

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SFPP, LP pursuant to Commission
Resolution No. 0-0043 issued October 24, 2002.

Application 03-02-027
(Filed February 21, 2003)

**ADMINISTRATIVE LAW JUDGE'S RULING SETTING
PROCEDURAL SCHEDULE AND CLARIFYING SCOPING MEMO**

Summary

On June 5, 2003, Commissioner Brown issued a scoping memorandum following a prehearing conference (PHC) held on May 13, 2003. On June 6, 2003, SFPP, LP requested clarification of the scoping memo, and on June 11, 2003, the Indicated Shippers¹ responded to and opposed SFPP's request for clarification. This ruling responds to SFPP's request for clarification of the scoping memo and establishes a procedural schedule.

Background

On February 21, 2003, SFPP, LP (SFPP) filed an application pursuant to Commission Resolution No. (R.) 0-0043 issued October 24, 2002, instructing SFPP to file an application to justify its current rates for intrastate pipeline transportation of refined petroleum products. In R. 0-0043, the Commission indicated its intention to review the overall reasonableness of SFPP's existing intrastate rates in relation to a current cost-of-service showing.

¹ BP West Coast Products LLC, ExxonMobil Oil Corporation, Ultramar Inc., and Valero Marketing and Supply Company collectively are referred to as the "Indicated Shippers."

The scoping memo issued by Commissioner Brown on July 5, 2003, specified that the scope of this proceeding is whether SFPP should be permitted an electricity surcharge based on a cost-of-service analysis. This scope mirrored the language of R. 0-0043 that directed SFPP to justify its rates with a cost-of-service analysis.

SFPP agrees that R. 0-0043 and the scope of this proceeding is straightforward: the Commission will evaluate the reasonableness of the electricity surcharge based on Test Year 2003 revenue requirement. The Commission will determine if SFPP's requested electric surcharge rate increase was justified from the date of its imposition by R. 0-0043 until the adoption of test year 2003 rates.

However, SFPP, is concerned that by limiting the scope of this proceeding to a cost-of-service analysis, SFPP will be foreclosed from having its intrastate pipeline rates determined in the context of the "totality of the circumstances" test that includes a variety of factors in addition to cost-of-service results.

Other Pending Proceedings

There are presently three other proceedings pending before the Commission that involve the rate SFPP charges for transportation, Case (C.) 97-04-025 (on rehearing), C.00-04-013, and Application (A.) 00-03-044. The records in those proceedings do include testimony and cross-examination on the totality of circumstances relating to SFPP's regulated intrastate transportation services. Cost-of-service is just one of the tests that the Commission will look at in determining the reasonableness of SFPP's rates.

Discussion

The scope of the present proceeding, A.03-02-027, will be limited to whether SFPP should be permitted an electricity surcharge. The Commission

will determine whether SFPP's rates are reasonable based on Test Year 2003 revenue requirement, and that revenue requirement will be applied to see if the requested electric surcharge rate increase was justified from the date of its imposition by R. 0-0043 until the adoption of test year 2003 rates. This determination will be made on the basis of SFPP's cost-of-service showing.

However, the Commission's determination in the present proceeding does not pre-judge what the Commission will decide in the three pending, submitted proceedings. As discussed, the records in those submitted proceedings do include evidence regarding the "totality of circumstances" as they relate to SFPP's intrastate pipeline transportation services. If SFPP believes the record in any, or all, of the submitted proceedings needs to be updated to facilitate the Commission's analysis of reasonable rates under the *Unocap* analysis, SFPP may update the information by July 28, 2003. The Indicated Shippers may respond to any record updates by SFPP by August 25, 2003.

Depending on the outcome of those proceedings and whether market rates or cost-of-service rates are adopted for SFPP's rates, this 2003 proceeding will make the appropriate adjustments to the rate needed to reflect changed conditions.

Schedule

The parties presented the following proposed schedule and it is adopted as the schedule for this proceeding.

Date	Event
July 9, 2003	Discovery Responses due
July 16, 2003	SFPP testimony updates
August 15, 2003	Indicated Shippers & Chevron Texaco testimony
September 9, 2003	SFPP rebuttal testimony

October 14-17, 2003 Evidentiary hearing

Hearing Preparation

Hearings are scheduled to begin at 10:00 a.m., on Tuesday, October 14, 2003. In preparation for the hearings, SFPP, Indicated Shippers, and ChevronTexaco are ordered to participate in a pre-hearing meet-and-confer session² no later than October 9, 2003, for the purpose of identifying the principal issues on which the hearings will focus, key disputes, and any stipulations or settlements. This meet-and-confer may take place telephonically, or by any means acceptable to all the parties.

To the extent feasible, parties should exchange exhibits in advance of this meet and confer so any objections can be addressed at that time.

Parties should also use the meet-and-confer to discuss witness schedules, time estimates from each party for the cross-examination of witnesses, scheduling concerns, and the order of cross-examination. The first morning of hearings on October 14, 2003, will begin at 10:00 a.m., but the time may be adjusted on subsequent days according to the participants needs.

Parties should serve, but not file, proposed testimony and rebuttal testimony. Before post-hearing briefs are filed, the parties must agree on an outline, and use that outline for the briefs and reply briefs.

Finally, the parties should comply with the Hearing Room Ground Rules set forth in Appendix A hereto.

² The parties may meet telephonically if it is more convenient than an in-person meeting.

Service List

The official service list is now on the Commission’s web page. Parties should confirm that the information on the service list and the comma-delimited file is correct, and serve notice of any errors on the Commission’s Process Office, the service list, and the ALJ. Parties shall e-mail courtesy copies of all served and filed documents on the entire service list, including those appearing on the list as “State Service” and “Information Only.” E-mail is not a substitute for mail service.

IT IS RULED that:

1. The scope of the proceeding is as set forth herein.
2. The schedule for this proceeding is set forth herein.
3. Parties shall follow the service list rules as set forth herein.
4. Parties shall comply with the Hearing Room Ground Rules set forth in Appendix “A” hereto.

Dated June 26, 2003, at San Francisco, California.

/s/ Carol Brown

Carol Brown
Administrative Law Judge

APPENDIX A
Hearing Room Ground Rules

1. All prepared written testimony should be served on all appearances and state service on the service list, as well as on the Assigned Commissioner's office and on the Assigned ALJ. Prepared written testimony shall not be filed with the Commission's Docket Office.
2. Each party sponsoring an exhibit should, in the hearing room, provide two copies to the ALJ and one to the court reporter, and have copies available for distribution to parties present in the hearing room. (Present estimate: 5 copies.) The upper right hand corner of the exhibit cover sheet should be blank for the ALJ's exhibit stamp. If there is not sufficient room in the upper right hand corner for an exhibit stamp, please prepare a cover sheet for the exhibit. Parties should pre-mark exhibits when feasible.
3. As a general rule, if a party intends to introduce an exhibit in the course of cross-examination, the party should provide a copy of the exhibit to the witness and the witness' counsel before the witness takes the stand on the day the exhibit is to be introduced. Generally, a party is not required to give the witness an advance copy of the document if it is to be used for purposes of impeachment or to obtain the witness' spontaneous reaction.
4. Generally, corrections to an exhibit should be made in advance and not orally from the witness stand. Corrections should be made in a timely manner by providing new exhibit pages on which corrections appear. The original text to be deleted should be lined out with the substitute or added text shown above or inserted. Each correction page should be marked with the word "revised" and the revision date.
5. Individual chapters of large, bound volumes of testimony may be marked with separate exhibit numbers, as convenient.
6. Partial documents or excerpts from documents must include a title page or first page from the source document; excerpts from lengthy documents should include a table of contents page covering the excerpted material.
7. Motions to strike prepared testimony must be made at least two working days before the witness appears, to allow the ALJ time for review of the arguments and relevant testimony.
8. Notices, compliance filings, or other documents may be marked as reference items. They need not be served on all parties. Items will be marked using letters, not numbers.
9. No food is allowed in the hearing room; drinks are allowed if you dispose of containers and napkins every morning and afternoon.

(END OF APPENDIX A)

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge’s Ruling Setting Procedural Schedule and Clarifying Scoping Memo on all parties of record in this proceeding or their attorneys of record.

Dated June 26, 2003, at San Francisco, California.

/s/ Antonina V. Swansen
Antonina V. Swansen

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 insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission’s policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, *e.g.*, sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.