

145 FERC ¶ 61,295  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

December 30, 2013

In Reply Refer To:  
Calnev Pipe Line LLC  
Docket No. IS14-75-000

Calnev Pipe Line LLC  
Attention: Peter Dito  
1100 Town & Country Road, Suite 720  
Orange, CA 92868

Dear Mr. Dito:

1. On November 27, 2013, Calnev Pipe Line LLC (Calnev) filed FERC Tariff No. 34.0.0 to be effective January 1, 2014. Calnev states that FERC No. 34.0.0 establishes new joint rates and routing in conjunction with SFPP, L.P. (SFPP). The joint rates apply to the following movements: (1) Watson or East Hynes, Los Angeles County, California to McCarran International Airport, Clark County, Nevada and (2) Watson or East Hynes, Los Angeles County, California to North Las Vegas, Clark County, Nevada. SFPP's portion of the movement is from Watson or East Hynes, California to Colton, California. Calnev's portion of the movement is from Colton, California to McCarran International Airport and North Las Vegas, Nevada. Calnev states that the joint rate does not exceed the sum of the individual local rates for the same movement. Calnev's proposed joint rate is \$1.6352 which is the sum of SFPP's local rate of \$0.2250 and Calnev's local rate of \$1.4102. Calnev states that SFPP concurs with the joint tariff filing. For the reasons discussed below, the Commission accepts Calnev's FERC Tariff 34.0.0 to be effective January 1, 2014, subject to conditions.

2. On December 12, 2013, a motion to intervene with comments was filed by Tesoro Refining and Marketing Company, Chevron Products Company, Phillips 66 Company, Southwest Airlines Co., Valero Marketing and Supply Company, and ExxonMobil Oil Corporation (collectively Shippers). The Shippers assert they have each transported considerable quantities of petroleum products on the Calnev and SFPP pipeline systems for a considerable period of time in the past and intend to do so in the future. The Shippers assert they have a substantial economic interest in Calnev's proposed joint tariff and may be adversely affected by its implementation.

3. The Shippers submit that the SFPP portion of the joint rate has been challenged in the West Line rate proceedings. The Shippers assert that in Docket Nos. IS08-390, IS11-444 and IS12-501, the Commission ruled that any revenues collected by SFPP in connection with the rates that it established on the West Line are subject to refund at the conclusion of those rate proceedings. The Shippers urge the Commission to make it clear that the revenues collected with respect to the SFPP portion of Calnev's proposed joint tariff will remain subject to refund following the effective date of the proposed joint tariff.

4. The Shippers state that they have not protested the local rate that comprises the Calnev portion of the joint tariff. However, the Shippers request that the Commission instruct Calnev as to the procedure it should follow in dividing revenues obtained through the joint tariff between Calnev and SFPP. The Shippers contend that the appropriate division of these revenues is important in determining whether SFPP has over-collected its cost-of-service and is therefore charging unjust and unreasonable rates, and ultimately in calculating the appropriate refunds at the conclusion of the West Line rate proceedings.

5. On December 18, 2013, Calnev and SFPP filed a joint answer to the Shippers and SFPP filed a motion to intervene. SFPP asserts that its intervention is in the public interest because it is the concurring carrier in the joint movement and its local tariff is the subject of the comments filed by the Shippers. Calnev and SFPP agree with the first request of the Shippers that the West Line local rate to Colton, California is being collected subject to refund. SFPP states that it recognizes its obligation under Section 15(7) of the Interstate Commerce Act (ICA) and Section 340.1(b) of the Commission's regulations to keep account of its collections under the West Line rates pending in the Docket No. IS08-390 proceeding.

6. Calnev and SFPP object to the Shippers' request Calnev be instructed concerning the division of revenues obtained through the joint rate. Calnev and SFPP assert that it is well established in the law that the division of a joint rate is outside the scope of matters relevant to a shipper. Calnev and SFPP assert that since SFPP has vouched that it is complying with its "keep account" obligation as to the West Line rates, the Shippers' requested instruction is moot.

7. The Commission will first dispose of several procedural matters. The motions to intervene of the Shippers are granted since they have a substantial economic interest in the outcome of the proceeding. SFPP's motion to intervene out-of-time is also granted so that it can adequately represent its interest. Finally, the Commission will accept the answer of Calnev and SFPP that was filed one day late, since it assists the Commission in deciding the issues in this proceeding.

8. The Commission accepts Calnev's joint tariff with SFPP, reflected in FERC No. 34.0.0, to be effective January 1, 2014, subject to the understanding that whatever allocation of revenues the affiliates wish to allocate to themselves under the joint rate,

this shall not impair an independent analysis by the presiding officer in the SFPP West Line proceedings of what revenues should be imputed to SFPP for the purpose of determining refunds there. While the Commission will not provide Calnev and SFPP with instructions concerning the division of revenues arising under the joint rate, such a division by the affiliated companies cannot be used to unreasonably diminish revenues to SFPP for purposes of computing refunds as appropriate in its West Line rate case.

9. While generally the division of revenues between pipelines offering a joint through rate is in their discretion, the fact the companies here are affiliated and the SFPP local rate is currently subject to refund, is a special factor that may require a separate imputation of a division of revenues for the purposes of the SFPP West Line proceedings. Accordingly both Calnev and SFPP must both maintain records of all revenues under the joint rate to ensure a just and reasonable outcome of the SFPP West Line proceedings.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

cc: All Parties