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May 5, 2006

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

BY ELECTRONIC FILING

Re: Docket No. 42084, *CF Industries, Inc. v. Kaneb Pipe Line Partners, L.P. and Kaneb Pipe Line Operating Partnership, L.P.*

Dear Mr. Secretary:

Pursuant to Section 1104.13 of the regulations of the Surface Transportation Board, Kaneb Pipe Line Partners, L.P. and Kaneb Pipe Line Operating Partnership, L.P. attach their answer the conditional motion of CF Industries, Inc. to conduct discovery.¹

If you have any questions, please do not hesitate to contact me at 713.758.2620.

Respectfully submitted,

Albert S. Tabor, Jr. /s/

Albert S. Tabor, Jr.

¹ CF Industries' Supplemental Reply Brief And Conditional Motion to Conduct Discovery, STB Docket No. 42084 (Apr. 13, 2006).

**UNITED STATES OF AMERICA
BEFORE THE
SURFACE TRANSPORTATION BOARD**

CF Industries Inc.,)	
Complainant)	
)	
v.)	
)	
Kaneb Pipe Line Partners, L.P.)	STB Docket No. 42084
)	
and)	
)	
Kaneb Pipe Line Operating)	
Partnership, L.P.,)	
Respondents)	

**Answer of Kaneb Pipe Line Partners, L.P.
and Kaneb Pipe Line Operating Partnership, L.P. to
CF Industries’ Conditional Motion to Conduct Discovery**

Pursuant to Section 1104.13 of the regulations of the Surface Transportation Board (“STB”), Kaneb Pipe Line Partners, L.P. and Kaneb Pipe Line Operating Partnership, L.P. (collectively, “Kaneb”) answer the conditional motion of CF Industries, Inc. (“CFI”) to conduct discovery (“Motion”).¹ Further discovery is unnecessary, and CFI’s request should be denied.

**I.
ANSWER**

Kaneb and CFI agree on one thing – “this case should be decided on the law and facts already briefed in this proceeding.”² The record is complete, and the Board has all of the information it needs to find that the rate prescription should be lifted. This proceeding has been ongoing since August 2003. The docket contains extensive evidence and argument, the recent briefs regarding the Valero L.P. acquisition contain ample information, and the record is complete. There is no need for further discovery, and CFI’s motion should be denied.

¹ CF Industries’ Supplemental Reply Brief And Conditional Motion to Conduct Discovery, STB Docket No. 42084 (Apr. 13, 2006).

² *Id.* at 6.

The record in this proceeding is an extensive one. Kaneb has already provided hundreds of pages of discovery and numerous answers to interrogatories. Kaneb has filed its Opening Evidence and Argument, consisting of its opening case and extensive evidence³ to which CFI responded with argument and exhibits.⁴ Kaneb subsequently rebutted CFI's response with argument and additional evidence.⁵ CFI filed a supplemental brief with additional evidence,⁶ to which Kaneb responded.⁷ The Board held oral arguments on May 11, 2005 in which both parties argued their positions and were questioned extensively by the Board.⁸ Subsequent to the oral arguments both Kaneb and CFI filed initial briefs⁹ and reply briefs.¹⁰ Pursuant to an order issued on November 2, 2005, Kaneb filed two supplemental briefs explaining the terms and conditions and the impact of the Valero L.P. acquisition.¹¹ CFI has now replied to those briefs, arguing the same points that it has so many times before. With such an extensive and well-developed record, the Board has ample evidence to make a decision in this proceeding. No further discovery is necessary, and CFI's Motion should be denied.

CFI's request for further discovery is merely a ploy. With additional discovery, CFI will be able to draw out this proceeding well into the future. Every additional day that CFI can draw

³ Kaneb Pipe Line Partners, L.P.'s And Kaneb Pipe Line Operating Partnership, L.P.'s Opening Evidence and Argument, STB Docket No. 42084 (Sept. 13, 2004).

⁴ CF Industries, Inc.'s Response to Kaneb's Opening Evidence And Argument, STB Docket No. 42084 (Oct. 7, 2004).

⁵ Rebuttal of Kaneb Pipe Line Partners, L.P. And Kaneb Pipe Line Operating Partnership, L.P. to CF Industries, Inc.'s Response to Kaneb's Opening Evidence And Argument, STB Docket No. 42084 (Oct. 14, 2004).

⁶ CF Industries, Inc.'s Supplemental Brief, STB Docket No. 42084 (Feb. 4, 2005).

⁷ Response of Kaneb Pipe Line Partners, L.P. And Kaneb Pipe Line Operating Partnership, L.P. CF Industries, Inc.'s Supplemental Brief, STB Docket No. 42084 (Feb. 18, 2005).

⁸ Transcript of oral argument in STB Docket No. 42084 (May 11, 2005).

⁹ Initial Brief of Kaneb Pipe Line Partners, L.P. And Kaneb Pipe Line Operating Partnership, L.P. Supplementing Oral Argument, STB Docket No. 42084 (Jun. 3, 2005) and CF Industries, Inc.'s Post-Oral Argument Brief, STB Docket No. 42084 (Jun. 3, 2005).

¹⁰ Reply Brief of Kaneb Pipe Line Partners, L.P. And Kaneb Pipe Line Operating Partnership, L.P. Supplementing Oral Argument, STB Docket No. 42084 (Jun. 10, 2005) and CF Industries, Inc.'s Post-Oral Argument Reply Brief, STB Docket No. 42084 (Jun. 10, 2005).

¹¹ Supplemental Brief of Kaneb Pipe Line Partners, L.P. And Kaneb Pipe Line Operating Partnership, L.P. on Terms and Conditions of Merger, STB Docket No. 42084 (Nov. 22, 2005) and Second Supplemental Brief of Kaneb Pipe Line Partners, L.P. And Kaneb Pipe Line Operating Partnership, L.P. on Impact of Merger, STB Docket No. 42084 (Mar. 31, 2006).

out this proceeding is an additional day that it can maintain the rate prescription and maintain the same low rates that it has been paying for the last 19 years.

CFI's attempt to ascribe unlawful or dubious behavior to Kaneb is posturing. CFI's skepticism of the numbers that Kaneb provided in its brief is unjustified. No more discovery is necessary. CFI's request should be denied, and the Board should decide on the existing record that the rate prescription should be lifted.

II. CONCLUSION

WHEREFORE, for the foregoing reasons, Kaneb respectfully requests that the Board deny CFI's motion for additional discovery and vacate immediately the rate prescription imposed, based on substantially changed circumstances, restoring ratemaking initiative to Kaneb and preventing further injury.

Respectfully submitted,

Albert S. Tabor, Jr. /s/

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May 5, 2006

CERTIFICATE OF SERVICE

I certify that I have this day served copies of this document upon all parties of record in these proceedings by hand delivery.

Dated in Washington, D.C this 5th day of May 2006.

Andrea M. Halverson /s/

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