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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**I.D. # 11313
RESOLUTION O-0055
May 24, 2012**

R E S O L U T I O N

Resolution O-0055. SFPP, L.P. requests authority to cancel three origin and destination movements previously provided by SFPP, L.P. to shippers on its intrastate oil pipelines.

PROPOSED OUTCOME: This Resolution grants SFPP, L.P.'s request.

ESTIMATED COST: None

By SFPP, L.P. Advice Letter 29 filed on March 29, 2012.

SUMMARY

This Resolution grants SFPP L.P.'s request to cancel three origin and destination movements. Shippers have no need for the service at these points.

BACKGROUND

On March 29, 2012 SFPP L.P. (SFPP) filed Advice Letter 29 requesting approval to cancel three origin and destination movements across its pipelines. One proposed cancellation, included in SFPP's tariff Cal PUC 118, concerns the movement of Military Jet Fuels from the utility's pump station in Richmond, CA to a destination in Concord, CA. The other two proposed cancellations are in tariff Cal PUC 119. The first of these is between SFPP's Colton Transmix¹ facility

¹ As defined by SFPP's parent company, Kinder Morgan, transmix is a mixture of refined products that forms when transported in pipelines. This mixture is typically a combination of gasoline, diesel, and/or jet fuel. Transmix processing plants use

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in Colton, CA to the utility's Imperial, CA terminal. The second is for its Bakersfield to Fresno line. SFPP states that these movements are no longer used by Shippers.

In addition, SFPP is proposing to change Cal PUC Tariff No. 118 to more precisely define the Roseville destination as Rocklin.

SFPP's request was originally submitted as a Tier 1 Advice Letter. General Order 96-B, Energy Industry Rule 5.3(6) requires a Tier 3 Advice Letter for requests concerning "withdrawing a service, abandoning service within an area, canceling a rate schedule, or closing a rate schedule to new customers, unless the action is authorized by a prior Commission decision, resolution, or order." There is no prior authorization of SFPP's requests in AL 29. When notified by the Commission SFPP, on April 12, 2012, submitted a revision making AL 29 a Tier 3 Advice Letter.

NOTICE

Notice of AL 29 was made by publication in the Commission's Daily Calendar. SFPP states that a copy of the Advice Letter was being sent to parties shown on the Service List attached to the Advice letter. SFPP also states that a copy of the revised Advice Letter was being sent to parties shown on the Service List attached to the original Advice letter.

PROTESTS

Advice Letter 29 was not protested.

DISCUSSION

The Commission approves AL 29. In response to Commission inquiries, SFPP provided necessary information and explanation supporting each of the requested cancellations.

distillation to separate the products. These distillation products are further treated to form saleable gasoline and diesel.

The first cancellation request is for the movement of Jet Fuel for military use from the company's pump station in Richmond to a terminal in Concord. Previously the Defense Logistics Agency-Energy received fuel at the SFPP terminal in Concord and then transported it over an exclusive pipeline to Travis Air Force Base. The SFPP segment providing the service has been replaced with a connection from SFPP's Concord to Sacramento mainline to a new receiving terminal at Travis Air Force Base. As a result the tariff used for the former movement is no longer required.

The second cancellation request is for movement from the Colton Transmix Facility to Imperial. The transmix facility only makes "EPA Diesel" and conventional gasoline both of which do not meet state standards and are illegal in California. These products can be consumed in Arizona. Over the last year shippers have elected to deliver directly to Arizona eliminating the need for the service.

The third cancellation request involves shipment from Bakersfield to Fresno. This line had one supplier, the Big West refinery. Big West went into bankruptcy and was shut down in 2009. While the refinery has been purchased there have been no further shipments on the line. As a result this inactive line has been vacated of product and packed with nitrogen. It will require extensive work in order to be reactivated. Shippers formerly using the line are now supplying product to the San Joaquin Valley from alternate terminals in Fresno and Southern California.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. SFPP L.P. filed a Tier 3 Advice Letter requesting approval to cancel three of its pipeline origin and destination points in compliance with General Order 96-B, Energy Industry Rule 5.3(6), which requires Commission approval when

withdrawing a service, abandoning service within an area, or canceling a rate schedule unless authorized by a prior Commission decision, resolution or order.

2. One of the three cancelled origins and destinations has been replaced by a new connection servicing a new receiving terminal.
3. Two of the three cancellations are the result of services no longer needed by shippers.
4. SFPP L.P. AL 29 should be approved.

THEREFORE IT IS ORDERED THAT:

1. SFPP L.P. Advice Letter AL 29 is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on May 24, 2012; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director