### ENERGY/pac/san

# BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Rulemaking on the Commission's	)	FILED
Own Motion into Implementation of	<b>)</b> .	Public Utilities Commission
Public Utilities Code Section 455.3,	)	August 1, 1997
Which Revises the Manner in Which	)	R. 97-08-003
Oil Pipeline Corporations May Change	)	
Rates.	)	

## ORDER INSTITUTING RULEMAKING

#### Introduction

Today, we institute this proceeding, seeking public comments for purposes of complying with Public Utilities Code Section 455.3, which revises the rules and regulations pertaining to the manner in which oil pipeline corporations may change and use rates, by modifying Section VI of General Order 96-A, applying to all oil pipeline corporations.

## Background

The Commission currently regulates the rates of eleven common carrier oil pipeline companies operating within California. Oil pipeline corporations adhere to General Order 96-A, Section VI, which allows utilities requesting a rate

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revenues do not exceed \$750,000 or if the increases are minor in nature, or an application if the contrary is true. Effective dates of rate increase filings for oil pipeline corporations fall under Section IV(B) of General Order 96-A, which allows tariff sheets to become effective not less than the fortieth calendar day after the filed date, unless authorization by the Commission is first obtained.

Section 455.3 of the Public Utilities Code requires that the Commission revise its rules and regulations pertaining to the manner in which oil pipeline corporations may change and use rates. The Legislature enacted this statute with the passage of Assembly Bill No. 515, and the Governor signed the bill into law on October 12, 1995 (Stats. 1995, Ch. 28, Section 10).

Under this statute, pipeline corporations are required to give the Commission and all shippers no less than 30 days' notice of rate changes. After the 30-day notice of rate change, pipeline corporations are permitted to change rates and use those rates prior to Commission approval. The Commission has the authority to suspend a rate change and use of the changed rate for a period of time not to exceed 30 days from expiration of the 30-day notice period. Any increase in the shipping rate charged by an oil pipeline corporation prior to Commission approval cannot exceed ten percent per 12-month period. The Commission can determine the appropriateness of allowing retroactive charge and collection of subsequently approved rate increases above ten percent. Oil pipeline corporations are permitted to use new rates after the period of a Commission suspension of a rate change, if any, and prior to Commission approval, so long as any disallowed portion of the new rates would be fully refunded with interest.

#### Discussion

The Commission has retained its authority to accept, reject or modify the oil pipeline corporation's rate increase filings and has the authority to suspend a rate change if needed. With the enactment of Public Utilities Code Section 455.3, it is necessary to modify Section VI (Procedure in Filing Rates) of the Commission's General Order 96-A so that the language in this general order is consistent with the statute, in terms of how oil pipeline corporations may seek rate changes.

## Requirements for Comments on the Proposed Rules

In order to establish a service list, we will require a letter to be sent to the Commission's Process Office by any person who wishes to be a party to this proceeding. This letter should arrive at the Commission's Process Office no later than August 14, 1997. Interested Parties will be mailed a copy of this service list prior to the date when comments are due.

Interested Parties are directed to file comments on the proposed language that would be added to General Order 96-A, Section VI, <u>Procedure in Filing Increased Rates</u>, attached to this order (see Attachment A), no later than September 5, 1997, and to concurrently serve a copy of their comments on the service list for this proceeding. Interested Parties have until September 15, 1997, to reply to the comments submitted on the proposed rules.

#### IT IS ORDERED that:

- 1. Comments on the proposed rules and regulations in accordance with Public Utilities Code Section 455.3 shall be filed with the Commission no later than September 5, 1997, and concurrently served on all parties to this rulemaking.
- 2. Reply comments shall be filed with the Commission and served on all parties to this rulemaking no later than September 15, 1997.
- 3. Interested Parties who wish to be on the service list for this rulemaking shall notify the Commission's Process Office in a letter to arrive by August 14, 1997.

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- 4. The Executive Director is directed to cause a copy of this Order Instituting Rulemaking to be served on parties on the service list attached as Attachment B.
  - 5. This order is effective today.

Dated August 1, 1997, at San Francisco, California

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners

#### **ATTACHMENT A**

The end of General Order 96-A, Section VI, Procedure In Filing Increased Rates, shall be modified as follows:

The above procedures do not apply to oil pipeline corporations, which are exempted by Public Utilities Code Section 455.3. Oil pipeline corporations shall adhere to the following rules, in accordance with Public Utilities Code Section 455.3:

"Oil Pipeline corporations shall be required to give the Commission and all shippers no less than 30 days' notice of rate changes. After the 30-day notice of rate change, oil pipeline corporations shall be permitted to change rates and use those rates prior to Commission approval. The Commission shall have the authority to suspend a rate change and use of the changed rate for a period of time not to exceed 30 days from expiration of the 30-day notice period. Any increase in the shipping rate charged by an oil pipeline corporation prior to Commission approval shall not exceed ten percent per 12-month period. The Commission shall determine the appropriateness of allowing retroactive charge and collection of subsequently approved rate increases above ten percent. Oil pipeline corporations shall be permitted to use new rates after the period of the suspension of a rate change, if any, by the Commission, prior to Commission approval. Any disallowed portion of the new rate shall be fully refunded with interest."

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