

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of **Calnev Pipe Line LLC** for authority,)
pursuant to Public Utilities Code Section 455.3, to increase)
its rates for intrastate pipeline transportation services)
_____)

A1109018

Application No. _____

APPLICATION

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Date: September 26 , 2011

Attorneys for Calnev Pipe Line LLC

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of **Calnev Pipe Line LLC** for authority,)
pursuant to Public Utilities Code Section 455.3, to increase)
its rates for intrastate pipeline transportation services) Application No. _____
_____)

APPLICATION

I. INTRODUCTION

Pursuant to Section 455.3 of the Public Utilities Code, and Rules 6(a) and 23 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Calnev Pipe Line LLC. (“Calnev” or “Applicant”) submits its application requesting authority to increase the rates that it charges for transportation by pipeline of refined petroleum products within California.¹ The requested rate increase of \$193, 000 represents an increase of 9.99% over projected revenue at rates currently in effect.²

Section 455.3 authorizes oil pipeline public utilities like Calnev to increase their public utility pipeline transportation rates upon thirty days’ notice to the Commission and prior to Commission approval, provided that the proposed increase in shipping charges does not exceed 10 percent per 12-month period. Section 455.3 further provides the Commission with authority to suspend any such rate change and use of the changed rate for a period of time not to exceed 30 days from expiration of the thirty-day notice of increase provided by the oil pipeline corporation.³ Finally, Section 455.3 allows the Commission to subsequently evaluate the

¹ Unless otherwise noted, all statutory references are to the Public Utilities Code.

² Consistent with the requirements of PU Code §455.3, the subject rate application represents an increase of 9.99 % in the current rates which have been in effect since 1996.

³ With regard to the notice provisions of Section 455.3, the filing of the subject application and the mailing to shippers of pertinent information regarding the requested rate increase commences the 30-day notice period required before rates can be increased prior to Commission approval. Calnev intends to

(footnote continued)

reasonableness of any rate increase effected prior to Commission approval, to disallow any portion of the rate increase that is ultimately deemed unreasonable, and to require refund of that portion of the increase found to be unreasonable.

By this application, Calnev is requesting authority pursuant to Public Utilities (“PU”) Code Section 455.3 to increase its rates for intrastate pipeline transportation services by \$193,000. Consistent with the notice requirements of PU Code Section 455.3, Calnev intends the requested 9.99 % increase in its intrastate tariff rates to become effective November 1, 2011.

II. CORRESPONDENCE AND COMMUNICATIONS

All correspondence and communications with respect to this Application should be addressed or directed as follows:

GOODIN, MACBRIDE, SQUERI,
DAY & LAMPREY, LLP
James D. Squeri
505 Sansome Street, Suite 900
San Francisco, CA 94111
Telephone: (415) 392-7900
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Attorneys for Calnev Pipe Line LLC

implement the requested rate increase as of November 1, 2011, subsequent to expiration of the requisite 30-day notice period.

III. CALNEV'S EXISTING AND PROPOSED RATES

Origin	Destination	Existing Rates (effective 5/21/96)	Proposed Rate	Percent Increase
Colton	Adelanto	\$0.3060	\$0.3366	9.99%
Colton	BNSF	\$0.3980	\$0.4378	9.99%
Colton	SCIA	\$0.4500	\$0.4950	9.99%
Colton	Barstow	\$0.4600	\$0.5060	9.99%
Colton	Yermo	\$0.4100	\$0.4510	9.99%
Colton	Baker	\$0.7000	Cancelled	

IV. JUSTIFICATION FOR REQUESTED RATE INCREASE AND PROPOSED RATE DESIGN

As set forth in Exhibit A hereto, Calnev presents its analysis of its achieved return under the following scenarios: (1) for the 12-month period ended June 30, 2011; (2) for the forecasted 12-month period (January through December, 2012) assuming no increase in current rates; and (3) for the forecasted 12-month period (January through December, 2012) assuming a 9.99% rate increase and related increase in revenue of \$193,000.

The analysis of Calnev's cost of service and revenues as set forth in Exhibit A shows that Calnev's achieved return under each of the above-referenced scenarios is as follows: (1) -73.49%; (2) -68.04%; and (3) -61.38%. With respect to both its current rates and the increased rates that are the subject of this application, Calnev will realize a negative return on equity rate base and will continue to substantially underearn any reasonably derived cost of service related to its intrastate pipeline transportation services.⁴ Specifically, the requested rate increase of \$193,000 will only result in changing Calnev's achieved return from -68.04% to

⁴ The referenced calculations reflect the ratemaking methodology and certain assumptions set forth in Commission Decision No. 11-05-045 issued May 26, 2011, including rejection of an income tax

(footnote continued)

-61.38%. The fact that Calnev, even assuming an increase of \$193,000, cannot, under any reasonable assessment of its utility cost of service, possibly earn any return on its utility investment, much less a reasonable return, is **per se** justification of the reasonableness of the subject rate increase.

With regard to rate design, the rates reflecting the proposed increase of \$193,000, as set forth in Section III above, have been derived by increasing each of the current rates by 9.99%. Exhibit B hereto sets forth the Calnev tariff sheets reflecting increased rates as set forth in Section III above.

V. INFORMATION REQUIRED BY RULE 3.2

Calnev is a Delaware limited liability company.⁵ Kinder Morgan Energy Partners, L.P. (“KMEP”), a publicly traded partnership which, along with its affiliates, owns and exercises control of Calnev, as authorized by the Commission in D. 01-03-074 issued March 27, 2001.

Calnev is a 550-mile refined products pipeline system that spans from Colton, California, to Las Vegas, including a 55-mile military pipeline serving Edwards Air Force Base. It can transport over 150,000 barrels of gasoline, diesel and jet fuel per day. The Calnev system consists of two pipelines, an 8-inch and a 14-inch line, that operate around the clock to provide Las Vegas consumers more than 1 million gallons of petroleum products a day, approximately 9.4% of which is delivered to California destinations.. The intrastate portions of the Calnev

allowance. D. 11-05-045 is currently under appeal, and Applicant’s reflection of certain of the decision’s assumptions herein cannot be construed as agreement with the Commission’s approach.

⁵ As permitted by Rule 2.2. of the Commission’s Rules of Practice and Procedure, Calnev informs the Commission that Calnev’s Certificate of Formation and Good Standing (Delaware) as well as its Certificate of Good Standing/Foreign Limited Partnership (California) have previously been filed with the Commission as Exhibit B to A. 06-09-016.

pipeline system that are subject to the Commission's jurisdiction serve origin and destination points in San Bernardino County. The Calnev system connects in Colton with SFPP.

The address of Calnev is 1100 Town & Country Road, Orange, CA 92868; their telephone number for this proceeding is (714) 560-4780. Communications to Calnev concerning this application should be addressed to James Squeri, counsel for Calnev, at the address set forth herein.

Exhibit C includes the most recently available financial statements for Calnev, consisting of balance sheet and income statement information submitted in conjunction with Calnev's individual, 2010 FERC Form 6 filings.

VI. INFORMATION REQUIRED FOR RULE 2.1(c) and RULE 7 COMPLIANCE

The subject application seeks authorization, pursuant to Section 455.3 of the Public Utilities Code, for Calnev to increase the rates it charges for intrastate public utility pipeline services by \$193,000.

1. Proposed Category: Calnev proposes that the application be treated as a "ratesetting" proceeding.

2. Need for Hearing: Given the *per se* reasonableness of the requested rate increase of \$193,000, Calnev does not believe that there are any disputed factual issues that would otherwise require a hearing..

3. Issues Requiring Consideration: The sole issue raised by this application is whether Calnev's proposal to increase its rates by \$193,000 is reasonable.

4. Proposed Schedule: Calnev proposes the following schedule:

Application Filed	September 26, 2011
Notice in Daily Calendar	TBD by CPUC Docket Office
Protests Due	30 Days After Daily Calendar Notice
ALJ Draft Decision	January, 2012
Commission Decision	February, 2012

VII. EXHIBITS

As required by Commission Rules 15, 16, and 23, Calnev provides the following information and exhibits:

Exhibit A	Analyses of Calnev's Achieved Return
Exhibit B	Calnev Proposed Tariffs
Exhibit C	Summary of Earnings
Exhibit D	Form of Shipper Notice

VIII. CONCLUSION

WHEREFORE, Calnev requests:

1. That the Commission issue an opinion and order approving the requested increase in Calnev's intrastate tariff rates as quickly as is practicable; and
2. That the Commission grant such other and further relief as shall be just and proper.

Respectfully submitted this 26th day of September, 2011 at San Francisco,
California.

GOODIN, MACBRIDE, SQUERI,
DAY & LAMPREY, LLP
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By /s/ James D. Squeri
James D. Squeri

Attorneys for Calnev Pipe Line LLC

VERIFICATION OF COUNSEL

I, James D. Squeri, declare:

I am an attorney at law duly admitted and licensed to practice before all courts of this State and I have my professional office at Goodin, MacBride, Squeri, Day & Lamprey, LLC, 505 Sansome Street, Suite 900, San Francisco, California 94111.

I am an attorney for Applicant, Calnev Pipe Line LLC, in the above-entitled matter.

No officer of Calnev Pipe Line LLC. is present in the county in which I have my office and for that reason I am making this verification on behalf of Calnev Pipe Line LLC.

I have read the foregoing Application and know the contents thereof.

I am informed and believe that the matters stated therein are true and, on that ground, I allege that the matters stated therein are true.

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

Executed at San Francisco, California on this 26th day of September, 2011.

/s/ James D. Squeri
James D. Squeri

EXHIBIT A

CALNEV ACHIEVED RETURN ANALYSES

Calneve Pipe Line LLC
California Intrastate Achieved Return
For the 12-Month Period Ended June 30, 2011 and the Forecast Period
(\$000's)

Line No.	12 Months Ended Jun 30, 2011	Forecast 12 Mos. No Increase	Proposed % Increase	Proposed Increase	Forecast 12 Mos. With Increase
1	Revenues	\$1,732	9.99%	\$193	\$2,128
2	Operating Expenses	\$3,376			\$3,420
3	Depreciation & Amortization	\$286			\$286
4	Total Expenses	\$3,661			\$3,705
5	Income Tax	\$0			\$0
6	Achieved Return	(\$1,929)			(\$1,577)
7	Imputed Interest	\$206			\$206
8	Net Return	(\$2,135)			(\$1,783)
9	Total DOC Rate Base	\$5,809			\$5,809
10	Achieved Return on Rate Base	-33.21%			-27.15%
11	Achieved Return on Equity Rate Base	-73.49%			-61.38%

Calnev Pipe Line LLC
California Intrastate Cost of Service & Revenues
(\$000's)

Line No.	<u>Description</u>	<u>Forecast</u>
1	Total DOC Rate Base	\$5,809
2	Weighted Cost of Capital	9.85%
3	Total Return on Rate Base	<u>\$572</u>
4	Income Tax Allowance	\$0
	Operating Expenses:	
5	Base Expenses	\$3,420
6	Carrier Depreciation Expense	\$277
7	Amortization of AFUDC	\$8
8	Total Operating Expenses	<u>\$3,705</u>
9	Total Cost of Service	\$4,277
10	Forecasted Tariff Revenues with no Tariff Change	<u>\$1,935</u>
11	Revenue Deficiency - Before Proposed Tariff Change	<u><u>(\$2,342)</u></u>
12	Proposed Tariff Change	\$193
13	Revenue Deficiency - After Proposed Tariff Change	<u><u>(\$2,149)</u></u>

EXHIBIT B

REVISED CALNEV TARIFF SHEETS

CALNEV PIPE LINE [W] LLC, ~~L.L.C.~~
LOCAL PIPELINE TARIFF

**CONTAINING
RATES**

**APPLYING ON THE TRANSPORTATION
OF
PETROLEUM PRODUCTS
BY PIPELINE**

THIS TARIFF APPLIES TO INTRASTATE TRAFFIC ONLY

Rates herein are governed by **Rules and Regulations** provided in Calnev Pipe Line [W] LLC, ~~L.L.C.~~'s tariff **Cal PUC No. 13**, Supplements thereto and reissues thereof.

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

NOTICE: For explanation of abbreviations and reference marks, see concluding page of this tariff.

ISSUED: September 23, 2011

EFFECTIVE: November 1, 2011 [N] ③

Issued By:

Thomas A. Bannigan, for
Calnev Pipe Line [W] LLC, ~~L.L.C.~~
500 Dallas, Suite 1000
Houston, TX 77002

Compiled By:

Eileen Mizutani
Calnev Pipe Line [W] LLC, ~~L.L.C.~~
1100 Town & Country Road
Orange CA 92868
(714) 560-4910
[W] E-mail: Tariff_Group@kindermorgan.com

Table of Rates

From Station On C.P.L.	Via	To Stations On C.P.L. At	Rates In Cents Per Barrel	
			Terminaling Services Provided by Carrier at Destination	No Terminaling Services Provided by Carrier at Destination
Colton San Bernardino County California	Calnev Pipe Line [W] LLC, L.L.C.	Adelanto [N] ② San Bernardino County California [C] (All Destinations)		[I] 33.66
		BNSF [C] and Yellow Freight Takeoff San Bernardino County California		[I] 43.78
		Southern California International Airport ① San Bernardino County California		[I] 49.50
		Barstow Terminal San Bernardino County California	[I] 50.60	
		Yermo San Bernardino County California		[I] 45.10
		[C]-Baker San Bernardino County California		[C] 70.0

Exceptions to RULES AND REGULATIONS

Calnev Pipe Line [W] LLC ~~L.L.C.~~ Cal PUC No. 13, Supplements thereto and reissues thereof.

Item 40. Minimum Batch and Delivery Requirements

Minimum Batch sizes at Origin and Delivery Barrels at Destination are shown in the table below.

<u>Origin</u>	<u>Destination</u>	<u>Minimum Batch</u>	<u>Minimum Delivery</u>
Colton, San Bernardino County, California	All Locations	5,000 Bbls	2,500 Bbls

EXPLANATION OF ABBREVIATIONS

C.P.L. Calnev Pipe Line [W] LLC, ~~L.L.C.~~
 Cal PUC California Public utilities Commission

EXPLANATION OF REFERENCE MARKS

Reference Mark	Explanation
[C]	Cancel
[I]	Increase
[N]	New
[W]	Word Change

Notes

①	Restricted to jet fuels.
[N] ②	[N] Restricted to military jet fuels.
[N] ③	[N] Effective date assumes the CPUC will notice the filing 30 days prior to the effective date.

EXHIBIT C

FINANCIAL STATEMENTS/SUMMARY OF EARNINGS

Comparative Balance Sheet Statement

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

1.) For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

2.) On line 30, include depreciation applicable to investment in system property.

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

Line No.	Item (a)	Reference Page No. for Annual (b)	Current Year End of Quarter/Year Balance (in dollars) (c)	Prior Year End Balance 12/31 (in dollars) (d)
	CURRENT ASSETS			
1	Cash (10)			
2	Special Deposits (10-5)			
3	Temporary Investments (11)			
4	Notes Receivable (12)			
5	Receivables from Affiliated Companies (13)	200	7,984,018	6,963,863
6	Accounts Receivable (14)		7,376,809	7,192,468
7	Accumulated Provision For Uncollectible Accounts (14-5)		(200,000)	(27,698)
8	Interest and Dividends Receivable (15)			
9	Oil Inventory (16)			
10	Material and Supplies (17)		13,334	13,334
11	Prepayment (18)		85,999	39,708
12	Other Current Assets (19)			
13	Deferred Income Tax Assets (19-5)	230-231		
14	TOTAL Current Assets (Total of lines 1 thru 13)		15,260,160	14,181,675
	INVESTMENTS AND SPECIAL FUNDS			
	Investments in Affiliated Companies (20):			
15	Stocks	202-203		
16	Bonds	202-203		
17	Other Secured Obligations	202-203		
18	Unsecured Notes	202-203		
19	Investment Advances	202-203	123,976,960	162,616,089
20	Undistributed Earnings from Certain Invest. in Acct. 20	204		
	Other Investments (21):			
21	Stocks			
22	Bonds			
23	Other Secured Obligations			
24	Unsecured Notes			
25	Investment Advances			
26	Sinking and other funds (22)			
27	TOTAL Investment and Special Funds (Total lines 15 thru 26)		123,976,960	162,616,089
	TANGIBLE PROPERTY			
28	Carrier Property (30)	213 & 215	323,233,740	322,488,530

Comparative Balance Sheet Statement (continued)

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

1.) For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

2.) On line 30, include depreciation applicable to investment in system property.

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

Line No.	Item (a)	Reference Page No. for Annual (b)	Current Year End of Quarter/Year Balance (in dollars) (c)	Prior Year End Balance 12/31 (in dollars) (d)
29	(Less) Accrued Depreciation-Carrier Property (31)	216 & 217	66,271,194	59,660,692
30	(Less) Accrued Amortization-Carrier Property (32)			
31	Net Carrier Property (Line 28 less 29 and 30)		256,962,546	262,827,838
32	Operating Oil Supply (33)			
33	Noncarrier Property (34)	220	30,935,950	29,022,659
34	(Less) Accrued Depreciation-Noncarrier Property		4,007,270	3,184,551
35	Net Noncarrier Property (Line 33 less 34)		26,928,680	25,838,108
36	TOTAL Tangible Property (Total of lines 31, 32, and 35)		283,891,226	288,665,946
	OTHER ASSETS AND DEFERRED CHARGES			
37	Organization Costs and Other Intangibles (40)		187,694,899	187,694,899
38	(Less) Accrued Amortization of Intangibles (41)		3,548,450	3,548,450
39	Reserved			
40	Miscellaneous Other Assets (43)			
41	Other Deferred Charges (44)	221	3,326,812	3,243,042
42	Accumulated Deferred Income Tax Assets (45)	230-231		
43	Derivative Instrument Assets (46)			
44	Derivative Instrument Assets - Hedges (47)			
45	TOTAL Other Assets and Deferred Charges (37 thru 44)		187,473,261	187,389,491

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Comparative Balance Sheet Statement (continued)

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

1.) For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

2.) On line 30, include depreciation applicable to investment in system property.

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

Line No.	Item (a)	Reference Page No. for Annual (b)	Current Year End of Quarter/Year Balance (in dollars) (c)	Prior Year End Balance 12/31 (in dollars) (d)
46	TOTAL Assets (Total of lines 14, 27, 36 and 45)		610,601,607	652,853,201
	CURRENT LIABILITIES			
47	Notes Payable (50)			
48	Payables to Affiliated Companies (51)	225	3,127,840	4,533,857
49	Accounts Payable (52)		3,195,958	3,045,881
50	Salaries and Wages Payable (53)			
51	Interest Payable (54)			
52	Dividends Payable (55)			
53	Taxes Payable (56)		246,788	773,099
54	Long-Term Debt - Payable Within One Year (57)	226-227		
55	Other Current Liabilities (58)		3,047,016	2,948,727
56	Deferred Income Tax Liabilities (59)	230-231		
57	TOTAL Current Liabilities (Total of lines 47 thru 56)		9,617,602	11,301,564
	NONCURRENT LIABILITIES			
58	Long-Term Debt - Payable After One Year (60)	226-227		
59	Unamortized Premium on Long-Term Debt (61)			
60	(Less) Unamortized Discount on Long-Term Debt-Dr. (62)			
61	Other Noncurrent Liabilities (63)		6,520,730	6,533,339
62	Accumulated Deferred Income Tax Liabilities (64)	230-231		
63	Derivative Instrument Liabilities (65)			
64	Derivative Instrument Liabilities - Hedges (66)			
65	Asset Retirement Obligations (67)			
66	TOTAL Noncurrent Liabilities (Total of lines 58 thru 65)		6,520,730	6,533,339
67	TOTAL Liabilities (Total of lines 57 and 66)		16,138,332	17,834,903
	STOCKHOLDERS' EQUITY			
68	Capital Stock (70)	251	2,000	2,000
69	Premiums on Capital Stock (71)			
70	Capital Stock Subscriptions (72)			
71	Additional Paid-In Capital (73)	254	352,115,838	352,115,838
72	Appropriated Retained Income (74)	118		
73	Unappropriated Retained Income (75)	119	242,345,437	282,900,460
74	(Less) Treasury Stock (76)			
75	Accumulated Other Comprehensive Income (77)	116		
76	TOTAL Stockholders' Equity (Total of lines 68 thru 75)		594,463,275	635,018,298
77	TOTAL Liabilities and Stockholders' Equity (Total of lines 67 and 76)		610,601,607	652,853,201

Income Statement

1. Enter in column (c) the year to date operations for the period, and enter in column (d) the year to date operations for the same period of the prior year.

2. Enter in column (e) the operations for the reporting quarter and enter in column (f) the operations for the same three month period for the prior year. Do not report Annual data in columns (e) and (f)

Line No.	Item (a)	Reference Page No. in Annual Report (b)	Total current year to date Balance for Quarter/Year (c)	Total prior year to date Balance for Quarter/Year (d)	Current 3 months ended Quarterly only no 4th Quarter (e)	Prior 3 months ended Quarterly only no 4th Quarter (f)
	ORDINARY ITEMS - Carrier Operating Income					
1	Operating Revenues (600)	301	59,008,070	55,932,230		
2	(Less) Operating Expenses (610)	302-303	34,301,196	36,123,521		
3	Net Carrier Operating Income		24,706,874	19,808,709		
	Other Income and Deductions					
4	Income (Net) from Noncarrier Property (620)	335	12,093,484	10,801,398		
5	Interest and Dividend Income (From Investment under Cost Only) (630)	336	1,242,646	4,262,411		
6	Miscellaneous Income (640)	337	2,379	35,848		
7	Unusual or Infrequent Items--Credits (645)					
8	(Less) Interest Expense (650)			1,058		
9	(Less) Miscellaneous Income Charges (660)	337	406	35,183		
10	(Less) Unusual or Infrequent Items--Debit (665)					
11	Dividend Income (From Investments under Equity Only)					
12	Undistributed Earnings (Losses)	205				
13	Equity in Earnings (Losses) of Affiliated Companies (Total lines 11 and 12)					
14	TOTAL Other Income and Deductions (Total lines 4 thru 10 and 13)		13,338,103	15,063,416		
15	Ordinary Income before Federal Income Taxes (Line 3 +/- 14)		38,044,977	34,872,125		
16	(Less) Income Taxes on Income from Continuing Operations (670)					
17	(Less) Provision for Deferred Taxes (671)	230-231				
18	Income (Loss) from Continuing Operations (Total lines 15 thru 17)		38,044,977	34,872,125		
	Discontinued Operations					
19	Income (Loss) from Operations of Discontinued Segments (675)*					
20	Gain (Loss) on Disposal of Discontinued Segments (676)*					
21	TOTAL Income (Loss) from Discontinued Operations (Lines 19 and 20)					
22	Income (Loss) before Extraordinary Items (Total lines 18 and 21)		38,044,977	34,872,125		
	EXTRAORDINARY ITEMS AND ACCOUNT CHANGES					
23	Extraordinary Items -- Net -- (Debit) Credit (680)	337				
24	Income Taxes on Extraordinary Items -- Debit (Credit) (695)	337				
25	Provision for Deferred Taxes -- Extraordinary Items (696)	230-231				
26	TOTAL Extraordinary Items (Total lines 23 thru 25)					
27	Cumulative Effect of Changes in Accounting Principles (697)*					
28	TOTAL Extraordinary Items and Accounting Changes -- (Debit) Credit (Line 26 + 27)					
29	Net Income (Loss) (Total lines 22 and 28)		38,044,977	34,872,125		

* Less applicable income taxes as reported on page 122

EXHIBIT D

SHIPPER LIST/FORM OF NOTICE

2539/001/X132143.v1



September 23, 2011

To Calnev Pipe Line LLC California Intrastate Customers and Interested Parties:

This is to inform you that on September 23, 2011, Calnev submitted an application to the California Public Utilities Commission ("CPUC") under Section 455.3 of the Public Utilities Code requesting a 9.99% increase in its intrastate rates which results in an annual revenue increase of \$193,000. Under Section 455.3, the rates are allowed to go into effect 30 days after notice of the rate increase is provided, subject to refund.

The proposed increase is necessary because Calnev is not earning a return on its California operations. The requested annual increase of \$193,000 represents an increase of 9.99% over the existing tariff rates and still leaves Calnev in a negative return situation. Calnev is also canceling its Colton CA to Baker CA tariff for lack of use.

SFPP's existing as well as proposed rates are set forth below.

Origin	Destination	Existing Rate	Proposed Rate	Increase percent
Colton	Adelanto	\$0.3060	\$0.3366	9.99%
Colton	BNSF	\$0.3980	\$0.4378	9.99%
Colton	SCIA	\$0.4500	\$0.4950	9.99%
Colton	Barstow	\$0.4600	\$0.5060	9.99%
Colton	Yermo	\$0.4100	\$0.4510	9.99%
Colton	Baker	\$0.7000	Cancelled	

The above Calnev rate increases will become effective on barrels received into Calnev's system on November 1, 2011, unless the CPUC takes action to the contrary.

Any inquiries related to the proposed rate increase may be directed to:

California Public Utilities Commission
Energy Branch
505 Van Ness Avenue
San Francisco, CA 94102

The filing is available on the Kinder Morgan Website (www.kindermorgan.com), under Products Pipelines, Pacific operations, Calnev, Tariffs. Please direct any questions by email you may have concerning this filing, including requests for copies of the referenced application, to the undersigned at ditop@kindermorgan.com.

A handwritten signature in black ink, appearing to read "Peter M. Dito", with a long, sweeping flourish extending to the right.

Peter M. Dito
Director, Economics and Regulatory Analysis

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