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PUBLIC SERVICE COMMISSION

**NuStar Pipeline Operating Partnership, L.P.**

2330 North Loop 1604 West • San Antonio, Texas 78248  
Telephone (210) 918-4631

May 28, 2008

Transmittal No. 3

**OIL PIPELINE TARIFF FILING**

To: NORTH DAKOTA PUBLIC SERVICE COMMISSION (NDPSC)  
Attn: Public Utilities Division  
600 E. Boulevard Avenue  
Bismarck, ND 58505-0480

Dear Commissioner:

The following NuStar Pipeline Operating Partnership, L.P. tariff, issued May 29, 2008 and effective on July 1, 2008 is sent to you for filing:

Tariff	Effective Date
NDPSC No. 3 (Cancels NDPSC No. 2)	July 1, 2008

NDPSC No. 3 contains rates that have been increased by indexing pursuant to 18 CFR § 342.3 and Federal Energy Regulatory Commission Docket No. RM93-11-000 issued May 21, 2008 (see attachment).

NuStar Pipeline Operating Partnership, L.P. certifies that copies of this filing have been sent via first class mail, or other means of transmission as agreed upon by the subscriber, to each subscriber of the affected tariff publication. NuStar Pipeline Operating Partnership, L.P. requests that all protests to this filing be telefaxed to Joe Graham at (210) 918-3521.

NuStar Pipeline Operating Partnership, L.P. requests acknowledgement of receipt. For the purpose of obtaining the requested acknowledgement, NuStar Pipeline Operating Partnership, L.P. has enclosed a duplicate copy of this transmittal letter and a postage-paid self-addressed return envelope.

If you have any questions regarding this filing, please contact the undersigned at (210) 918-4631.

Respectfully submitted,

Joe Graham  
Director, Tariffs & Regulatory Planning

1 **PU-08-227** Filed: 5/29/2008 Pages: 11  
**NDPSC No. 3 (Cancels NDPSC No. 2)**

NuStar Pipeline Operating Partnership, L.P.

Encl: \$50 Filing Fee ; Docket RM93-11-000 (Issued May 21, 2008)

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Revisions to Oil Pipeline Regulations  
Pursuant to the Energy Policy Act of 1992

Docket No. RM93-11-000

NOTICE OF ANNUAL CHANGE  
IN THE PRODUCER PRICE INDEX FOR FINISHED GOODS

(May 21, 2008)

The Commission's regulations include a methodology for oil pipelines to change their rates through use of an index system that establishes ceiling levels for such rates. The Commission bases the index system, found at 18 CFR § 342.3, on the annual change in the Producer Price Index for Finished Goods (PPI-FG), plus one point three percent (PPI+1.3). The Commission determined in an "Order Establishing Index For Oil Price Change Ceiling Levels" issued March 21, 2006, that PPI+1.3 is the appropriate oil pricing index factor for pipelines to use.<sup>1</sup>

The regulations provide that the Commission will publish annually, an index figure reflecting the final change in the PPI-FG, after the Bureau of Labor Statistics publishes the final PPI-FG in May of each calendar year. The annual average PPI-FG index figures were 160.4 for 2006 and 166.6 for 2007.<sup>2</sup> Thus, the percent change (expressed as a decimal) in the annual average PPI-FG from 2006 to 2007, plus 1.3 percent, is positive .051653.<sup>3</sup> Oil pipelines must multiply their July 1, 2007, through June 30, 2008, index

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<sup>1</sup> 114 FERC ¶ 61,293 at P 2 (2006).

<sup>2</sup> Bureau of Labor Statistics (BLS) publishes the final figure in mid-May of each year. This figure is publicly available from the Division of Industrial Prices and Price Indexes of the BLS, at (202) 691-7705, and in print in August in Table 1 of the annual data supplement to the BLS publication Producer Price Indexes via the Internet at <http://www.bls.gov/ppi/home.htm>. To obtain the BLS data, click on "Get Detailed PPI Statistics," and then under the heading "Most Requested Statistics" click on "Commodity Data." At the next screen, under the heading "Producer Price Index - Commodity," select the first box, "Finished goods - WPUSOP3000," then scroll all the way to the bottom of this screen and click on Retrieve data.

<sup>3</sup>  $[166.6 - 160.4] / 160.4 = 0.038653 + .013 = 0.051653$

Docket No. RM93-11-000

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ceiling levels by positive 1.051653<sup>4</sup> to compute their index ceiling levels for July 1, 2008, through June 30, 2009, in accordance with 18 CFR § 342.3(d). For guidance in calculating the ceiling levels for each 12 month period beginning January 1, 1995,<sup>5</sup> see Explorer Pipeline Company, 71 FERC 61,416 at n.6 (1995).

In addition to publishing the full text of this Notice in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print this Notice via the Internet through FERC's Home Page (<http://www.ferc.gov>) and in FERC's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, N.E., Room 2A, Washington D.C. 20426. The full text of this Notice is available on FERC's Home Page at the eLibrary link. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field and follow other directions on the search page.

User assistance is available for eLibrary and other aspects of FERC's website during normal business hours. For assistance, please contact the Commission's Online Support at 1-866-208-3676 (toll free) or 202-502-6652 (e-mail at [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov)), or the Public Reference Room at (202) 502-8371, TTY (202)502-8659. E-Mail the Public Reference Room at [public.referenceroom@ferc.gov](mailto:public.referenceroom@ferc.gov).

Kimberly D. Bose,  
Secretary.

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<sup>4</sup>1 + 0.051653 = 1.051653

<sup>5</sup>For a listing of all prior multipliers issued by the Commission, see the Commission's website, [www.ferc.gov](http://www.ferc.gov). The table of multipliers can be found under the headings "Oil" and "Index."

# **NuStar Pipeline Operating Partnership, L.P.**

## **LOCAL NON-INCENTIVE PIPELINE TARIFF**

Applying on

### **PETROLEUM PRODUCTS**

As Defined in Item No. 10

**TRANSPORTED BY PIPELINE  
FROM AND TO POINTS NAMED HEREIN**

The rates named in this Tariff are expressed in cents per barrel of forty-two (42) United States gallons and are subject to change as provided by law, also to regulations named herein.

The rates published herein will have no effect on the quality of the human environment.

**Issued: May 29, 2008**

**NDPSC Effective Date: July 1, 2008**

Issued By:

Mary F. Morgan, Sr. Vice-President

Compiled By:

Joe Graham, Tariffs & Regulatory Planning Director

NuStar Pipeline Company, LLC  
General Partner of NuStar Pipeline Operating Partnership, L.P.  
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<b>ABBREVIATIONS AND REFERENCE MARKS</b>	
NDPSC No.	North Dakota Public Service Commission Number
[S]	Intrastate rate only
±	No terminal facilities provided by the carrier.
[U]	Unchanged
[I]	Increase

<b>ALPHABETICAL LIST OF POINTS FROM AND TO WHICH RATES IN SECTION 2 APPLY</b>				
<b>Points from which rates apply</b>	<b>Item Number</b>		<b>Points to which rates apply</b>	<b>Item Number</b>
Mandan, North Dakota	105		Jamestown, North Dakota Mandan, North Dakota	105 105

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**SECTION 1  
RULES AND REGULATIONS**

The NuStar Pipeline Operating Partnership, L.P., hereinafter referred to as "carrier", will receive petroleum products for transportation under the following conditions:

**Item No. 10. PETROLEUM PRODUCTS DEFINED**

The term "petroleum product" as used herein, means any petroleum product which by American Society for Testing Materials test methods, substantially distills below seven hundred (700) degrees Fahrenheit, has a Reid vapor pressure not exceeding twenty-eight (28) pounds at one hundred (100) degrees Fahrenheit and a color not darker than No. 3.

**Item No. 15. TESTING**

Carrier may sample and/or test any shipment prior to acceptance or during receipt of shipment.

**Item No. 20. MEASURING**

Carrier will gauge or meter petroleum products at origin at time of receipt and at destination at time of delivery. Shipper or consignee shall have the privilege of being present or represented at the time of measurement. Petroleum products will be received and delivered on the basis of volume corrections for temperature from observed temperatures to temperatures on the basis of sixty (60) degrees Fahrenheit.

**Item No. 25. FACILITIES AT ORIGIN AND DESTINATION**

Section A - Origin. Petroleum products will be accepted for transportation only when shipper has provided equipment and facilities satisfactory to the carrier for receiving such shipments at point of origin at a pumping rate equal to carrier's then current rate of pumping.

Section B - Destination. Carrier will provide at its terminals reasonable facilities for receiving, storing, and loading petroleum products.

Shipper or consignee may provide facilities for receiving, storing, and loading petroleum products at carrier's terminals, or at other delivery points on the pipeline.

Carrier assumes no responsibility to accept any petroleum product from any shipper at any time that either the carrier, shipper or consignee does not have facilities for promptly receiving such product from the line at designated destinations.

**Item No. 30. MINIMUM SHIPMENT**

A minimum of five thousand (5,000) barrels of one quality and specification of a "petroleum product" will be accepted for shipment from one or more shippers at one point of origin at one time. However, the minimum will not apply to buffer material required by carrier to reduce contamination. Shipments involving line reversals will be accepted subject to delay until carrier has accumulated sufficient barrels or more of the same or other products to move in the same section of the line in the same direction, at the same time.

**Item No. 32. MINIMUM CONSIGNMENT**

A total of not less than one thousand (1,000) barrels of a petroleum product may be consigned simultaneously by one or more shippers to any destination, providing there remains in the pipeline after delivery of such consignment at least three thousand (3,000) barrels of the same kind of a petroleum product consigned to a destination beyond such delivery point.

**Item No. 35. MINIMUM DELIVERIES FROM CARRIER'S TERMINALS**

For delivery of petroleum products from carrier's terminals, consignee or consignor shall provide the required motor tank trucks. Each tank truck to be loaded with other petroleum products must have a minimum total capacity of two thousand five hundred (2,500) gallons.

**Item No. 40. DUTY OF CARRIER**

The carrier shall transport and deliver at the destination, with reasonable diligence, the quantities of petroleum products accepted for transportation less the tender deduction.

In the event of non-delivery due to interface cuts or other operating losses, the carrier shall have the right to satisfy any claim by product replacement or cash payment.

**Item No. 45. IDENTITY OF SHIPMENT**

The shipper or consignee will not receive the identical petroleum products shipped. Petroleum products shipped will be commingled with other substantially-similar petroleum products. Carrier will deliver petroleum products substantially-similar to the petroleum products shipped, but petroleum products delivered may vary in color, gravity, and quality from the petroleum products shipped.

**Item No. 50. LIABILITY OF CARRIER**

Carrier shall not be liable for any delay in delivery of petroleum products or for any loss of damage to, or contamination of petroleum products that are caused by events beyond Carrier's reasonable control, including, without limitation acts of God, acts of government, acts of public enemies, acts of terrorists accidents, civil unrest, explosions, fires, floods, labor disputes, riots, strikes, war, breakdowns of machinery, or shortages of fuel or power or by act of default of shipper, or consignee, or resulting from any other cause not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. Any such loss shall be apportioned by Carrier to each shipment of product or portion thereof involved in such loss in the proportion that such shipment or portion thereof bears to the total of all product in the loss, and each shipper or consignee shall be entitled to receive only that portion of its shipment remaining after deducting his proportion as above determined of such loss. Carrier shall prepare and submit a statement to shippers and consignees showing the apportionment of any such loss.

As a condition to Carrier's acceptance of petroleum products for shipment, each shipper will release, indemnify, defend, and hold harmless Carrier from and against any and all claims, causes of action, costs, damages, fines, liabilities, and losses (including, without limitation, reasonable attorneys' fees and defense costs) arising out of: the breach of any provision of this tariff by the shipper, its consignees, or the employees, contractors, agents, or other representatives of the shipper or its consignees; and injuries (including, without limitation, death) to persons, damage to property, and damage to the environment in connection with the delivery or receipt of petroleum products to or from Carrier. Shipper's release, indemnify, defense, and hold harmless obligations will apply regardless of cause and regardless of the theory of recovery, but not to the extent that a liability is caused by Shipper's negligence.

**Item No. 55. CLAIMS, TIME FOR FILING**

As a condition precedent to recovery, claims for loss or damage must be filed in writing with the carrier within nine (9) months after delivery of the property, or, in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed; and suits shall be instituted against carrier only within two (2) years and one (1) day from the day when notice in writing is given by the carrier to the claimant that carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, carrier will not be liable and such claims will not be paid.

**Item No. 60. PRORATION OF PIPELINE CAPACITY**

When there is tendered to carrier for transportation of a quantity which exceeds the current capacity of the carrier, the petroleum products offered by each shipper for transportation will be prorated on ratios established by actual barrels moved in the previous twelve (12) months.

**Item No. 65. INJECTION ADDITIVES AND DYES**

When requested by a shipper or a consignee, carrier will if injection ratio of the requested additive is within the capabilities of the present injection equipment, for a service charge of [U] six (6) cents per barrel of petroleum product treated, perform the service of injecting dyes, additives and additive mixtures, including pour point depressants into oils at carrier's terminal, provided however, that the party requesting such service shall furnish or pay for all required dyes and additives.

For a service charge of [U] six (6) cents per barrel of gasoline treated, carrier will perform the service of injecting,

reporting and control associated with all deposit control gasoline additives. In addition, the party will furnish or pay for the required deposit control gasoline additive.

In the event the specifications or injection ratio of a shipper's additives are outside the capabilities of carrier's injection equipment, the carrier may require the party requesting the service to install satisfactory injection equipment or pay an installation charge for such equipment.

**Item No. 67. DIESEL HANDLING:**

Carrier has established a diesel handling surcharge to recover the costs necessary for carrier to facilitate the handling of both high and low sulfur diesel products; pursuant to the Environmental Protection Agency's (EPA's) regulation of 40 CFR Part 80.

The diesel surcharge of [U] three and fifty three (3.53) cents per barrel will apply only to the shipments of diesel fuel products.

The surcharge will have a ten year life, whereupon at the end of the tenth year the surcharge will be cancelled. The capital investment costs will not be included in NuStar Pipeline Operating Partnership, L.P.'s rate base. At the end of each annual period, Carrier will adjust the diesel surcharge upward or downward based on the previous year's applicable actual volumes and costs.

**Item No. 70. DEMURRAGE CHARGES**

In order to provide space for delivery of succeeding shipments into carrier's facilities and otherwise to prevent or relieve congestion at carrier's terminals, carrier shall give notice to those shippers or consignees whose petroleum products are causing congestion directing them to remove such products. If the products of more than one shipper or consignee are causing congestion but less than all such products must be removed, the products specified in the notice shall be determined on a first-in-first-out basis. Demurrage charges shall be payable upon presentation of bill by the carrier. Products specified in the notice which are not removed at the close of a thirty (30) day period, beginning the day after such notice is sent by the carrier, shall be subject to a demurrage charge of [U] one (1) cent per barrel per day until removed. Demurrage charges shall be payable upon presentation of bill by the carrier.

**Item No. 75. RECONSIGNMENT**

If no backhaul movement is required, and if current operating conditions permit, petroleum products in the custody of carrier may be reconsigned to destinations named herein. No charge will be made for such reconsignment; however, the products so reconsigned shall be subject to the rates, rules and regulations applicable from point of initial origin to point of final destination on the date of such reconsignment.

**Item No. 77. INSTANTANEOUS BILLING (PETROEX)**

When requested by the consignor, carrier will accumulate in the appropriate program format, consignor-consignee information and will transmit same on a daily basis, Monday through Friday, to the General Electric Company Petroex System or other similar means.

**Item No. 87. TAX REGISTRATION**

The Carrier shall require the shipper, consignee or consignor to provide proof of registration with appropriate Federal and State agencies for the collection of any sales and excise taxes. Failure to provide such proof of registration shall not relieve shipper, consignee or consignor of the appropriate tax liability.

Any charges levied against the Carrier by any State or Federal agency will be collected by the Carrier in accordance with the provision stated in tariff Item No. 90.

**Item No. 90. PAYMENT OF CHARGES FOR TRANSPORTATION AND OTHER SERVICES**

The charges for transportation, storage and services accruing on petroleum products accepted for shipment shall be based on the rate applicable to the destination at which delivery is made. If required, charges shall be prepaid at point of origin or shall be paid before release of petroleum products from the custody of the carrier. Petroleum products accepted for transportation shall be subject to a lien for all lawful charges. Charges are due on receipt. If such charges are not paid in full

within 15 days from the date of the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at a rate of 25% APR. Carrier reserves the right to off-set any such charges against any monies owed to Shipper by Carrier or any Petroleum Products of Shipper in Carrier's custody.

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**SECTION 2**

**LOCAL NON-INCENTIVE RATES  
for the  
TRANSPORTATION OF PETROLEUM PRODUCTS  
(as defined in Item No. 10)  
BY PIPELINE**

**All Rates in cents per barrel of forty-two (42) United States Gallons**  
The rates contained in this section apply only via the lines of the  
NuStar Pipeline Operating Partnership, L.P.

**Item No. 105.**

Rates in this Item include delivery into storage at carrier's terminals or consignor facilities and storage and terminal services as applicable. See Items No. 65 and 67 for applicable charges for diesel handling surcharge and injecting additives respectively.

<b>FROM:</b>	<b>Mandan, ND</b>		
<b>TO</b>	All Barrels		
[S] ± Mandan (BN), ND	[I] 30.72	----	----
[S] Jamestown, ND	[I] 61.45	----	----

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