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FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

May 28, 2010

In Reply Refer to:

SFPP, L.P., *et al.*

Docket Nos. OR92-8-036  
OR96-2-025  
IS98-1-012  
OR03-5-003  
IS05-230-004  
OR08-15-001  
OR09-8-001

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Re: Letter Order Approving Uncontested Partial Settlement

Dear Counsel:

1. On April 16, 2010, ARCO Products Company, a Division of Atlantic Richfield Company, now known as BP West Coast Products LLC (BP WCP), Tosco Corp., now known as ConocoPhillips Company (ConocoPhillips), Continental Airlines, Inc. (Continental), Mobil Oil Corp., now known as ExxonMobil Oil Corporation (ExxonMobil), Navajo Refining Company, L.L.C. (Navajo), Northwest Airlines, Inc. (Northwest), Southwest Airlines Co. (Southwest), Tesoro Refining and Marketing Company (Tesoro), America West Airlines, Inc., now known as US Airways, Inc. (US Airways), Ultramar Diamond Shamrock Corp. and Ultramar Inc., now known as Valero Marketing and Supply Company (Valero), El Paso Refinery, L.P. and Refinery Holding Corp., now known as Western Refining Company, L.P. (Western) (collectively the Shipper Parties) and SFPP, L.P. (SFPP) (each individually a Party and collectively the Parties) filed an Offer of Settlement (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 (2009). Included in the Settlement as Attachments A and B, respectively, is a joint conditional motion for permission to withdraw complaints pursuant to Rules 206(j) and 216, 18 C.F.R. §§ 385.206(j) & .216 (2009), and section 1802(d)(2) of the Energy Policy Act of 1992,<sup>1</sup> and a joint conditional notice of withdrawal of protests pursuant to Rule 216 and 18 C.F.R. § 343.3(d).<sup>2</sup>

2. On April 26, 2010, Commission Trial Staff (Staff), Western, and BC WCP jointly with ExxonMobil and Navajo filed initial comments in support of the Settlement. On April 30, 2010, the Settlement Judge certified the Settlement to the Commission as an uncontested offer of partial settlement. On May 3, 2010, Chevron Products Company (Chevron) filed reply comments. Chevron is the sole litigant in some of the proceedings that are the subject of the Settlement that is not a party to the settlement. Chevron states in its comments that it does not oppose the Settlement provided the Commission affirms that all of Chevron's rights in the pending proceedings involving Chevron and SFPP are unaffected. On

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<sup>1</sup> Energy Policy Act of 1992, Pub. L. 102-486 § 1802(d)(2), 106 Stat. 2776, 3010 (1992).

<sup>2</sup> The Parties' joint conditional motions to withdraw complaints and protests, appended to the Settlement as Attachments A and B, respectively, provides that the Shipper Parties' withdrawal of their complaints and protests will become effective once the Commission approves the Settlement without condition or modification and SFPP certifies to the Commission that it has made the required Settlement Payments to the Shipper Parties.

May 4, 2010, the Settlement Judge issued a supplemental certification to acknowledge Chevron's reply comments.

3. The Settlement is a "black-box" agreement that resolves, as between the Parties, all of the issues raised through Shipper Parties' protests and complaints in the so-called "Historical Proceedings." The Settlement excludes the pending proceedings in Docket No. IS09-437-000 regarding SFPP's East Line rates and in Docket No. IS08-390-002 regarding SFPP's West Line rates. The Settlement also does not affect SFPP's Ultra Low Sulfur Diesel Surcharge and Watson Station Drain-Dry Charge, which charges were established by separate settlements. As noted above, Chevron<sup>3</sup> is not a party to the Settlement. Accordingly, as specified in the Settlement, Chevron's rights are unaffected in all the proceedings that are the subject of the Settlement and in which Chevron is a litigant. Thus the Settlement fully resolves and terminates only those proceedings to which Chevron was not a party.

4. The consideration set forth in section III.D. of the Settlement (the Settlement Payments) is Shipper Parties' exclusive compensation as to, and extinguishes all current and future claims they each may have with regard to, SFPP's interstate rates and charges that are the subject of the SFPP Historical Proceedings. The Settlement further provides that the Settlement Payments, including interest, the financing costs thereof, or SFPP's litigation costs associated with the SFPP Historical Proceedings or related court appeals shall not be included in any pending or future SFPP cost-of-service filing or otherwise recovered in rates charged to the Shipper Parties. However, SFPP is not foreclosed from arguing that its litigation cost experience in the SFPP Historical Proceedings should be used as a basis to estimate its litigation expense in proceedings not settled by the Settlement.

5. The Commission finds that the Settlement is fair, reasonable, and in the public interest. Accordingly, the Commission approves the Settlement without condition or modification. The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in these proceedings.

6. In addition, the Commission grants the joint conditional motions to withdraw complaints and protests (Attachments A and B to the Settlement) subject

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<sup>3</sup> Any reference to Chevron in this letter order also incorporates by reference Texaco Refining and Marketing Inc., Chevron Texaco Products Co., Chevron U.S.A. Products Co. and Equilon Enterprises.

to the Settlement becoming effective under its terms and the Commission's receipt of written certification from SFPP that it has made the Settlement Payments.

7. Appended to this letter order as Appendix A<sup>4</sup> is Table 1 and as Appendix B<sup>5</sup> is Table 2, which tables were produced by the Parties. Tables 1 and 2 identify, respectively, all of the complaint and protest dockets that are impacted by the Settlement. Once the joint conditional motions to withdraw become effective, the relevant "Total Withdrawal/ Termination" dockets identified in Tables 1 and 2 will be terminated.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>4</sup> Table 1 identifies both (a) the complaint proceedings in which the Shipper Parties' withdrawal of the complaint terminates the investigation as to that complaint (identified in Table 1 as "Total Withdrawal/Termination"), and (b) those complaint proceedings in which Chevron is a complainant along with one or more of the Shipper Parties, thus the complaint is only partially withdrawn with respect to the Shipper Parties only, and the investigation continues unaffected with respect to Chevron (identified in Table 1 as "Partial Withdrawal").

<sup>5</sup> Table 2 identifies both (a) those protest proceedings in which the Shipper Parties' withdrawal of their protest(s) terminates the investigation in that docket (identified in Table 2 as "Total Withdrawal/Termination"), and (b) those SFPP rate proceedings in which there were multiple protests filed by one or more Shipper Parties, as well as Chevron, or where a protest was filed jointly by multiple parties including both Shipper Parties and Chevron, such that any related investigation continues unaffected with respect to Chevron, and the relevant Shipper Parties will have withdrawn their protests or their portions of a joint protest (identified in Table 2 as "Partial Withdrawal").

**Appendix A****Table 1***(See also Presiding Judge's Certification, n.3, for relevant subdockets)*

<u>Docket No.</u>	<u>Settling Complainant(s)</u>	<u>Total or Partial Withdrawal</u>
OR92-8	Western	Partial Withdrawal
OR94-3	Navajo	Total Withdrawal/Termination
OR94-4	BP WCP	Partial Withdrawal
OR95-5	ExxonMobil	Total Withdrawal/Termination
OR95-34	ConocoPhillips	Total Withdrawal/Termination
OR96-10	BP WCP	Total Withdrawal/Termination
OR96-15	Valero	Total Withdrawal/Termination
OR96-17	Valero	Total Withdrawal/Termination
OR97-2	Valero	Total Withdrawal/Termination
OR98-1	BP WCP, ExxonMobil	Partial Withdrawal
OR98-2	Valero	Total Withdrawal/Termination
OR98-13	ConocoPhillips	Total Withdrawal/Termination
OR00-4	BP WCP, ExxonMobil	Partial Withdrawal
OR00-7	Navajo	Total Withdrawal/Termination
OR00-8	Valero	Total Withdrawal/Termination
OR00-9	ConocoPhillips	Total Withdrawal/Termination
OR00-10	Western	Total Withdrawal/Termination
OR04-3	Continental, Northwest, Southwest, US Airways	Total Withdrawal/Termination
OR05-4	BP WCP, ExxonMobil	Total Withdrawal/Termination
OR05-5	ConocoPhillips	Total Withdrawal/Termination
OR07-1	Tesoro	Total Withdrawal/Termination
OR07-2	Tesoro	Total Withdrawal/Termination
OR07-3	BP WCP, ExxonMobil, Tesoro, Valero	Partial Withdrawal
OR07-4	BP WCP, ExxonMobil	Partial Withdrawal
OR07-6	ConocoPhillips	Total Withdrawal/Termination
OR07-20	BP WCP	Total Withdrawal/Termination
OR08-13	BP WCP, ExxonMobil	Total Withdrawal/Termination
OR08-15	BP WCP, ExxonMobil	Total Withdrawal/Termination
OR09-12	BP WCP	Total Withdrawal/Termination
OR09-18	Tesoro	Total Withdrawal/Termination
OR09-21	BP WCP	Total Withdrawal/Termination
OR09-22	BP WCP	Total Withdrawal/Termination

**Appendix B**

**Table 2**

(See also Presiding Judge's Certification, n.3, for relevant subdockets)

<u>Docket No.</u>	<u>Settling Protestant(s)</u>	<u>Total or Partial Withdrawal</u>
OR98-11	BP WCP, ConocoPhillips, Valero	Partial Withdrawal
IS92-39	Western	Partial Withdrawal
IS93-21	Western	Partial Withdrawal
IS98-1	Valero	Partial Withdrawal
IS98-168	BP WCP, ExxonMobil, ConocoPhillips	Partial Withdrawal
IS99-144	BP WCP, ConocoPhillips	Total Withdrawal/Termination
IS00-379	BP WCP, ExxonMobil, Navajo	Total Withdrawal/Termination
IS04-323	BP WCP, ExxonMobil, Northwest	Total Withdrawal/Termination
IS05-230	BP WCP, ExxonMobil, Valero, ConocoPhillips, Tesoro	Total Withdrawal/Termination
IS06-215	BP WCP, ExxonMobil, Navajo, Western, ConocoPhillips, Continental, Northwest, Southwest, US Airways, Valero	Partial Withdrawal
IS07-116	BP WCP, ExxonMobil	Partial Withdrawal
IS07-229	BP WCP, ExxonMobil	Total Withdrawal/Termination
IS08-137	BP WCP, ExxonMobil, ConocoPhillips, Continental, Northwest, Southwest, US Airways, Valero	Partial Withdrawal
IS08-302	BP WCP, ExxonMobil, Tesoro	Partial Withdrawal
IS09-375	BP WCP, ConocoPhillips, ExxonMobil, Navajo, Southwest, Tesoro, Valero, Western	Partial Withdrawal