

NORCO PIPE LINE COMPANY, L.L.C.

LOCAL AND JOINT TARIFF

In Connection With Buckeye Pipe Line Company, L.P.

Containing

RULES & REGULATIONS

Governing

TRANSPORTATION OF PETROLEUM PRODUCTS

By

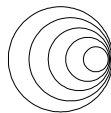
PIPELINE

ISSUED: MAY 1, 2006

EFFECTIVE: JUNE 1, 2006

The provisions published herein, if effective, will not result in an effect on the quality of the human environment

Issued by:
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✓ **ITEM NO. 130 – ULTRA-LOW SULFUR DIESEL SURCHARGE**

A surcharge of six and seven-tenths cents (6.70¢) will be assessed on each barrel of ultra-low sulfur diesel fuel delivered by the Carrier. For the purposes of this surcharge, ultra-low sulfur diesel (ULSD) is defined as any grade of distillate with a product specification requiring a sulfur content of less than fifteen parts-per-million (15 ppm). The surcharge will not apply to local transfer movements in which barrels only move between tankage at a single facility using the Carrier's pipeline manifold at that location. This surcharge is necessary to recover the prudent capital and operating expenses incurred by the Carrier to protect the low sulfur content and product quality of ULSD during pipeline transportation, and to thereby minimize the economic cost to shippers of product downgrades incident to normal transportation and product handling functions.

The Carrier will use its established accounting mechanisms to track the actual capital expense costs for projects identified and authorized as being undertaken specifically for the transportation and testing of ULSD in its pipeline systems. The Carrier will also separately account for all operating expenses directly related to the maintenance and repair of the authorized ULSD capital equipment, and the direct operating expenses for ULSD product testing and tracking incurred by the Carrier to ensure compliance with the ULSD regulations promulgated by the United States Environmental Protection Agency. The accumulation of operating expenses will be limited to those costs incurred in the period beginning June 1, 2006 and ending June 30, 2011. The accumulation of capital expenses will be limited to those costs incurred in the period beginning January 1, 2005 and ending December 31, 2011.

The Carrier will monitor and account for each calendar year during the recovery period showing the monthly capital and operating ULSD expenses incurred, the volume of ULSD barrels transported, and the corresponding ULSD surcharge revenue credited against the accumulated ULSD expenses. The report will tabulate a running monthly balance of unrecovered expenses, and beginning July 1, 2006, a capital carrying charge will be applied each month to the unrecovered expense balance at the end of the prior calendar month. The monthly interest rate used for the capital carrying charge shall be equal to the FERC interest rate used by the Commission for refund purposes as posted on the Commission website in the "monthly rate" column of the table of interest rates at <http://www.ferc.gov/legal/acct-matts/interest-rates.asp>; the rate will be adjusted quarterly to conform to the quarterly changes made by the Commission.

This ULSD surcharge recovery period will begin June 1, 2006, and will terminate at the end of the calendar month in which all the accumulated ULSD costs are fully recovered by the total accumulated ULSD surcharge revenues. The Carrier will settle with all Shippers for any over-recovery made during the final month of the recovery period if the grand total of all accumulated surcharge revenues during the recovery period exceeds the grand total of all accumulated ULSD expenses by more than one percent (1.0%).

EXPLANATION OF REFERENCE MARKS

✓ New