000
Rate	\$1.50	\$1.50	\$2.00
Revenue	\$1500	\$1500	\$2000
Change in Revenue	N/A	0%	33%

As Table 1 demonstrates, neither costs nor volumes have increased. However, revenues have increased by 33-percent. Therefore subtracting the 0 percent decrease in costs from the 33-percent increase in revenues, as Mr. Crowley suggests is appropriate, would imply a 33-percent change in the economic circumstances of the pipeline. However, this change has occurred entirely as the result of the increase in the rate from the grandfathered level of \$1.50 to \$2.00. However, a complainant would not need to demonstrate changed circumstances to reduce the rate from \$2.00. If the Commission reduced the rate back to \$1.50, revenues would fall back to the same \$1500 level that existed in periods A and B and the change in revenue would be zero. In essence, Mr. Crowley's approach

entangles the change in revenue resulting from the rate change – such as indexing, which ExxonMobil can and does challenge apart from the grandfathered rate, with the change resulting from the change in volume. To disentangle these two elements, the Commission should continue its practice of analyzing the change in volume and the change in cost. As I discuss in Section III of my affidavit, performing this analysis, even accepting all of Mr. Crowley's numbers, demonstrates that a substantial change has not occurred on Calnev.⁵

7. On Page 3 line 14 through Page 4 line 3, Mr. Crowley suggests an additional test of "change in excess profit." He defines "excess profit" as the amount by which revenue exceeds cost-of-service. Presumably, using the example in Table 1, he would find excess profit of \$500 in Periods A and B and excess profit of \$1000 in Period C, an increase of \$500. Given these facts, Mr. Crowley would most likely argue that excess profit increased by 100%. While Mr. Crowley advocates considering this test for substantial change he does not actually perform the calculation. The reason that he does not perform this test may be that he assumes that revenue and costs were equal in 1991 and 1992. (See, Chart A of Crowley Affidavit). Consequently, his assumption of zero excess profit in the A and B periods would result in an undefined amount of change. In other words, he would be trying to divide his alleged "excess profit" at point C by zero. Even if calculating the change in excess profit did not generate mathematically nonsensical results, estimating the change in excess profit is not the Commission's standard. The use of an "excess profit" standard largely ignores

⁵ Below I will also address how Mr. Crowley's figures contain mathematical errors and do not accurately represent Calnev's operation at point B, October 1992, thereby making them unreliable. Correcting these errors eliminates any purported substantial change.

any potential change in carrier investment that may have occurred during the relevant periods.⁶

8. Comparing the change in “excess profit” as Mr. Crowley defines this term presents additional problems. When the items being compared are themselves differences between two other sets of numbers (such as revenues less costs), comparing the change in these figures will often result in what appears to be a high percentage of change. As the denominator base in the equation is reduced the amount of purported “change” increases. For example, imagine that a pipeline had costs of \$1000 and revenues of \$1001 in periods A and B. Assume in period C revenues increase by \$1 to \$1002. In this example, Mr. Crowley apparently would first determine that in Periods A and B excess profit was \$1 ($1001 - 1000$). He would then determine that in Period C it had increased to \$2. Comparing excess profits would generate unreasonably higher percentages. He would calculate a change of 100% ($(\$2 - \$1) / \$1$). While such a calculation is not arithmetically in error, any commonsense observer would realize that a single dollar of increased profit does not represent a significant change given that it costs approximately \$1000 to operate the pipeline. Moreover, the tests the Commission applied in SFPP--the change in volumes and costs--would likely indicate that no change has occurred. Given that costs had remained constant but revenues had increased slightly then the change in volumes necessary to generate a \$1 increase in revenue would likely be miniscule. By focusing on a measure with a small

⁶ See P 24 below. To the extent the Commission believes that a change in achieved return is relevant in determining if substantial change has occurred, the cost-of-service attached hereto as Exhibit No. RGV-4 demonstrates that Calnev’s achieved return actually declined between 1991/1992 and the 2005/ 2006 complaint periods due to a substantial increase in Calnev’s rate base. (See Exhibit No. RGV-4, Workpaper 10.)

base, rather than a broad measure, such as costs or volumes, Mr. Crowley is suggesting a test that could generate absurdly high percentages.⁷ Indeed, because of the assumptions that he makes regarding costs and revenues in the basis periods, he cannot even apply his own tests. The Commission stated in *SFPP* that a broad measure such as costs or volumes was appropriate in assessing changed circumstances.⁸ The United States Court of Appeals for the District of Columbia Circuit upheld this finding.⁹ Mr. Crowley's new test of "excess profits," which he does not even apply, violates the prior Commission's finding. Moreover, he presents no evidence to suggest that Calnev has failed his alleged test.

9. Mr. Crowley claims that, because he could not find (or his counsel did not provide to him) the 1991 Calnev Form 6, he had to estimate 1991 volumes and revenues. In doing so he makes an unsupported assertion that 1992 volumes are higher than 1991 volumes. To make up for the "missing" data, he attempts to estimate 1991 volumes by averaging the 1990 and 1992 volumes. However, as Exhibit No. RGV-2 shows, 1992 volumes were actually lower than 1991 volumes.¹⁰ Therefore averaging these figures produces an inaccurate result. Mr. Crowley then attempts to estimate 1991 revenue by using his alleged 1991 volumes to "step-down" (*i.e.*, reduce) the 1992 revenues. Even if this averaging and "step-down" process represented a valid approach to estimate 1991 revenues, which it does not,

⁷ Consider a small change in the cost of debt from 5% to 6%. If the Commission focused solely on this small measure of change it might conclude that a substantial change of 20% had occur (*i.e.*, $(6-5)/5$), where in reality the 1% change in debt cost would most likely not result in a substantial change in the carrier's cost-of-service.

⁸ March 2004 Order at P 37.

⁹ *ExxonMobil Oil Corp. v. FERC*, 487 F.3d 945 (D.C. Cir. 2007).

¹⁰ Exhibit No. RGV-2 contains excerpts of relevant Calnev Form 6 pages which were used to construct a cost-of-service based solely on public information. REG was able to obtain this information from public files and microfiche records. The volume figures for both years are shown on pp. 51 and 58.

his calculations appear to be arithmetically in error. For example, as shown on Page 601 of the 1990 Form 6, volume was 30,279,534. Volume in 1992 was 28,452,020. Averaging these two numbers generates a result of 29,365,777, a number Mr. Crowley shows nowhere in his tables.¹¹ Moreover, the change from this number to the 1992 volume is 3.11%, not the 0.1815% that Mr. Crowley presents on Page 4 of his affidavit. Because he has not provided the source or the basis of his calculation it is impossible to tell where he erred in his calculation. However, a brief review of the numbers upon which he purports to rely reveals that the numbers he is using to support his claim of substantially changed circumstances contain basic arithmetic errors.

10. Finally, Mr. Crowley incorrectly assumes that the cost-of-service in 1992 equaled the revenues in 1992. On Page 4 of his affidavit he states that “Given the EPAct 1992 determination that all oil pipeline rates as of 1992 were just and reasonable, one must assume that the tariff generated revenues were more or less equal to the total cost-of-service.” Mr. Crowley’s assumption has no basis and is counter-intuitive. First, he provides no evidence that Congress only intended to grandfather rates that were earning revenues equal to their cost-of-service. Indeed, absent specific evidence, such an assumption makes no sense. In essence, Mr. Crowley is assuming that Congress only intended to afford EPAct protection to rates that could be defended on a cost-of-service basis. Put another way, if a rate was generating revenue on October 24, 1992 in excess of its cost-of-service, Mr. Crowley would assume that a change in the economic circumstances had occurred on October 25, 1992. Rates that could be defended on a cost basis did

¹¹ Actual volumes for 1991 were 28,962,701 barrels. See Exhibit No. RGV-2, page 51.

not require the protection afforded to them by EPAct. Mr. Crowley's assumption that Congress only intended to protect rates that did not need protection suggests that the statute had no purpose. The Commission appears to disagree with Mr. Crowley when it recognized in the March 26, 2004 Order that SFPP's grandfathered North Line rate was recovering revenues substantially in excess of costs in 1992.

Ex. S-51 demonstrates that there were three years (1995, 1996, and 1999) in which SFPP had large over-recoveries of its North Line rates, as much as 23 or 24 percent in 1995 and 1996. Ex. UIT-42 at 41 likewise asserts that a restated rate for 1996 and 1999 would be approximately 17 percent below the rate developed in the 1989 cost-of-service study, and that most of this change occurred after 1992. *However, the tables in Appendix C establish the contrary, suggesting that any significant gains in profits and return occurred before 1992* because cost-of-service factors increased in an amount sufficient to mitigate the effect of any gains in volumes. A 23 percent over-recovery is quite large, but the issue is not the level of the return but whether it has substantially changed since the enactment of the EPAct.¹²

Ultimately, the Commission determined that the Complainants had not demonstrated that substantially changed circumstances had occurred as to the North Line rate.

11. Mr. Crowley provides no evidence to support this nonsensical assumption. It appears that he justifies this assumption based on the lack of Page 700 information in the Form 6 in the 1991 and 1992 time periods. He also appears to be suggesting that his assumption that revenues equal cost-of-service is appropriate because he could not develop actual cost information. However, as I demonstrate in Section IV below, Mr. Crowley ignores publicly available data

¹² March 2004 Order at P 62 (emphasis added).

sources that would have allowed him to calculate Calnev's cost-of-service in 1991 and 1992.

III. Properly Calculating Substantial Change

12. Even if Mr. Crowley's numbers were valid, performing the correct comparisons demonstrates that a substantial change has not occurred. Specifically, the grandfathered rates were set in 1991. Therefore the 1991 costs and volumes represent point A, the 1992 costs and volumes represent point B and the 2005 and 2006 costs and volumes represent point C. Table 2 reflects these numbers taken directly from Mr. Crowley's Charts B and D.

Table 2				
Changed Circumstances Using Crowley Numbers				
Item	1991 (A)	1992 (B)	2005 (C)	2006 (C)
COS (\$000)	\$ 21,674	\$ 21,713	\$ 38,272	\$ 40,494
Volume (000 bbls)	28,400	28,452	47,704	42,800
Change in COS (C-B)/A	N/A		76.40%	86.65%
Change in Volume (C-B)/A			67.79%	50.52%
Combined Change Vol-COS			-8.61%	-36.13%
Change in COS (C-A)/A			76.58%	86.83%
Change in Volume (C-A)/A			67.97%	50.70%
Combined Change Vol-COS			-8.61%	-36.13%
Change in COS (C-B)/B			76.26%	86.50%
Change in Volume (C-B)/B			67.66%	50.43%
Combined Change Vol-COS			-8.60%	-36.07%

13. Table 2 shows that the change in Calnev's costs was greater than the increase in its volumes under all three comparison approaches—i.e. (C-A)/A, (C-B)/B and (C-B)/A. Thus the overall change in the pipeline's economic condition was negative.

14. This is similar to SFPP's North Line circumstances addressed by the Commission in the March 2004 Order. There the North Line volumes increased from the basis period and from 1992 but costs increased by an amount sufficient to mitigate the increase in volumes. The Commission found that for this reason the Complainants had not shown substantially changed circumstances as to the North Line rate.
15. Calnev's circumstances also provide a concrete demonstration of the flaw in Mr. Crowley's reliance on revenue change in his comparison. As Table 2 shows, costs have increased by an amount greater than volumes. Yet Mr. Crowley relies on the fact that revenues have increased by an amount greater than costs and therefore asserts that a substantial change has occurred. However, Calnev's currently filed rate is \$1.0773, well above the \$0.83 level that is grandfathered. Moreover, it is my understanding that the Commission has already accepted the portion of ExxonMobil's complaint challenging Calnev's currently effective rate – the portions above the grandfathered rate level. To the extent the Complainants meet their burden and show that some lower rate is appropriate, they will have eliminated that portion of the revenue increase associated with the portions of the rate above the grandfathered level. Mr. Crowley ignores this possibility and instead uses the entire amount of the revenue increase to support a showing of changed circumstances. Just as it was inappropriate to base a finding of substantial change on revenues in the hypothetical example outlined in the previous section, it would be inappropriate for the Commission to base a finding of substantial change on Calnev's revenues in this case.

16. As the Commission explained in a prior Calnev complaint proceeding, the existing Calnev rate is comprised of three separate and distinct components; the grandfathered rate (\$0.83/barrel), the “underlying existing rate” (i.e., the rate component tied to post-grandfathering rate increases that went into effect prior to 1995 – the effective date of the indexing methodology – and raised the rate to \$0.9025/barrel), and the component tied to indexing adjustments.¹³ In this prior proceeding ARCO was allowed to challenge only the “underlying existing rate” and not the grandfathered or the subsequent indexed rate components. In doing so, ARCO claimed (and the Commission agreed) it was only required to meet its burden associated with the challenged “underlying existing rate” component and, importantly, it was not required to meet any burden associated with the components that it did not challenge (i.e., the grandfathered rate or indexing components).
17. As its treatment of the prior Calnev complaint reflects, the Commission recognizes the separate threshold tests that apply to challenges to each of these distinct components:

Grandfathered Rate: “may be challenged only if the complainant ‘presents evidence which establishes that there has been a substantial change after the enactment of [the Act] in the economic circumstances of the pipeline that are the basis for the rate’ or a substantial change ‘in the nature of the services which were the basis for the rate.’”¹⁴

Index Rate: a challenge must meet the standard under 18 C.F.R. Section 343.2(c)(1) which “must rest on a comparison of the changes in rates that are the product of indexing from year to year compared to the changes in costs during those same years.”¹⁵

¹³ *ARCO v. Calnev Pipe Line, LLC.*, 97 FERC ¶ 61,057, at 61,311 (2001) (“2001 Calnev Complaint”).

¹⁴ *SFPP, L.P.*, 86 FERC ¶ 61,022, at 61,061 (1999) (“Opinion No. 435”).

¹⁵ 2001 Calnev Complaint at 61,311.

Underlying Existing Rate: “[t]he applicable burden of proof under the ICA thus requires a complainant to show that an [underlying] existing rate is unjust and unreasonable.”¹⁶

18. In light of the differing standards applicable to the different rate components, it would be wholly inappropriate to apply evidence relevant to challenging one component as evidence against a different component. Sound public policy and prior Commission precedent should dictate that the complainant must challenge the changes under each of the three components separately. Just as a pipeline’s post-EPA increase in its rates does not, as the Commission recognizes, remove grandfathering protection from the pre-existing grandfathered rate, it would be inconsistent to permit the revenue impact of such a post-EPA rate increase to factor into its evaluation of the grandfathered rate under the “substantial change” standard. Indeed, as Table 1 above demonstrates, this separation evaluation of the distinct rate components under their separate standards, as well as being consistent with Commission precedent and sound policy, conforms to logic and practicality.
19. It is my understanding that the Commission has already accepted the portion of ExxonMobil’s complaint challenging Calnev’s currently effective rate – the portions above the grandfathered rate level. Here, through its use of a “revenue less cost” or “excess profit” yardstick, ExxonMobil attempts to commingle evidence relevant to a challenge to the index or “underlying rate” components (*e.g.*, revenues and costs) to impeach the grandfathered portion of Calnev’s rate.¹⁷
- Any examination of the grandfathered portion of Calnev’s rate should exclude

¹⁶ *Id.*

¹⁷ This problem is further aggravated by Mr. Crowley’s unsupported assumption that Calnev’s 1992 revenues, generated by its grandfathered rate, were equal to its cost-of-service.

changes relevant to the other rate components since the Commission can and will address the merits of those complaints separately, using the threshold standards described above. The Commission has wisely determined that to avoid an inappropriate commingling of the impact of the changes potentially related to the other rate components with its grandfathering evaluation is to examine grandfathered rates using the change in *volumes* and *costs* to measure substantially changed circumstances. Below I demonstrate that when this standard is correctly applied using publicly available information there is no substantial change in the economic circumstances of the grandfathered rate component.

IV. Correcting Crowley's Errors

20. As noted above Mr. Crowley makes several basic errors in his calculations. For example, he assumes that 1991 and 1992 costs equaled 1991 and 1992 revenues. He suggests that one reason he made this assumption is that the Form 6 did not contain a Page 700 in this period. However, Mr. Crowley could have calculated a cost-of-service for each of these time periods using publicly available data. To show that Mr. Crowley could have performed this calculation, I have prepared a cost-of-service based on publicly available information.¹⁸ Indeed, I find it surprising that, after the Commission provided ExxonMobil with an opportunity to amend its complaint, Mr. Crowley did not make an effort to calculate a cost-of-service for the 1991 or 1992 time period, but instead made the baseless

¹⁸ This cost-of-service is not intended to present the type of cost-of-service that Calnev would present in a fully litigated proceeding. Mr. Crowley could have performed a calculation of this type with minimal effort, but chose not to do so.

assumption that Calnev's cost-of-service equaled its revenue in these periods. , Had Mr. Crowley performed a cost-of-service calculation for 1991 and 1992 he would not be able to demonstrate that substantially changed circumstances have occurred.

21. To calculate Calnev's 1991 cost-of-service based on publicly available data, I first began with the property and operating expense data contained in Calnev's Form 6. I have attached the relevant pages from Calnev's Form 6 reports to my affidavit as Exhibit No. RGV-2. I began by constructing Calnev's rate base. To calculate the 1983 starting rate base I used the Valuation Report from PV-1404-000, which I obtained from the files maintained by the Commission, attached herein as Exhibit No. RGV-3.¹⁹ Next, I determined the original cost of Calnev's additions and retirements by reviewing Carrier Property balances reflected in their Form 6 filings. I also used the information in the Form 6 filings to identify and eliminate any write-up associated with the 1988 and 2001 acquisitions of Calnev. Because of these two purchase transactions, I calculated the depreciation expense for my analysis using original cost data and the depreciation rates shown on page 216 of the Form 6. Finally, I obtained data for inflation rates, equity ratio, cost-of-debt, and rate of return on equity from the Prepared Direct Testimony of Erik G. Wetmore, who filed testimony on behalf of Calnev Pipe Line LLC in June of this year (Docket No. IS06-296-002).²⁰ I obtained the 2004 and 2005 federal and state tax rates from George R. Ganz's testimony filed under the same docket

¹⁹ These reports are maintained and are available from the Division of Tariffs and Market Development, Central, Group 4.

²⁰ Mr. Crowley could have used this public source of information, or he could have made his own estimates based on other publicly available data.

number.²¹ I have attached my cost-of-service calculations and the related workpapers as Exhibit No. RGV-4.²²

22. Table 3 below shows the cost and volume figures that Mr. Crowley would have computed had he performed the calculations using publicly available data, as I have just described above.

Table 3				
Changed Circumstances Using Form 6 Numbers				
Item	1991 (A)	1992 (B)	2005 (C)	2006 (C)
COS (\$000)	\$ 19,555	\$ 20,300	\$ 40,387	\$ 46,056
Volume (000 bbls)	28,962	28,452	47,644	49,804
Change in COS (C-B)/A	N/A		102.72%	131.71%
Change in Volume (C-B)/A			66.27%	73.72%
Combined Change Vol-COS			-36.45%	-57.99%
Change in COS (C-A)/A			106.53%	135.52%
Change in Volume (C-A)/A			64.51%	71.96%
Combined Change Vol-COS			-42.02%	-63.55%
Change in COS (C-B)/B			98.95%	126.88%
Change in Volume (C-B)/B			67.45%	75.04%
Combined Change Vol-COS			-31.49%	-51.83%

23. Table 3 shows that, relative to 1991, Calnev's cost of providing service in 2005 has increased by 106.53%, while its volumes have only increased by 64.51% ((C-A)/A).²³ A net combined change of -42.02% against the carrier (*i.e.*, Calnev's economic circumstances have worsened, not improved). In 2006 the -63.55% net combined change demonstrates an even greater decrease in Calnev's economic circumstances. Moreover, the increase in costs in Table 3 is even greater than the increase in costs shown in Table 2. In other words, Mr. Crowley's assumption that 1991 and 1992 costs equaled revenues is demonstrably incorrect. Developing

²¹ The federal tax rates for the period 1983 to 2003 equal the maximum tax rates reflected under IRS Code, adjusted using ownership and state apportionment ratios as reflected the testimony of Mr. Ganz for 2004.

²² These cost-of-service calculations were performed on a total company basis.

²³ As the Commission explained in its March 2004 Order, if volumes at Point B are less than those at Point A, or if costs at Point B are greater than those at Point A, then substantial change should be evaluated using the (C-A)/A formula. March 2004 Order at PP 22-26.

a cost-of-service using publicly available data suggests that Calnev's costs have increased by an amount even greater than Mr. Crowley assumed, and that these cost increases further widen the difference between cost increases and volume increases.²⁴

24. As indicated above, the Commission previously articulated that any substantial change in economic circumstances will be evaluated based on the change in volumes and costs, however in order to rebut any future assertion by ExxonMobil that Mr. Crowley's "excess profit" standard, which he failed to apply, would demonstrate a substantial change in economic circumstances, if applied, I have also prepared an achieved return analysis using the cost-of-service information contained in Exhibit No. RGV-4. As the results on Exhibit RGV-4, Workpaper 10 demonstrate, Calnev's overall achieved return was 11.39% and 11.38% in 1991 and 1992 respectively. By 2005 and 2006 Calnev's overall achieved return has declined to 7.94% and 7.97%, respectively.²⁵ A significant cause for the decline in achieved return was a substantial increase in Calnev's average trended original cost rate base from \$41.8 million and \$43.1 million in 1991 and 1992, respectively, to \$102.7 million and \$100.3 million in 2005 and 2006, respectively.²⁶

²⁴ Even if one assumes that the costs contain some amount of inflation, for which Calnev's rates have been increased, the cumulative Commission index from January 1995 through June 2007 has been approximately 19.35%. Given that Calnev has experienced an approximate 42% to 64% reduction in economic circumstances, it does not appear that adjusting the analysis to account for inflation would alter my conclusion that Calnev has not experienced a substantial change in the economic circumstances that were the basis for its grandfathered rate.

²⁵ Calnev's achieved return on equity was 11.73%, 11.73%, 8.99% and 8.99% for 1991, 1992, 2005 and 2006, respectively.

²⁶ Exhibit No. RGV-4, Statement E1, Line 17.

V. Conclusions

25. From my analysis I draw several conclusions. First, Mr. Crowley and ExxonMobil continue to apply the wrong standard in attempting to show that a substantial change has occurred in the economic circumstances that were the basis of Calnev's grandfathered rate. More importantly, applying the proper standard of comparing changes in cost and volume, even using Mr. Crowley's figures, shows that a substantial change has not occurred. For the reasons outlined in my affidavit, the Commission should continue to apply this standard. Moreover, Mr. Crowley's cost numbers in the 1991 and 1992 were based on the inappropriate assumption that costs and revenues would be equal.²⁷ If he had relied on the publicly available data he could have provided the Commission with more accurate numbers. Using these more accurate numbers in the cost and volume comparison, as I did in my tables, shows that a substantial change has not occurred. Finally, Calnev's achieved return has actually declined between the 1991/1992 period to the 2005/2006 complaint periods. For these reasons, I recommend that the Commission find, as it did on SFPP's North Line, that the Complainants have failed to show a substantial change.

²⁷ Moreover, as discussed above, Mr. Crowley's calculations contain basic arithmetic errors which make them unreliable.



ROBERT G. VAN HOECKE

Principal

Mr. Van Hoecke has over twenty years experience in the oil pipeline business. For over twelve years, Bob held various positions with William Pipe Line Company ("WPL"), including Manager of Regulatory Affairs. Since leaving WPL, Bob has provided consulting services to industry, primarily relating to cost of service, market studies and business planning. Bob has provided expert testimony in numerous matters relating to pipeline tariffs, cost of service and business practices.

Relevant Experience

Rates and Regulation

- ◆ For WPL, directed company's Phase II defense in rate case before the FERC (IS-90-21-000 et al.). Responsible for developing the course of defense and selecting appropriate expert witnesses to testify on the company's behalf. Supervised development of various stages of discovery, direct testimony, rebuttal testimony and case preparation. Served as chief company witness and performed short-run marginal cost analysis of integrated pipeline network containing more than 40,000 distinct routes.
- ◆ Presented testimony in a FERC complaint proceeding to determine whether certain bookkeeping services provided by a common carrier pipeline were jurisdictional.
- ◆ Expert testimony regarding the proper method for determining just and reasonable transportation charges for unregulated carbon dioxide pipelines in two separate class action disputes initiated by royalty interest owners in the Federal District Court of New Mexico and Colorado.
- ◆ Expert testimony regarding the proper method for determining just and reasonable cost-based transportation charges for regulated oil pipelines at the FERC.
- ◆ Expert testimony regarding rate reasonableness and revenue adequacy on behalf of an anhydrous ammonia pipeline at the Surface Transportation Board (STB).
- ◆ Expert testimony regarding just and reasonable rates for the Trans Alaska Pipeline Settlement ("TAPS") under various alternative cost of service methodologies at the Regulatory Commission of Alaska and the FERC.
- ◆ Expert testimony regarding the application of standards set forth in the 1992 Energy Policy Act ("EPAAct") for determining whether substantially changed economic circumstances have occurred for rates previously deemed to be just and reasonable under the EPAAct.
- ◆ Prepared market evaluation, laid-in cost data, and testimony for market-based rate applications for several oil pipelines seeking market-based rates at the FERC.
- ◆ Prepared market evaluation and laid-in cost analysis to support oil industry mergers and acquisitions at the Federal Trade Commission.



Economics and Finance

- ◆ Assisted in the financial and regulatory evaluation of potential acquisition opportunities.
- ◆ Participated in the development of a historical cost trend analysis for the oil pipeline industry related to the oil pipeline tariff index.
- ◆ Provided expert testimony regarding the reasonableness of certain decisions made by a majority partner in a joint venture pipeline in a dissolution action initiated by a minority partner before the Federal District Court of Missouri.

Commercial Analysis

- ◆ Market evaluations and determining appropriate competitive tariff structures to maximize a pipeline's profitability. Conducting competitive analysis of potential market encroachments and assisting pipeline clients in developing a series of strategic and tactical responses. Developing the data and testimony required for market-based rate applications at the FERC.
- ◆ Performing economic analysis of proposed business development projects to assist pipeline management in evaluating various business strategies.
- ◆ While with WPL, responsible for performing market evaluations and establishing competitive tariff rates and ancillary fees to maximize profitability. Worked closely with Marketing and Business Development groups to develop and implement market-based, negotiated rates with strategic shippers and joint pipeline carriers.

Testimony

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| Jul. 20, 2007 | Submitted Affidavit in behalf of the Petition for Declaratory Order of Enbridge Pipelines (Southern Lights) LLC at the Federal Energy Regulatory Commission supporting an innovative rate structure for the new pipeline in Docket No. OR07-15. |
| Mar. 22, 2007 | Submitted Expert Designee Report on behalf of Cortez Pipeline Company under the terms of the Arbitration Agreement established in CO2 Committee, Inc vs. Shell Oil Company , Shell CO2 Company, Ltd., aka Kinder Morgan CO2 Company, L.P., Shell Western E&P, Inc., Mobil Producing Texas and New Mexico, Inc., and Cortez Pipeline Company. |
| Nov. 28-30, 2006 | Presented Oral Testimony on behalf of TAPS Carriers at the Federal Energy Regulatory Commission regarding an investigation of interstate transportation rates in Docket Nos. IS05-82 and IS06-01 et al. |
| Aug. 11, 2006 | Filed Prepared Rebuttal Testimony at the Federal Energy Regulatory Commission on behalf of the TAPS Carriers in an investigation of interstate transportation rates in Docket Nos. IS05-82 and IS06-01 et al. |



June 29, 2006	Presented Direct Oral Testimony and Cross Examination on behalf of Cortez Pipeline in Arbitration by Agreement involving CO2 Committee, Inc. vs. Shell Oil Company, Shell CO2 Company, Ltd., aka Kinder Morgan CO2 Company, L.P., Shell Western E & P, Inc., Mobil Producing Texas and New Mexico, INC., and Cortez Pipeline Company.
May 30, 2006	Filed Expert Report on behalf of Cortez in Arbitration by Agreement involving CO2 Committee, Inc. vs. Shell Oil Company, Shell CO2 Company, Ltd., aka Kinder Morgan CO2 Company, L.P., Shell Western E & P, Inc., Mobil Producing Texas and New Mexico, INC., and Cortez Pipeline Company.
May 26, 2006	Filed Prepared Answering Testimony at the Federal Energy Regulatory Commission on behalf of the TAPS Carriers in an investigation of interstate transportation rates effective January 1, 2006 in Docket Nos. IS05-82 et al. and IS06-01 et al.
Apr. 4, 2006	Filed Prepared Supplemental Direct Testimony at the Federal Energy Regulatory Commission on behalf of the TAPS Carriers in an investigation of interstate transportation rates effective January 1, 2006 in Docket No. IS06-01 et al.
Mar. 31, 2006	Filed Affidavit at the Surface Transportation Board ("STB") on behalf of Valero, L.P. supporting its claim of materially changed circumstances which would permit the STB to vacate its prior rate prescription in Koch and thus restore ratemaking initiatives to Valero. In Docket No. 42084.
Dec. 7, 2005	Filed Prepared Direct Testimony at the Federal Energy Regulatory Commission on behalf of the TAPS Carriers in an investigation of interstate transportation rates effective January 1, 2005 in Docket No. IS05-82 et al.
July 18, 2005	Filed Affidavit in support of Sunoco's answer to ConocoPhillips's protest of Sunoco's application for authority to charge market-based rates in OR05-7-000.
Apr. 12, 2005	Filed Prepared Direct Testimony on behalf of Sunoco Pipelines L.P. supporting Sunoco's application for authority to charge market-based rates in OR05-7-000.
Feb. 25 – Mar. 2, 2005	Presented Oral Testimony and Cross Examination on behalf of SFPP in response to protest and complaint in Texaco Refining and Marketing et al. SFFP Docket Nos. OR96-2-000 et al. and IS98-1-000.
Jan. 28, 2005	Filed Prepared Rebuttal Testimony on behalf of SFPP in response to protest and complaint in Texaco Refining and marketing et al. SFFP LP Docket Nos. OR96-2-000 et al. and IS98-1-000.
Dec. 10, 2004	Filed Affidavit at the Federal Energy Regulatory Commission in support of Petition for Declaratory Order filed by Enbridge Energy Company, Inc. regarding initial rated and determination of rate base for a proposed crude oil pipeline system between Chicago, IL and Cushing, OK. Docket No. OR05-1-000.



- Dec. 10, 2004 Filed Prepared Answering Testimony on behalf of SFPP in response to protest and complaint in Texaco Refining and Marketing, et al. v. SFPP, LP Docket Nos. OR96-2-000 et al. and IS98-1-000.
- Oct. 14, 2004 Filed Affidavit at the Surface Transportation Board on behalf of Kaneb Pipe Line Partners, L.P. rebutting certain statements and allegations contained in the verified statement of Complainant witnesses in Docket No. 42084.
- Sept. 13, 2004 Filed Affidavit at the Surface Transportation Board ("STB") on behalf of Kaneb Pipe Line Partners, L.P. supporting its claim of materially changed circumstances which would permit the STB to vacate its prior rate prescription in Koch and thus restore ratemaking initiatives to Kaneb. In Docket No. 42084.
- April 6, 2004 Filed Affidavit at the Federal Energy Regulatory Commission discussing entitlement of third party shippers to reparations. Big West vs. Frontier, Docket No. OR01-3.
- April 5, 2004 Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Frontier Pipeline Company to the request for rehearing of Big West Oil Company and Chevron Products Company. Docket No. OR01-02-000 and OR01-04-000.
- Dec. 11, 2003 Presented Oral Testimony and Cross Examination on behalf of the TAPS Carriers in the matter of Tariff Rates To Be Effective January 1, 2003 for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System and the Investigation Into the 2001 and 2002 Tariff Rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the Regulatory Commission of Alaska. P-03-4.
- Oct. 15, 2003 Submitted Rebuttal on behalf of the TAPS Carriers in the matter of Tariff Rates To Be Effective January 1, 2003 for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System and the Investigation Into the 2001 and 2002 Tariff Rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the Regulatory Commission of Alaska. P-03-4.
- Sep. 10, 2003 Filed Affidavit at the Federal Energy Regulatory Commission in support of Shell Pipeline Company LP's motion to compel discovery in OR02-10.
- Aug. 29, 2003 Submitted Prepared Direct Testimony at the Federal Energy Regulatory Commission on behalf of Shell Pipeline Company LP in support for its application for authority to charge market-based rates. Docket No. OR02-10.
- Jul. 24, 2003 Filed Affidavit at the Federal Energy Regulatory Commission in support of Shell Pipeline Company LP's motion to extend the procedural schedule in OR02-10.
- Jun. 10, 2003 Submitted Prepared Answering and Rebuttal Testimony at the Federal Energy Regulatory Commission supporting Platte FERC Tariff No. 1474 in Docket No. IS02-384-000 et al.



Jun. 3, 2003	Submitted Prepared Direct Testimony on behalf of the TAPS Carriers in the matter of Tariff Rates To Be Effective January 1, 2003 for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System and the Investigation Into the 2001 and 2002 Tariff Rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the Regulatory Commission of Alaska. P-03-4.
Dec. 20, 2002	Submitted Prepared Direct Testimony at the Federal Energy Regulatory Commission supporting Platte FERC Tariff No. 1474 in Docket No IS02-384-0000 et al.
Oct. 28, 2002	Submitted Reply Testimony at the Federal Energy Regulatory Commission on behalf of Shell Pipeline Company in response to protest by Phillips Petroleum Co., Tosco Corporation, and ToscoPetro Corp. Docket No. OR02-10-000.
Aug. 9, 2002	Submitted Testimony at the Federal Energy Regulatory Commission in support of reparations calculations proposed by Frontier Pipeline Company in Docket Nos. OR01-2-00 and OR01-4-000.
Jul. 9, 2002	Submitted Testimony at the Federal Energy Regulatory Commission on behalf of Shell Pipeline Company in support for its application for authority to charge market-based rates. Docket No. OR02-10-000.
Jan. 11-31, 2002	Cross-examination in complaint of ARCO Products Company et al. vs. SFPP, LP in Docket Nos. OR96-2-000, et al. before the Federal Energy Regulatory Commission.
Nov. 2, 2001	Filed Affidavit at the Federal Energy Regulatory Commission supporting Plantation Pipe Line Company's Petition for Declaratory Order regarding initial rates for proposed new pipeline service from Bremen, Georgia to Chattanooga and Knoxville, Tennessee OR02-1-000.
Jul. 31, 2001	Filed Prepared Reply Testimony on behalf of SFPP in response to complaint of ARCO Products Company et al. in Docket Nos. OR96-2-000, et al.
May 15, 2001	Filed Prepared Answering Testimony on behalf of SFPP in response to complaint of ARCO Products Company et al. in Docket Nos. OR96-2-000, et al.
Apr. 23-26, 2001	Presented Oral Testimony on behalf of TAPS CARRIERS in the matter of the correct calculation and use of acceptable input data to calculate the 1997, 1998 1999, and 2000 tariff rates for the intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the Regulatory Commission of Alaska P97-4 and P97-7.
Apr. 2, 2001	Filed Affidavit with the Superior Court of Arizona, Tax Court discussing Commission regulations regarding the concept of Original Cost in SFPP, L.P. v. Arizona Department of Revenue No. TX 1999-00532.
Mar. 29, 2001	Filed Rebuttal Report on behalf of Cortez Pipeline Company in CO ₂ Claims Coalition, et al., vs. Shell Oil Company, et al. in the United States District Court for the State of Colorado CIV NO. 96-Z-2451.



Mar. 26, 2001 Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Anschutz Ranch East Pipeline to the complaint made by Chevron Products Company. Docket No. OR01-05-000.

Mar. 20, 2001 Submitted Testimony at the Federal Energy Regulatory Commission on behalf of West Shore Pipe Line Company in support for its application for authority to charge market-based rates. Docket No. OR01-06-000.

Mar. 14, 2001 Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Frontier Pipeline Company to answer of complaint made by Chevron Products Company. Docket No. OR01-04-000.

Mar. 13, 2001 Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Anschutz Ranch East Pipeline Inc. to the amended complaint made by Big West Oil Company. Docket No. OR01-03-000.

Mar. 5, 2001 Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Frontier Pipeline Company to answer of complaint made by Big West Oil Company. Docket No. OR01-02-000.

Feb. 26, 2001 Rebuttal Testimony on behalf of TAPS CARRIERS in the matter of the correct calculation and use of acceptable input data to calculate the 1997, 1998, 1999 and 2000 tariff rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the State of Alaska, Regulatory Commission of Alaska, P-97-4.

Feb. 6, 2001 Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Anschutz Ranch East Pipeline Inc. to the complaint made by Big West Oil Company. Docket No. OR01-03-000.

Jan. 29, 2001 Filed Affidavit at the Federal Energy Regulatory Commission supporting the response of Frontier Pipeline Company to the complaint made by Big West Oil Company. Docket No. OR01-02-000.

Dec. 20, 2000 Prepared Direct Testimony, filed with the FERC, in support of Chase Transportation Company's application for authority to charge market-based rates OR01-1-000.

Nov. 14, 2000 Presented oral testimony on behalf of Kinder Morgan Energy Partners, L.P. before the state of Arizona, Board of Equalization regarding the proper valuation of SFPP's pipeline assets in the state of Arizona.

Jul. 12, 2000 Second Prepared Direct Testimony on behalf of TAPS CARRIERS in the matter of the correct calculation and use of acceptable input data to calculate the 1997, 1998, 1999 and 2000 tariff rates for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System before the State of Alaska, Regulatory Commission of Alaska, P-97-4.

May 9, 2000 Submitted second report to the American Arbitration Association regarding oil pipeline tariff regulations rebutting testimony of Marcum Midstream-Farstad, LLC in the arbitration between Marcum Midstream-Farstad, LLC et .al. vs. Amoco Oil Company. Case No. 70 198 00294-99.

May 5, 2000 Filed Affidavit at the Federal Energy Regulatory Commission supporting the Response of ExxonMobil Pipeline Company to the Motion to Intervene of BP Exploration & Oil, Inc. in Opposition to ExxonMobil Pipeline Company's Petition for Declaratory Order and Petition for



Discovery regarding initial transportation rates on the Hoover Offshore Oil Pipeline System ("HOOPS") OR00-2-000.

- May 2, 2000 Submitted Testimony at the Federal Energy Regulatory Commission on behalf of Equilon Pipeline Company, LLC in support of its cost-of-service filing in IS00-208-000.
- Mar. 20, 2000 Submitted report to the American Arbitration Association regarding oil pipeline tariff regulations in support of Amoco Oil, Company's position in the arbitration between Marcum Midstream-Farstad, LLC et al. vs. Amoco Oil Company. Case No. 70 198 00294-99.
- Mar. 9, 2000 Filed Affidavit at the Federal Energy Regulatory Commission supporting ExxonMobil Pipeline Company's Petition for Declaratory Order regarding initial transportation rates on the Hoover Offshore Oil Pipeline System ("HOOPS") OR00-2-000.
- Feb. 15, 2000 Submitted Testimony at the Federal Energy Regulatory Commission on behalf of Marathon Ashland Pipe Line LLC in support of its application for the authority to charge Market-Based Rates in OR00-1-000.
- Jun. 16, 1999 Submitted Testimony at the Federal Energy Regulatory Commission on behalf of Amoco Pipeline Company in support of its cost-of-service filing in IS99-268-000.
- Apr. 30, 1999 Supplemental Testimony on behalf of Cortez Pipeline Company in CO₂ Claims Coalition, et al., vs. Shell Oil Company, et al. in the United States District Court for the State of Colorado CIV NO. 96-Z-2451.
- Feb. 19, 1999 Supplemental Testimony on behalf of Explorer Pipeline Company as part of its Motion for Summary Disposition in its Application for Market-Based Rates at the Federal Energy Regulatory Commission, OR99-1-000.
- Jan. 29, 1999 Oral testimony and cross-examination in Conoco Pipeline Company, Inc. vs. Transmontaigne Pipeline, Inc. in the United States District Court for the Western District of Missouri, Southwest Division, Case No. 97-5085-CV-SW-1.
- Jan. 13, 1999 Deposition in CO₂ Claims Coalition, et al., vs. Shell Oil Company, et al. in the United States District Court for the State of Colorado CIV NO. 96-Z-2451.
- Nov. 23, 1998 Prepared Testimony on behalf of Cortez Pipeline in CO₂ Claims Coalition, et al., vs. Shell Oil Company, et al. in the United States District Court for the State of Colorado CIV NO. 96-Z-2451.
- Oct. 15, 1998 Submitted Testimony on behalf of Explorer Pipeline Company as part of its Application for Market-Based Rates at the Federal Energy Regulatory Commission, OR99-1-000.
- Oct. 8, 1998 Prepared Direct Supplemental Testimony on behalf of the TAPS Owners in the Alaska Public Utilities Commission Docket No. P-97-4, the protest of the 1997 and 1998 Tariff Rates for the Intrastate Transportation of



Petroleum over the Trans Alaska Pipeline System (revised Oct. 15, 1999).

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| Sep. 25, 1998 | Deposition in Conoco Pipeline Company, Inc. vs. Transmontaigne Pipeline, Inc. in the United States District Court for the Western District of Missouri, Southwest Division, Case No. 97-5085-CV-SW-1. |
| Aug. 14, 1998 | Testimony in Conoco Pipeline Company, Inc. vs. Transmontaigne Pipeline, Inc. in the United States District Court for the Western District of Missouri, Southwest Division, Case No. 97-5085-CV-SW-1. |
| Mar. 2, 1998 | Rebuttal Testimony in CF Industries, et al., vs. Koch Pipeline Company, LP. at the Surface Transportation Board, STB Docket No. 41685. |
| Dec. 17, 1997 | Deposition in Doris Feerer, et al., vs. AMOCO Production Company in the United States District Court for the State of New Mexico CIV NO. 95-00012-JC/WWD. |
| Nov. 10, 1997 | Direct Testimony in CF Industries vs. Koch Pipeline Company, LP. at the Surface Transportation Board, STB Docket No. 41685. |
| May 5, 1997 | Doris Feerer, et al., vs. AMOCO Production Company in the United States District Court for the State of New Mexico CIV NO. 95-00012-JC/WWD. |
| Dec. 1995 | Cross-examination in Phase II of Williams Pipe Line Company, IS90-21-000 et al., before the Federal Energy Regulatory Commission. |
| Oct. 26, 1995 | Rebuttal Testimony in Phase II of Williams Pipe Line Company, IS90-21-000 et al., before the Federal Energy Regulatory Commission. |
| Jul. 21, 1995 | Supplemental Direct Testimony in Phase II of Williams Pipe Line Company, IS90-21-000 et al., before the Federal Energy Regulatory Commission. |
| Jul. 1995 | Deposition in Phase II of Williams Pipe Line Company, IS90-21-000 et al., before the Federal Energy Regulatory Commission. |
| Jan. 23, 1995 | Direct Testimony in Phase II of Williams Pipe Line Company, Docket No. IS90-21-000 et al., before the Federal Energy Regulatory Commission. |
| Jul. 30, 1993 | Verified Statement in Kerr-McGee Refining Corporation and Texaco Refining and Marketing, Inc. vs. Williams Pipe Line Company, Docket No. OR91-01-000, before the Federal Energy Regulatory Commission. |

Presentations

- ♦ **Changes in North American Logistics and Regulatory Environment (September 2007).** Association of Oil Pipelines, Annual Business Conference, Los Angeles, California.



- ♦ **FERC Jurisdictional or Not? (September 2007).** Association of Oil Pipelines, Annual Business Conference, Los Angeles, California.
- ♦ **Grandfathered Rates, Changed Circumstances (September 2007).** Association of Oil Pipelines, Annual Business Conference, Los Angeles, California.
- ♦ **FERC Jurisdictional and Non-Jurisdictional Services (May 2006).** Association of Oil Pipelines, Annual Business Conference, Minneapolis, Minnesota.
- ♦ **FERC Jurisdictional and Non-Jurisdictional Services (May 2005).** Association of Oil Pipelines, Annual Business Conference, New Orleans, Louisiana.
- ♦ **FERC Form 6 (May 2004).** Association of Oil Pipelines, Annual Business Conference, St. Petersburg, Florida.
- ♦ **FERC Jurisdictional and Non-Jurisdictional Services (May 2004).** Association of Oil Pipelines, Annual Business Conference, St. Petersburg, Florida.
- ♦ **FERC Jurisdictional and Non-Jurisdictional Services (May 2003).** Association of Oil Pipelines, Annual Business Conference, Baltimore, Maryland.
- ♦ **FERC Form 6 – Page 700 (May 2002).** Association of Oil Pipelines, Accounting and Regulatory Workshop, St. Petersburg, Florida.
- ♦ **FERC Jurisdictional and Non-Jurisdictional Services (May 2002).** Association of Oil Pipelines, Accounting and Regulatory Workshop, St. Petersburg, Florida.
- ♦ **Market-based Rates for Oil Pipelines (May 2001).** Association of Oil Pipelines, Accounting and Finance Workshop, New Orleans, Louisiana.
- ♦ **Market-based Rates for Oil Pipelines (May 2000).** Association of Oil Pipelines, Accounting and Finance Workshop, San Antonio, Texas.
- ♦ **Market-based Rates (May 1999).** Association of Oil Pipelines, Accounting and Finance Workshop, San Antonio, Texas.
- ♦ **FERC Form 6 (May 1998).** Association of Oil Pipelines, Accounting and Finance Workshop, Atlanta, Georgia.
- ♦ **FERC's Indexation of Oil Pipeline Rates (April 1998).** American Petroleum Institute, Pipeline Conference, Houston, Texas.
- ♦ **Applying for Market-based Rates (May 1997).** Association of Oil Pipelines, Accounting and Finance Workshop, Atlanta, Georgia.



- ♦ **Oil Pipeline Rate Regulation (March 1997).** Executive Enterprises, Oil Pipeline Regulation, Houston, Texas.
- ♦ **Pipeline Economics (1992-1996).** American Petroleum Institute, School of Pipeline Technology, Harris College, Houston, Texas.
- ♦ **Overview of Current Oil Pipeline Regulations (May 1996).** Association Of Oil Pipelines, Accounting and Finance Workshop, St. Louis, Missouri.
- ♦ **Oil Pipeline Rate Regulation (October 1995).** Executive Enterprises, Alternative Ratemaking and Gas Price Methodologies, Houston, Texas.
- ♦ **Challenges Facing Oil Pipelines (June 1995).** Executive Enterprises, Oil Pipeline Ratemaking Strategies for the 90s, Houston, Texas.
- ♦ **Recent FERC Rulemakings (May 1995).** Association of Oil Pipelines, Accounting and Finance Workshop, St. Louis, Missouri.
- ♦ **Quantifying Competition in the Quest for Market-Based Rates (May 1994).** Association of Oil Pipelines, Accounting and Finance Workshop, Dallas, Texas.
- ♦ **The Future of Oil Pipeline Ratemaking (May 1993).** Association of Oil Pipelines, Accounting and Finance Workshop, San Antonio, Texas.

Prior Experience

*Klick, Kent &
Allen, Inc.
(1997 – 1998)*

Senior Consultant
Led client engagements regarding oil pipeline regulatory matters; provided financial and economic consulting services to clients regarding strategic planning, market analysis, ratemaking and litigation support.

*Williams Pipe
Line Company
(1993 – 1997)*

Manager, Tariffs and Regulatory Affairs
Directed company's Phase II defense in rate case before the FERC (IS-90-21-000 et al.).

*Williams Pipe
Line Company
(1990-1993)*

Manager, Strategic Planning and Tariffs
Supervised the preparation of monthly, annual and long-range forecasts of volumes, revenues and related variance comments.

*Williams Pipe
Line Company
(1987-1990)*

Supervisor, Health and Safety
Responsible for establishing system-wide health and safety programs for approximately 700 employees in 10 states.

*Williams Pipe
Line Company
(1986-1987)*

Operations Supervisor
Responsible for supervising all aspects of pipeline terminal and pump station operations for terminal complex handling refined petroleum, fertilizer, asphalt and LPG.



*Williams Pipe
Line Company
(1984-1986)*

Various Positions in Field Operations
Responsible for various aspects of pipeline operation and administration
at the terminal, station and regional field office level.

Education

Northwestern University Pipeline Economics and Management Program

University of Kansas BS Business Administration

EXHIBIT NO. AIR-138

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

EXHIBIT NO. AIR-139

**CONFIDENTIAL
PROTECTED MATERIALS
REMOVED**

Buckeye Pipeline Company, L.P.
Computation of Realized Return on Equity Rate Base
Using Mr. Wetmore's Updated Unadjusted LIS Cost of Service
Long Island System (2011)
(\$ Thousands)

[1]		[2]
Revenue	[a]	\$58,404
Cost of service	[b]	\$40,444
Over-recovery	[c]=[a]-[b]	\$17,961
Income Tax Rate	[d]	33.38%
Less Income Taxes on Over-recovery	[e]=[c]*[d]	\$5,995
After-tax Over-recovery	[f]=[c]-[e]	\$11,965
Allowed Return on Rate Base	[g]	\$5,742
Less Interest Expense	[h]	\$1,324
Allowed Equity Return	[i]=[g]-[h]	\$4,418
Total Return on Equity Rate Base	[j]=[f]+[i]	\$16,384
Equity Portion of Rate Base	[k]	\$51,047
Estimated Realized Return on Equity Rate Base	[l]=[j]/[k]	32.10%

Sources/Notes:

[a]: Buckeye's P.700 workpapers, included in Exhibit No. AIR-13.

[b]: Exhibit No. BUC-119A, Schedule 5, line 1.

[d]: Exhibit No BUC-119A, Schedule 5, line 8.

[g]: Exh. No. BUC-119A, Schedule 4, line 16 *plus* Exh. No. BUC-119B, Schedule 4, line 16.

[h]: Exh. No. BUC-119A, Schedule 4, line 19 *plus* Exh. No. BUC-119B, Schedule 4, line 19.

[k]: Exh. No. BUC-119A, Schedule 4, line 9 *plus* Exh. No. BUC-119B, Schedule 4, line 9.