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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Pablo Bay Pipeline Company LLC for Approval of Tariffs for the San Joaquin Valley Crude Oil Pipeline.	Application 08-09-024 (Filed September 30, 2008)
And Related Matters.	Case 08-03-021 Case 09-02-007 Case 09-03-027

ADMINISTRATIVE LAW JUDGE'S RULING (1) DENYING MOTION OF CHEVRON PRODUCTS COMPANY TO REMOVE THE "HIGHLY CONFIDENTIAL" DESIGNATION FROM CERTAIN MATERIALS PRODUCED BY SHELL (US) TRADING COMPANY, AND (2) GRANTING MOTION OF VALERO TRADING COMPANY TO MODIFY PROTECTIVE ORDER

Summary

The Motion of Chevron Products Company to remove the "Highly Confidential" designation from the Crude Oil Pipeline Exchange Agreement between Shell Trading (US) Company and Shell Oil Products US dated April 1, 2003 is denied. The motion of Valero Products Company to Modify Protective Order entered January 6, 2010 is granted.

Discussion

On November 1, 2009, Chevron Products Company (Chevron) and Shell Trading (US) Company (STUSCO) entered into a nondisclosure agreement (NDA) regarding materials produced as part of the discovery in this proceeding. The NDA classified documents for which a party requests confidential treatment into two categories. "Confidential Documents" may be produced to and

reviewed by employees of the party to whom they are produced as well as that party's lawyers and experts. "Highly Confidential" documents may be produced to and reviewed by the lawyers and experts of the party to whom they are produced but not by employees of that party. The definitions of "Confidential" and "Highly Confidential" documents from the NDA were incorporated in a protective order that I entered on January 6, 2010 (Protective Order).

In response to a Chevron discovery request, STUSCO produced and designated as "Highly Confidential" the Crude Oil Pipeline Exchange Agreement between STUSCO and Shell Oil Products US (SOPUS) dated April 1, 2003 (Exchange Agreement).

The Exchange Agreement allocates expenses and revenues associated with operating the pipelines and terminals in the state of California owned or operated by STUSCO, SOPUS or their affiliates (collectively Shell) among the various Shell entities. The Exchange Agreement covers twenty (20) crude oil and feedstock pipelines owned or leased by Shell in the San Joaquin Valley and the Los Angeles basin, as well as seven (7) tank facilities. The San Pablo Bay Pipeline, which is the subject of this litigation, is the only California Public Utilities Commission jurisdictional property among the twenty-seven (27) properties covered by the Exchange Agreement.

Appendix A to the Exchange Agreement, which is updated on a monthly basis, contains detailed information regarding the prices paid by and the charges imposed on shippers on the various Shell pipelines. From the information contained in Appendix A, it is possible to reconstruct not merely the revenues and expenses associated with the San Pablo Bay Pipeline but those of Shell's entire pipeline and terminal operations in California. Providing this information

to employees of Shell's direct competitors places Shell at a substantial competitive disadvantage insofar as it creates a road map to Shell's California oil transportation and terminal business. It is difficult to think of information that Shell would regard as more sensitive or more deserving of being designated as "Highly Confidential."

Moreover, Chevron's lawyers and experts are already in possession of the information contained in Appendix A and may use that information to assist them in preparing their opposition to Shell's application for market-based rates. Thus the disadvantage to Chevron in this litigation of not allowing Chevron employees access to the information in Appendix A is modest while the potential economic damage to Shell of doing so is substantial.

In a separate motion filed February 24, 2010, Valero Marketing and Supply Company (Valero), a party to this proceeding, asks that the Protective Order be modified by adding Valero as a party to the order. Valero anticipates that it may produce documents for which a "Confidential" or "Highly Confidential" designation would be appropriate and seeks assurance that the protections of the Protective Order are available to it in such a case.

For the reasons stated,

IT IS RULED that:

1. The motion of Chevron Products Company to remove the "Highly Confidential" designation from the Exchange Agreement is denied.
2. The Protective Order entered on January 6, 2010 is modified to add Valero Marketing and Supply Company as a party to the order.

3. As modified by this ruling, the Protective Order entered January 6, 2010 remains in full force and effect.

Dated March 23, 2010, at San Francisco, California.

/s/ KARL J. BEMESDERFER
Karl J. Bemesderfer
Administrative Law Judge

INFORMATION REGARDING SERVICE

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Dated March 23, 2010, at San Francisco, California.

/s/ JOYCE TOM
Joyce Tom

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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