

122 FERC ¶ 61,107
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

February 7, 2008

In Reply Refer To:

SFPP, L.P., Docket Nos.

IS06-283-000
IS06-283-001
IS06-283-002
IS06-356-000
IS06-356-001
IS06-356-002
IS06-356-003
IS06-356-004
IS06-229-000
IS06-229-001

BP West Coast Products, LLC v.
SFPP, L.P., Docket No.

OR07-20-000

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Dear Counsel:

1. On November 6, 2007, SFPP, L.P., BP West Coast Products, LLC; Chevron Products Company; ConocoPhillips Company; ExxonMobil Oil Corporation; Navajo Refining Company, L.P.; Southwest Airlines Co.; Valero Marketing and Supply Co.; and Western Refining Company, L.P., formerly known as Refinery Holding Company, L.P., filed an offer of settlement in the above-referenced proceedings for approval pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2007). Initial comments in support of the settlement agreement were filed by Navajo Refining Company, L.P. on November 21, 2007, and by the Commission's Trial Staff on November 26, 2007. No reply comments were filed. On December 29, 2007, the settlement was certified to the Commission as uncontested.

2. The settlement will resolve all of the above-captioned protests and complaints related to the East Line Phase I Expansion Tariff, the East Line 2006 Index Tariff, and the East Line 2007 Index Tariff, as defined in the settlement. The Parties have also agreed to a framework for further negotiations with respect to the tariff addressing the second phase of the expansion of the East Line.

The major features of the settlement are as follows:

3. Section III.A.(1) provides the conditions for the withdrawal and dismissal of specified pleadings, and Section III.A.(2) clarifies the effect of Commission action on the settlement. Section III.B.(1) governs the Parties' rights and obligations with regard to the filing of claims in the "Locked-In Period." Section III.B.(2) provides that the settlement does not bar any claims by any of the Indicated Parties against SFPP with regard to interstate rates on the East Line from December 1, 2007 onward, so long as those claims do not seek any rate relief for any period during the Locked-In Period.

4. Section III.B.(3) governs SFPP's Phase II East Line Expansion plans. This section notes SFPP's intention to complete the Phase II Expansion of the East Line and place it into service on or about December 1, 2007 and file a revised FERC tariff to reflect the

Phase II Expansion in its East Line rates. Indicated Parties may file a protest to the East Line Phase II Expansion Tariff rate and/or may file a complaint against the same. The Parties also agree that in their respective filings, they shall express their mutual desire to undertake settlement negotiations to discuss the rates on the East Line for December 1, 2007 forward and the possible establishment of a mutual moratorium on rate changes and challenges for a period of five years from December 1, 2007 onward.

5. Section III.B.(4) provides terms for additional consideration pursuant to the settlement. This section also specifies that Attachments A through H of the settlement, which are filed under seal, set forth the additional compensation to each of the Indicated Parties.

6. Section III.C. notes the agreement of the Parties that the settlement shall only be effective if the Commission approves the settlement without modification and expressly states in its order that the provisions and the mutual exchange of consideration are fair, reasonable, and in the public interest.

7. Section III.D governs payment procedures. This section provides that SFPP will make payments specified in Attachments A through H by means of wire transfer within two business days of (1) the Commission's approval of the settlement without modification and (2) the Commission's order approving the settlement without modification becoming no longer subject to rehearing or judicial review. The section further specifies that SFPP shall submit a written certification that it has provided Indicated Parties with such compensation within one business day of providing such compensation.

8. Section IV contains the settlement's concluding reservations and stipulations. The Parties agree that the settlement represents a negotiated settlement that is fair, reasonable, and in the public interest. The provisions of the settlement relate only to the matters specifically referred to and no party waives any claim or right that it might have to matters not expressly provided for in this settlement. The Parties agree that there are no other agreements, express or implied, in writing or oral, other than those reflected in this settlement. The Parties agree that the information contained in Attachments A through H to the settlement shall be confidential and not disclosed to others.

9. The Commission finds that the settlement is fair and reasonable and in the public interest, and is hereby approved. The Commission's approval of this settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

10. This letter terminates Docket Nos. IS06-283-000, IS06-283-001, IS06-283-002, IS06-356-000, IS06-356-001, IS06-356-002, IS06-356-003, IS06-356-004, IS06-229-000, IS06-229-001, and OR07-20-000 as all issues in those cases are resolved by the settlement.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

cc: All Parties