

**Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee**

Table of Contents

Statement A	Total Cost of Service
Statement B	Operation And Maintenance Expense
Statement C	Overall Return on Rate Base
Statement D	Income Taxes
Statement E1	Rate Base
Statement E2	Calculation of Deferred Return
Statement E3	Calculation of Deferred Return Amortization
Statement F1	Allowance for Funds Used During Construction ("AFUDC")
Statement F2	Calculation of AFUDC Amortization
Statement G	Revenue
Workpaper 1	Calculation of Tax Depreciation for ADIT Purposes
Workpaper 2	Calculation of Accumulated Deferred Income Taxes ("ADIT")
Support Schedule	

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Total Cost of Service
(000's)

Statement A

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Actual Year 1</u>	<u>Projected Year 2</u>
1	Overall Return on Rate Base	Statement C, Line 16	\$698.7	\$706.2
2	Income Tax Allowance	Statement D, Line 9	\$388.6	\$407.4
3	Operating Expenses Excl. Depreciation	Statement B, Line 21	\$92.5	\$94.0
4	Depreciation Expense	Statement B, Line 13	\$802.3	\$927.9
5	Amortization of AFUDC	Statement F2, Lines (3 + 8)	\$49.1	\$54.9
6	Amortization of Deferred Return	Statement E2, Line 13	\$13.2	\$30.8
7	Total Cost of Service	Sum Lines (1 through 6)	\$2,044.4	\$2,221.2
8	Actual Surcharge Collected (9/16/06-9/15/07)	Workpapers	\$1,712.5	
9	Unrecovered Costs excl. Carrying Cost	Lines (7 - 8)	\$331.8	
10	Annual Carrying Cost (1/2 Year Convention)	Line 9 * 8.17% * 0.5	\$13.7	
11	Unrecovered Costs	Lines (9 + 10)	\$345.5	
12	Total Cost of Service & Unrecovered Costs	Line 7 + Prior Year Line 11		\$2,566.7
13	Projected Throughput	Support Schedule		40,195.7
14	Allowed Tariff Surcharge per Barrel	Lines (12 / 13)		\$0.0639

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Operation And Maintenance Expense
(\$000's)

Statement B

Line No.	FERC Acct	Description	Source	Actual Year 1	Projected Year 2
<u>OPERATIONS AND MAINTENANCE</u>					
1	300	Salaries and Wages	Workpaper	\$49.9	\$51.4
2	310	Materials and Supplies	Workpaper	\$12.0	\$12.0
3	320	Outside Services	Workpaper	\$30.6	\$30.6
4	330	Operating Fuel and Power		\$0.0	\$0.0
5	340	Oil Losses and Shortages		\$0.0	\$0.0
6	350	Rentals		\$0.0	\$0.0
7	390	Other Expenses		\$0.0	\$0.0
8		Total Operations Expense	Lines (1 through 7)	\$92.5	\$94.0
<u>GENERAL</u>					
9	500	Salaries and Wages		\$0.0	\$0.0
10	510	Materials and Supplies		\$0.0	\$0.0
11	520	Outside Services		\$0.0	\$0.0
12	530	Rentals		\$0.0	\$0.0
13	540	Depreciation and Amortization	Support Schedule	\$802.3	\$927.9
14	550	Employee Benefits		\$0.0	\$0.0
15	560	Insurance		\$0.0	\$0.0
16	570	Casualty and Other Losses		\$0.0	\$0.0
17	580	Pipeline Taxes		\$0.0	\$0.0
18	590	Other Expenses		\$0.0	\$0.0
19		Total General Expense	Lines (9 through 18)	\$802.3	\$927.9
20		Total Operating Expenses	Lines (8 + 19)	\$894.7	\$1,021.8
21		Total Operating Exp. Excl. D&A	Lines (20 - 13)	\$92.5	\$94.0

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Overall Return on Rate Base
(\$000's)

Statement C

Line No.	Description	Source	Actual Year 1	Projected Year 2
1	Net Trended Original Cost Rate Base	Statement E1, Line 16	\$8,059.3	\$8,135.5
2	Net Deferred Return	Statement E1, Avg. Line 14	\$59.5	\$182.8
3	Subtotal	Lines (1 - 2)	\$7,999.8	\$7,952.7
4	Debt Ratio	1.0 - Ln 5	26.90%	26.90%
5	Equity Ratio	Workpaper	73.10%	73.10%
6	Adjusted Debt Portion of Subtotal	Lines (3 * 4)	\$2,151.9	\$2,139.3
7	Equity Portion of Subtotal	Lines (3 * 5)	\$5,847.9	\$5,813.4
8	Net Deferred Return	Line 2	\$59.5	\$182.8
9	Adjusted Equity Portion of Subtotal	Lines (7 + 8)	\$5,907.4	\$5,996.2
10	Adjusted Debt Ratio	Lines (6 / 1)	26.70%	26.30%
11	Adjusted Equity Ratio	Lines (9 / 1)	73.30%	73.70%
12	Cost of Debt	Workpaper	5.80%	5.80%
13	Equity Rate of Return (Real)	Support Schedule	9.71%	9.71%
14	Weighted Cost of Capital	Lines ((10 * 12) + (11 * 13))	8.67%	8.68%
15	Net Trended Original Cost Rate Base	Line 1	\$8,059.3	\$8,135.5
16	Overall Return on Rate Base	Lines (14 * 15)	\$698.7	\$706.2
17	Weighted Cost of Debt	Lines (10 * 12)	1.55%	1.53%
18	Net Trended Original Cost Rate Base	Line 1	\$8,059.3	\$8,135.5
19	Interest Expense	Lines (17 * 18)	\$124.9	\$124.5

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Income Taxes
(\$000's)

Statement D

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Source</u>	<u>Actual</u> <u>Year 1</u>	<u>Projected</u> <u>Year 2</u>
1	Overall Return on Rate Base	Statement C, Line 16	\$698.7	\$706.2
2	Interest Expense	Statement C, Line 19	\$124.9	\$124.5
3	Return on Equity	Lines (1 - 2)	\$573.8	\$581.7
4	Amortization of Deferred Return	Statement E2, Line 13	\$13.2	\$30.8
5	Amortization of Equity AFUDC	Statement F2, Line 3	\$42.6	\$47.6
6	Taxable Allowed Return	Lines (3 + 4 + 5)	\$629.6	\$660.1
7	Composite Income Tax Rate	Workpaper	38.17%	38.17%
8	Net-to-Tax Multiplier	Line 7 / (1 - Line 7)	61.72%	61.72%
9	Income Tax Allowance	Lines (6 * 8)	\$388.6	\$407.4

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Rate Base
(\$000's)

Statement E1

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Source</u>	Actual <u>Beginning</u> <u>Balance</u>	<u>Actual</u> <u>Year 1</u>	<u>Projected</u> <u>Year 2</u>
<u>Total Carrier Property in Service</u>					
1	Carrier Property in Service	Support Schedule	\$6,952.8	\$9,092.8	\$9,213.9
2	Accumulated AFUDC	Statement F1, Line 14	\$434.1	\$546.6	\$552.9
3	Total Carrier Property in Service	Lines (1 + 2)	\$7,386.9	\$9,639.4	\$9,766.8
<u>Total Accumulated Depreciation</u>					
4	Accumulated Depreciation of Carrier Property	Support Schedule	\$0.0	\$802.3	\$1,730.2
5	Accumulated Amortization of AFUDC	Statement F2, Line 11	\$0.0	\$49.1	\$104.0
6	Total Accumulated Depreciation	Lines (4 + 5)	\$0.0	\$851.4	\$1,834.2
7	Net Carrier Property In Service	Lines (3 - 6)	\$7,386.9	\$8,788.0	\$7,932.6
<u>Working Capital</u>					
8	Oil Inventory		\$0.0	\$0.0	\$0.0
9	Materials and Supplies		\$0.0	\$0.0	\$0.0
10	Prepayments		\$0.0	\$0.0	\$0.0
11	Total Working Capital	Lines (8 + 9 + 10)	\$0.0	\$0.0	\$0.0
12	Accumulated Deferred Income Taxes	Workpaper 2, Line 8	\$0.0	\$175.4	\$639.8
13	Original Cost Rate Base	Lines (7 + 11 - 12)	\$7,386.9	\$8,612.6	\$7,292.8
14	Net Deferred Return	Statement E2, Line 16	\$0.0	\$119.0	\$246.6
15	Net Trended Original Cost Rate Base	Lines (13 + 14)	\$7,386.9	\$8,731.6	\$7,539.5
16	Average Net Trended Original Cost Rate Base	Average Line 15		\$8,059.3	\$8,135.5

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Calculation of Deferred Return
(\$000's)

Statement E2

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Actual Beginning Balance</u>	<u>Actual Year 1</u>	<u>Projected Year 2</u>
1	Carrier Property in Service	Statement E1, Line 1	\$6,952.8	\$9,092.8	\$9,213.9
2	Net Carrier Property Additions	Lines (1 - Prior 1)	\$6,952.8	\$2,139.9	\$121.1
3	Equity Ratio	Workpaper	70.47%	73.10%	73.10%
4	Equity Portion of Carrier Property Additions	Lines (2 * 3)	\$4,899.7	\$1,564.3	\$88.5
5	Carrier Property in Trending Base	Lines (4 + Prior 5) [1]	\$4,899.7	\$6,464.0	\$6,552.5
6	Ratio of Carrier Property in Trending Base	Lines (5 / 1)	70.47%	71.09%	71.12%
7	Original Cost Rate Base	Statement E1, Line 13	\$7,386.9	\$8,612.6	\$7,292.8
8	Original Cost RB Included in Trending Base	Lines (6 * 7)	\$5,205.6	\$6,122.7	\$5,186.6
9	Accumulated Net Deferred Return	Line 16		\$119.0	\$246.6
10	Trending Base	Lines (8 + 9)	\$5,205.6	\$6,241.7	\$5,433.2
11	Inflation Factor	CPI-U		2.54%	2.54%
12	Deferred Return	Lines (Prior 10 * 11)		\$132.2	\$158.5
13	Amortization of Deferred Return	Statement E3, Line 5		\$13.2	\$30.8
14	Accumulated Deferred Return	Cumulative Line 12		\$132.2	\$290.7
15	Accumulated Amortization of Deferred Return	Cumulative Line 13		\$13.2	\$44.1
16	Net Deferred Return	Lines (14 - 15)		\$119.0	\$246.6

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Calculation of Deferred Return Amortization
(\$000's)

Statement E3

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Actual Year 1</u>	<u>Projected Year 2</u>
1	Deferred Return	Statement E2, Line 12	\$132.2	\$158.5
2	Amortization Rate	Support Schedule	10.00%	11.11%
3	Amortization of Yr 1 Deferred Return	Yr 1 Lines (1 * 2)	\$13.2	\$13.2
4	Amortization of Yr 2 Deferred Return	Yr 2 Lines (1 * 2)		\$17.6
5	Total Amortization of Deferred Return	Sum Lines (3 thru 4)	<u>\$13.2</u>	<u>\$30.8</u>

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Allowance for Funds Used During Construction ("AFUDC")
(\$000's)

Statement F1

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	Actual <u>Beginning Balance</u>	Actual <u>Year 1</u>	Projected <u>Year 2</u>
1	Equity Ratio	Workpaper	70.47%	73.10%	73.10%
2	Debt Ratio	1.0 - Line 1	29.53%	26.90%	26.90%
3	Nominal Equity Rate of Return	Assumption	15.42%	12.25%	12.25%
4	Cost of Debt	Workpaper	5.48%	5.80%	5.80%
5	CPIS Additions	Support Schedule	\$6,952.8	\$2,139.9	\$121.1
6	AFUDC - Base %	Assumption	<u>50.0%</u>	<u>50.0%</u>	<u>50.0%</u>
7	AFUDC Base CPIS Additions	Lines (5 * 6)	\$3,476.4	\$1,070.0	\$60.6
8	Equity Portion of AFUDC	Lines (1 * 3 * 7)	\$377.8	\$95.8	\$5.4
9	Accumulated Equity AFUDC	Cumulative Line 8	\$377.8	\$473.6	\$479.0
10	Debt Portion of AFUDC	Lines (2 * 4 * 7)	\$56.3	\$16.7	\$0.9
11	Interest During Construction Booked		<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
12	Net Debt Portion of AFUDC	Line (10 - 11)	\$56.3	\$16.7	\$0.9
13	Accumulated Debt AFUDC	Cumulative Line 12	\$56.3	\$73.0	\$73.9
14	Total Accumulated AFUDC	Lines (9 + 13)	\$434.1	\$546.6	\$552.9

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Calculation of AFUDC Amortization
(\$000's)

Statement F2

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Actual Beginning Balance</u>	<u>Actual Year 1</u>	<u>Projected Year 2</u>
1	Accumulated Equity AFUDC	Statement F1, Line 9	\$377.8	\$473.6	\$479.0
2	Amortization Rate	Support Schedule		10.00%	10.00%
3	Amortization of Equity AFUDC	Avg. Line 1 * Line 2		\$42.6	\$47.6
4	Accumulated Amortization of Equity AFUDC	Cumulative Line 3		\$42.6	\$90.2
5	Net Equity AFUDC	Lines (1 - 4)		\$431.0	\$388.8
6	Accumulated Debt AFUDC	Statement F1, Line 13	\$56.3	\$73.0	\$73.9
7	Amortization Rate	Line 2		10.00%	10.00%
8	Amortization of Debt AFUDC	Avg. Line 6 * Line 7		\$6.5	\$7.3
9	Accumulated Amortization of Debt AFUDC	Cumulative Line 8		\$6.5	\$13.8
10	Net Debt AFUDC	Lines (6 - 9)		\$66.5	\$60.1
11	Total Accumulated AFUDC Amortization	Lines (4 + 9)		\$49.1	\$104.0

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Revenues (Year 2 Projection)
(000's)

Statement G

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>
1	Estimated Annual Throughput	Support Schedule	40,195.7
2	Proposed Tariff Surcharge (\$/bbl)	Management Decision	\$0.0639
3	Revenues Under Proposed Surcharge	Lines (1 * 2)	\$2,568.5
4	Allowed Tariff Surcharge (\$/bbl)	Statement A, Line 14	\$0.0639
5	Revenues under Allowed Tariff Surcharge	Lines (1 * 4)	\$2,568.5
6	Revenue Excess/(Deficiency)	Lines (3 - 5)	\$0.0

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Calculation of Tax Depreciation for ADIT Purposes
(\$000's)

Workpaper 1

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Source</u>	<u>Actual</u> <u>Year 1</u>	<u>Projected</u> <u>Year 2</u>
1	Federal Depreciation Factors	7-Year MACRS	14.29%	24.49%
2	Carrier Property Additions (Excluding Land)	Support Schedule	\$9,092.8	\$121.1
3	Debt AFUDC Additions	Statement F1, Line 12	\$73.0	\$0.9
4	Tax Depreciation Base	Lines (2 + 3)	\$9,165.8	\$122.0
5	Tax Depreciation of Year 1 Property Additions	Year 1 Line 4 * Line 1	\$1,309.8	\$2,244.7
6	Tax Depreciation of Year 2 Property Additions	Year 2 Line 4 * Line 1		\$17.4
7	Tax Depreciation	Sum Lines (5 thru 6)	\$1,309.8	\$2,262.1

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Calculation of Tax Depreciation for ADIT Purposes
(\$000's)

Workpaper 2

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Source</u>	<u>Actual</u> <u>Year 1</u>	<u>Projected</u> <u>Year 2</u>
1	Carrier Depreciation Expense	Support Schedule	\$802.3	\$927.9
2	Amortization of Debt AFUDC	Statement F2, Line 8	\$6.5	\$7.3
3	Carrier Depreciation Expense incl. Amort. of AFUDC	Lines (1 + 2)	\$808.8	\$935.2
4	Federal Tax Depreciation	Workpaper 1, Line 7	\$1,309.8	\$2,262.1
5	Federal Tax Timing Differences	Lines (4 - 3)	\$501.0	\$1,326.9
6	Federal Income Tax Rate	Workpaper	35.00%	35.00%
7	Deferred Income Tax Effect	Line 5 * Line 6	\$175.4	\$464.4
8	ADIT	Line 7 + Prior Line 10	\$175.4	\$639.8

Plantation Pipe Line Company
Ultra Low Sulfur Diesel Recovery Fee
Support Schedule
(000's)

Line No.	<u>Description</u>	
	<i>Capital Investments</i>	
1	Actual Initial Investment (Beginning Balance)	\$6,952.8
2	Year 1 Actual Additional Investment	\$2,139.9
3	Projected Additional Investment In Year 2	\$121.1
4	Total Capital Investments	<u>\$9,213.9</u>
5	Term of Capital Recovery	10 Years
6	Total Incremental Operating Expenses (first 5 years)	\$477.7
7	Actual Diesel Volumes, Sept. 16, 2006 - Sept. 15, 2007 (Year 1)	40,195.7
8	Projected Annual Volume Growth Rate	0.00%