



FEDERAL ENERGY REGULATORY COMMISSION

June 19, 2008
Trans-Alaska Pipeline System
Docket Nos. OR05-2-001, IS05-82-001 *et al.*

MEDIA CONTACT
Mary O'Driscoll – 202.502.8680

FERC Affirms ALJ Ruling on TAPS Tariffs

The Federal Energy Regulatory Commission (FERC) today affirmed a May 2007 Administrative Law Judge (ALJ) ruling that interstate rates charged on the Trans-Alaska Pipeline System (TAPS) in 2005 and 2006 were not just and reasonable and ordered limited refunds to shippers who had overpaid. The order establishes the basis for the new just and reasonable rates that will go into effect on a prospective basis.

Background and Order

This order affirms, clarifies and modifies the May 17, 2007, Initial Decision regarding the TAPS carriers' 2005 and 2006 interstate rate filings. The order affirms the ALJ's finding that the TAPS carriers failed to prove the proposed rate increases in their 2005 and 2006 tariffs were just and reasonable, and ordered limited refunds to all TAPS shippers.

The order also clarifies provisions in the ALJ's order regarding the appropriate dismantlement, removal and restoration expenses and modifies the return on equity component of the capital structure, consistent with FERC's new policy on proxy groups for pipelines.

The new rate, based on the Opinion No. 154-B methodology, is prospective, and will be determined after the TAPS carriers make a compliance filing. The refunds for 2005 and 2006 are limited to the difference between the 2005/2006 proposed rates and the 2004 rate.