

LAW OFFICES OF  
**KEMPEL, HUFFMAN AND ELLIS**  
A PROFESSIONAL CORPORATION

ROGER R. KEMPEL  
RICHARD R. HUFFMAN (1943 – 2005)  
DONALD C. ELLIS  
JOHN ANDREW LEMAN  
DEAN D. THOMPSON  
JONATHON D. GREEN  
PAUL J. JONES  
S. LYNN ERWIN  
ERIK R. GROVES  
ASHLEY C. BROWN  
EMILY M. WALKER

255 E. FIREWEED LANE, SUITE 200  
ANCHORAGE, ALASKA 99503-2025  
TELEPHONE: (907) 277-1604  
FACSIMILE: (907) 276-2493  
WEB SITE: WWW.KHE.COM  
WRITER'S E-MAIL ADDRESS:  
jdg@khe.com

December 29, 2023

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

Subject: Oliktok Pipeline Company  
Tariff Advice Letter No. TL52-334

Dear Commissioners:

On behalf of Oliktok Pipeline Company (“Oliktok”), the tariff filing described herein is transmitted to the Regulatory Commission of Alaska (“Commission”) for filing in compliance with the Pipeline Act (AS 42.06) and 3 AAC 48.200 — 3 AAC 48.430.

Tariff No. 4 Sheet Number		Cancels Sheet Number		Schedule or
Original	Revised	Original	Revised	Rule Number
37	5th	37	4th	Schedule A

**I. INTRODUCTION**

By this filing, Oliktok requests Commission approval to change its existing intrastate natural gas transportation service rates. The requested rate changes are based on a revenue requirement study for a normalized test year ending December 31, 2022. Oliktok requests that the Commission approve the proposed rate changes effective March 29, 2024.

The proposed rates are shown on the enclosed fifth revision to Tariff Sheet No. 37 of Oliktok’s tariff. The proposed rates are as follows:

From	To	Proposed Rate (\$/MCF)
Prudhoe Bay Unit	Gas Hydrates Project	\$0.460
Prudhoe Bay Unit	Kuparuk River Unit	\$0.748
Prudhoe Bay Unit	Milne Point Pipeline Connection	\$0.585

Notices, orders, pleadings, and communications regarding this request should be directed to:

Dean D. Thompson  
Jonathon D. Green  
Kempel, Huffman and Ellis, P.C.  
255 East Fireweed Lane, Suite 200  
Anchorage, Alaska 99503  
Telephone: (907) 277-1604  
Facsimile: (907) 276-2493  
E-mail: ddt@khe.com  
jdg@khe.com

with a courtesy copy to Jewel Diaz, at jewel@khe.com.

## **II. REQUEST FOR PERMANENT RATE CHANGES**

Oliktok requests that its proposed changes to existing transportation rates be approved on a permanent basis effective March 29, 2024. There are only five or fewer shippers currently transporting natural gas over the Oliktok pipeline, and only two of the tariffed delivery points (Gas Hydrates Project “GHP” and Kuparuk River Unit “KRU”) are currently being used. If no shipper protests Oliktok’s rate request, it would be appropriate to approve Oliktok’s proposed rates on a permanent basis without a formal docket or hearing. Such approval would allow Oliktok and its shippers to avoid unnecessary rate case costs associated with a formal proceeding.

## **III. SECTION 275(a) PRESENTATION**

Oliktok’s Section 275(a) information is introduced and/or supported by the prepared direct testimonies of three witnesses, as follows:

1. Raj D. Choudhury. Mr. Choudhury is Vice President of Oliktok and is responsible for business and economic analysis for Oliktok. Mr. Choudhury explains why Oliktok is seeking to change the existing rates for natural gas service and describes the data supplied to witness Erik G. Wetmore for his use in developing Oliktok’s proposed rates.

2. Erik G. Wetmore. Mr. Wetmore, an expert in the development of pipeline rates, presents the calculation of Oliktok’s normalized test-year revenue requirement and the development of the rates needed to recover Oliktok’s revenue requirement. Mr. Wetmore’s testimony and its supporting exhibits address all of the information required by Section 275(a).

3. Bruce H. Fairchild. Dr. Fairchild, a cost of capital expert, develops the cost of capital elements (capital structure, cost of debt, and rate of return on equity) used by Mr. Wetmore in his calculation of Oliktok’s normalized test-year revenue requirement.

Mr. Wetmore’s prepared direct testimony sponsors the schedules required under Section 275(a). Most of those schedules are provided in Exhibit EGW-2 to Mr. Wetmore’s testimony. As is explained in his testimony, Mr. Wetmore calculated Oliktok’s revenue requirement for the normalized test year. Although all Oliktok throughput is currently delivered to GHP and KRU, Oliktok’s tariff also provides for deliveries to Milne Point Unit (“MPU”). For purposes of calculating at least a nominal rate for the MPU destination, Oliktok assumed a minimal MPU throughput of 1 MCF per year. Mr. Wetmore has also included Oliktok’s anticipated throughput for the new GHP connection, if approved. Mr. Wetmore determined the revenue requirement for the three tariffed destinations using the distance-related and non-distance-related cost methodology that has been used for decades under the Oliktok Shippers Rate Agreement (“OSRA”) that was accepted by the Commission in Order No. P-84-003(11)/P-95-005(2) (as modified in TL17-334, filed October 12, 2001, and supplemented on December 16, 2001).<sup>1</sup>

#### **IV. NOTIFICATION OF TARIFF FILING**

Oliktok shippers are being notified of this filing electronically. A copy of this filing will be available for public inspection at the offices of the Oliktok Pipeline Company at 700 G Street, ATO 20-2052, Anchorage, Alaska 99501, Attn: Sandra Pierce (907) 265-6316 and on the internet at <https://alaska.conocophillips.com/tariff/oliktok/>

#### **V. COMPLIANCE WITH 3 AAC 48.270(a)**

Oliktok provides the following information:

*3 AAC 48.270(a) – Name and return address of the filing utility:*

Oliktok Pipeline Company  
P.O. Box 100360  
Anchorage, Alaska 99510-0360

---

<sup>1</sup> Since Oliktok is not seeking a “rate redesign,” but is simply applying the normalized revenue requirement to the historical Oliktok distance-related and non-distance-related cost methodology, there does not appear to be any requirement to file a cost-of-service study pursuant to 3 AAC 48.275(h) (“Section 275(h)”). To the extent a cost-of-service study is required, Oliktok submits that the rate design calculations shown on Exhibit EGW-2, Schedules 4 and 5, and the narrative discussion of the rate methodology in Mr. Wetmore’s testimony satisfy the requirements of Section 275(h). If the Commission deems Section 275(h) to require anything greater than that, Oliktok requests that the Commission waive any such requirement.

*3 AAC 48.270(a) – Name, return address, and electronic mail address of the utility’s representative authorized to issue tariffs:*

Cameron Reitmeier  
Vice President  
Oliktok Pipeline Company  
P.O. Box 100360  
Anchorage, Alaska 99510-0360  
E-mail: Cameron.Reitmeier@conocophillips.com

*3 AAC 48.270(a)(1) – List the tariff advice letter number:*

See page 1.

*3 AAC 48.270(a)(2) – Specify the statutes, regulations or commission order that the filing is made under:*

See page 1.

*3 AAC 48.270(a)(3) – List the tariff sheets, special contracts, agreements, or other documents required by commission order that are being filed:*

See page 1.

*3 AAC 48.270(a)(4) – Summarize the proposed tariff revisions, including an explanation about whether the filing proposes to implement rules, rates, or both:*

The proposed tariff revisions will increase Oliktok’s existing transportation rates for deliveries to MPU and GHP, and will decrease transportation rates for deliveries to KRU .

*3 AAC 48.270(a)(5) – Include a statement setting out whether the filing will impact any current customers and the estimated number of customers or shippers that will be affected:*

The customers that will be affected by the proposed changes in rates are Oliktok’s current shippers (five or fewer) receiving natural gas deliveries at the KRU and, if approved, at the GHP.

*3 AAC 48.270(a)(6) – If applicable, include a request for the tariff filing to take effect before the end of the statutory notice period:*

Regulatory Commission of Alaska  
Tariff Advice Letter No. TL52-334  
December 29, 2023

Oliktok does not request that approval of the proposed tariff revisions to existing transportation rates take effect before the expiration of the statutory notice period.

*3 AAC 48.270(a)(7) – If applicable, include a request for interim approval:*

Oliktok does not request interim approval of the proposed tariff revisions.

## **IX. CONCLUSION**

Oliktok requests that the Commission grant permanent approval of the revisions to Oliktok's Tariff No. 4 reflected in the proposed Tariff Sheet No. 37 included in Exhibit 1, to be effective March 29, 2024.

Sincerely yours,

KEMPPPEL, HUFFMAN AND ELLIS, P.C.  
Counsel for OLIKTOK PIPELINE COMPANY

By: /s/ Jonathon D. Green  
Dean D. Thompson, ABA# 9810049  
Jonathon D. Green, ABA# 1611091  
255 E. Fireweed Lane, Suite 200  
Anchorage, Alaska 99503  
Phone: (907) 277-1604  
Fax: (907) 276-2493  
Electronic Mail: ddt@khe.com  
jdg@khe.com

Enclosures

EXHIBIT 1

OLIKTOK PIPELINE COMPANY

TARIFF SHEET NO. 37

5th Revision Canceling 4th Revision  
(Revised 1-2-2024)

Tariff Advice Letter No. TL52-334

The attached Tariff Sheet is not numbered

RCA No. 334

FIFTH REVISION

Sheet No. 37

Cancelling

FOURTH REVISION

Sheet No. 37

**OLIKTOK PIPELINE COMPANY**

Schedule "A"  
Rate  
Gas Transportation Service

Application

This rate applies to regular Pipeline service for Gas as set forth in Carrier's tariff.

Rate

<u>From</u>	<u>To</u>	Rate Dollars and Cents per mscf*	
PBU (Skid 50)	Gas Hydrates Project	\$0.460	I
PBU (Skid 50)	KRU (CPF #1)	\$0.748	D
PBU (Skid 50)	Milne Point Pipeline Connection	\$0.585	I

\* mscf – Thousand standard cubic feet

Tariff Advice No. TL52-334

Effective: March 29, 2024

Issued by: OLIKTOK PIPELINE COMPANY

By: /s/ Cameron Reitmeier  
Cameron Reitmeier

Title: Vice President