



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**FILED**

05-04-11  
04:59 PM

Application of San Pablo Bay Pipeline Company LLC  
for Approval of Tariffs for the San Joaquin Valley  
Crude Oil Pipeline.

And Related Matters

Application 08-09-024  
(Filed September 30, 2008)

Case 08-03-021  
Case 09-02-007  
Case 09-03-027

**NOTICE OF EX PARTE COMMUNICATION**

On Friday, April 29, 2011, at 11:05 a.m. at the Commission offices in San Francisco, the following representatives of Chevron Products Company (“Chevron”), protestant and complainant in the above-referenced proceedings, met with Paul S. Phillips and Cristhian de Jesus Escobar, advisers to Commissioner Timothy Alan Simon: David R. Lee, West Coast Trader, Chevron; David A Cohen, Managing Counsel, Compliance, Investigations and Litigation, Chevron Corporation; and Joseph M. Malkin, Counsel.

During the meeting, which lasted from about 11: a.m. to 12:00 p.m., the representatives of Chevron discussed the proposed decision (“PD”) of Administrative Law Judge Bemederfer, supporting its conclusions with respect to: (1) the going-forward rate of \$1.34 based on a traditional cost of service analysis; (2) the refund rate and the refund period; (3) the proposed tariff terms and conditions sponsored by Chevron and the other Independent Shippers; and (4) not allowing the Shell parties to exclude certain storage tanks and truck racks from the regulated pipeline to keep for their exclusive use. In addition, the Chevron representatives discussed the importance of including a “First Priority” condition if the transfer of the pipeline is approved.

The materials set forth in Attachment A hereto were provided.

To obtain a copy of this notice, please contact Erica Andrada at Orrick, Herrington & Sutcliffe LLP, The Orrick Building, 405 Howard Street, San Francisco, California 94105, or telephone at (415) 773-5494.

Dated: May 4, 2011

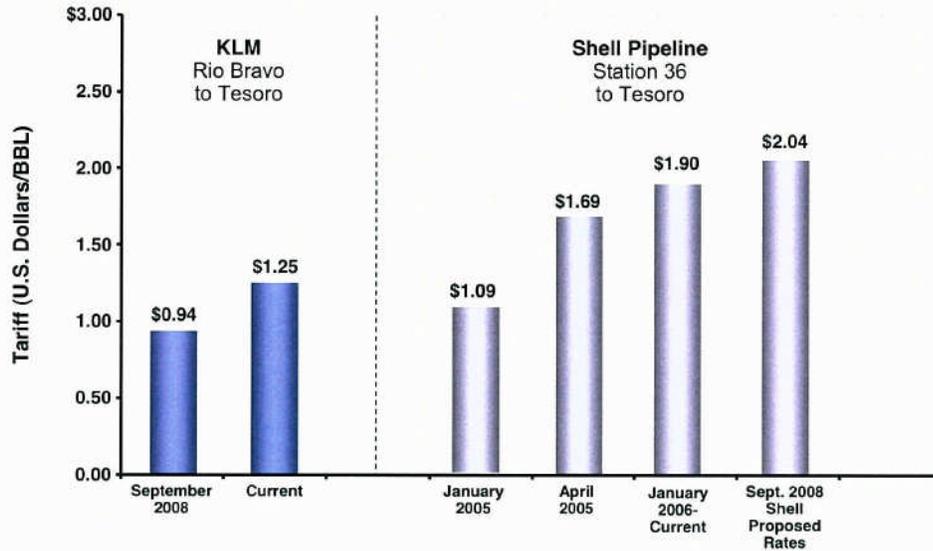
Respectfully submitted,

By: /s/ Joseph M. Malkin  
JOSEPH M. MALKIN  
Attorneys for Protestant and Complainant  
CHEVRON PRODUCTS COMPANY

## **ATTACHMENT A**

## KLM and Shell Pipeline Rates

### KLM Rio Bravo and Shell Pipeline Station 36



### Cost of Service Elements

| Category                                     | SPBPC Claim                 | Traditional Cost of Service (O'Loughlin/Vilbert) |
|--|-----------------------------|--|
| Rate Base (PD, pp. 19-20)                    | \$272.2 million             | \$110.5 million                                  |
| Capital Structure (PD, pp. 20-21)            | 90.49% equity<br>9.51% debt | 50% equity<br>50% debt                           |
| Cost of Capital (PR, pp. 21-22)              | 10.37% WACC                 | 9.75% WACC                                       |
| Test Year Operating Expenses (PD, pp. 22-23) | \$49,658,000                | \$46,209,173                                     |
| Test Year Cost of Service (PD, pp. 23-24)    | \$97.9 million              | \$67.5 million                                   |
| Test Year Volume Forecast                    | 49,637,229 barrels          | 58,247,617 barrels                               |

**CERTIFICATE OF SERVICE BY E-MAIL**

I am more than eighteen years old and not a party to this action. My business address is Orrick, Herrington & Sutcliffe LLP, The Orrick Building, 405 Howard Street, San Francisco, California 94105-2669. On May 4, 2011, I served the following document:

**NOTICE OF EX PARTE COMMUNICATION**

on the interested parties in consolidated Dockets A.08-09-024, C.08-03-021, C.09-02-007 and C.09-03-027 in this action by electronic mail to the following:

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I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 4, 2011, at San Francisco, California.

          /s/ Erica S. Andrada  
Erica S. Andrada