

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

NUSTAR PIPELINE OPERATING PARTNERSHIP, LP) CASE NO. PU-08-194
NORTHERN PRODUCT SYSTEM)
PUBLIC CONVENIENCE AND NECESSITY)

**SUPPLEMENTAL AFFIDAVIT OF JOE GRAHAM IN SUPPORT OF
PROPOSED STIPULATION OF UNDISPUTED FACTS**

DEFINITIONS

As used below, the following definitions apply in this Supplemental Affidavit of Joe Graham in Support of Proposed Stipulation of Undisputed Facts:

- A. "The Pipeline" means the North System under any name by which it is or has been known, including but not limited to the Northern Product System, North System and North Pipeline.
- B. "The Carrier" means NuStar Pipeline Operating Partnership L.P., also known as NuStar. The Carrier was formerly known as Kaneb Pipe Line Operating Partnership, L.P., also known as Kaneb.
- C. "SEC Filing" means the Form 10-K (Annual Report) for the fiscal year ending December 31, 2007, attached as Exhibit B to the NuStar Application with this Commission. The December 31, 2008 Form 10-K filed with the Securities and Exchange Commission by NuStar Energy, L.P., Commission File No. 1-16417, is available at http://library.corporate-ir.net/library/12/123/123440/items/326449/B1E41138-0734-4156-B6F0-A1EB63E8ABD3_FINAL%20NS%202008%2010-K%20Bookmarked.pdf.
- D. "NuStar Internet Site" means the NuStar Energy site located at URL <http://www.nustarenergy.com/Pipeline%20Data%20Sheets/CentralNorthSystem.Pdf> (last visited April 28, 2009).

Comes now, Joe Graham, as being first duly sworn, to the best of his knowledge and experience in the industry, testifies and states as follows:



1. I was the Director of Tariff's and Regulatory Planning until May, 2008, when my responsibilities were increased and my title changed to Director of Marketing and Business Development for NuStar Pipeline Operating Partnership L.P. (NuStar).

2. The Pipeline was originally constructed by Amoco Oil Company (Amoco) in approximately 1958 as a proprietary pipeline to transport petroleum products from Amoco's Mandan, North Dakota refinery to various destinations in North Dakota and Minnesota.

3. At the time the Pipeline was built and until December 2002, the same entity owned both the Pipeline and the Refinery.

4. During the time that the Pipeline and the Refinery were owned by the same entity, from approximately 1958 to 2002, the Pipeline owner/operator (first Amoco, then BP/Amoco, finally Tesoro) remained a proprietary pipeline, in which products transported in the pipeline were owned by the entity that owned the Pipeline, or its affiliate.

5. NuStar, under its former name, Kaneb, converted the Pipeline to a common carrier pipeline in 2002. Kaneb purchased the Pipeline from the owner/operator Tesoro and filed the initial Tariff for the Pipeline with the Public Service Commission in 2002.

6. Effective March 31, 2008, Kaneb Pipe Line Operating Partnership, L.P. changed its name to NuStar Pipeline Operating Partnership L.P.

7. NuStar provides transportation services through the Pipeline to transport refined petroleum products at the request of its sole shipper, Tesoro. Tesoro retains the ownership of all products transported by NuStar through the Pipeline. Tesoro is NuStar's sole shipper of record on the Pipeline.

8. Since Kaneb's purchase of the Pipeline in 2002, through March 2008, Kaneb and NuStar have issued 9 Tariffs which were accepted by the ND PSC without the ND PSC requiring Kaneb or NuStar to file for a certificate of Public Convenience and Necessity.

9. As a result of the name change from Kaneb Pipe Line Operating Partnership, LP to NuStar Pipeline Operating Partnership L.P., NuStar issued ND PSC Tariff No. 2 and filed it with the ND PSC, effective May 9, 2008. The predecessor Kaneb tariff, ND PSC No. 9, was published and supplemented by NuStar under its previous name, Kaneb Pipe Line Operating Partnership, L.P.

10. All easements and permits for the Pipeline were assumed or transferred from Tesoro to Kaneb, in connection with Kaneb's 2002 purchase of the Pipeline from Tesoro.

11. NuStar's North System operates and delivers refined products to the following five NuStar owned terminals on the Pipeline.

- a. North System: Jamestown - North, ND
- b. North System: Moorhead, MN
- c. North System: Sauk Center, MN
- d. North System: Roseville, MN
- e. East System: Jamestown – East, ND

12. NuStar's North System operates and delivers refined products to one Burlington Northern owned and operated terminal on the Pipeline on a separated / dedicated 3" line. NuStar owns a 2.7-mile, 3-inch diameter delivery pipeline that transports RR40 diesel fuel from Tesoro's Mandan Refinery to Burlington Northern's Mandan, North Dakota, railroad facility.

13. All rates for the Pipeline published with the ND PSC from 2002 to date apply only to one origination source, Mandan, ND.

14. Transportation movements on the Pipeline from Tesoro's Mandan, ND refinery to either (1) Burlington Northern's Mandan, ND terminal or (2) NuStar's Jamestown, ND terminals occurs entirely within the State of North Dakota. All other Pipeline destinations are physically delivered on the Pipeline to destinations outside of North Dakota.

15. NuStar is statutorily subject to the jurisdiction of the North Dakota Public Service Commission by virtue of its intrastate tariff.

16. The Pipeline delivers to two terminals located in Jamestown ND. The Pipeline's Jamestown, ND terminal (the "Jamestown North system Terminal") is supplied from only from the Mandan, North Dakota refinery.

17. A separate terminal at Jamestown, serves as a destination point for products that are transported along a separate pipeline called NuStar's East System, (the "Jamestown East System Terminal"). The Jamestown East System Terminal is located approximately 10.9 miles from the Jamestown North System Terminal. The Jamestown East System Terminal is supplied from volumes that originate at Mandan, North Dakota, as well as from volumes that originate outside of North Dakota. Refined product volumes destined for the Jamestown East System Terminal that originate outside of North Dakota are not transported along the Pipeline. Product shipped to Jamestown East System terminal is a final destination point in ND.

18. NuStar's North System connects to terminals in Minnesota. However, product does not move from east to west along the line from Minnesota into North Dakota, as the Pipeline is uni-directional from Mandan to Jamestown North System Terminal (ND), Moorhead (MN), Sauk Centre (MN) and then to Roseville, Minnesota.

19. At the NuStar Internet Site, NuStar represents that the Pipeline, including the North Dakota and Minnesota Terminals in issue, to-wit: the North System has three origination points: Tesoro Mandan; BP Whiting; and Magellan Midstream Partners, LP. Roseville is the ultimate destination point for the Pipeline. The Roseville terminal has connectivity to two supply points in addition to the source originating at Mandan, ND. These are Magellan Midstream Partners, LP and BP Whiting. No product that originates from BP Whiting or Magellan Midstream Partners is transported along the Pipeline.

20. The NuStar Internet Site is maintained by an affiliate of NuStar and is available to the general public.

21. The NuStar Terminals connected to the Pipeline are distribution terminals from which, at Tesoro's request, NuStar permits tanker trucks to load refined products. Access to NuStar terminals from the Pipeline is controlled by Tesoro, NuStar's sole shipper, Tesoro. NuStar simply provides storage and terminalling services for the benefit of Tesoro. NuStar does

(SEAL)

Maria Lucia Clay
Notary Public

