

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 14AL-1099TR

IN THE MATTER OF ADVICE LETTER NO. 14 AND LOCAL PIPELINE TARIFF,
COLO. PUC NO. 12.3.0 FILED BY MAGELLAN PIPELINE COMPANY, L.P.

**DECISION SUSPENDING EFFECTIVE DATE OF
TARIFF, REFERRING THE MATTER TO AN
ADMINISTRATIVE LAW JUDGE, AND SETTING
FORTH PROCEDURAL GUIDELINES**

Mailed Date: December 12, 2014

Adopted Date: December 10, 2014

IMPORTANT NOTICE: ANY PERSON DESIRING TO PARTICIPATE ONLY BY MAKING A STATEMENT MAY DO SO BY APPEARING AT THE HEARING IF YOU DESIRE TO ASK QUESTIONS OF A WITNESS OR OTHERWISE PARTICIPATE AS A PARTY IN THIS RATE MATTER, YOU MUST REQUEST PERMISSION FROM THE COMMISSION TO BE AN INTERVENOR (EVEN IF YOU HAVE ALREADY FILED AN OBJECTION). ANYONE DESIRING TO INTERVENE MUST CAREFULLY FOLLOW THE LAW AND COMMISSION RULES FOR BECOMING AN INTERVENOR. FOR FURTHER INFORMATION ON HOW TO INTERVENE CALL (303) 894-2070 (PUC EXTERNAL AFFAIRS OFFICE).

I. BY THE COMMISSION

A. Statement, Findings, and Conclusions

1. Magellan Pipeline Company, L.P.¹ (Magellan Pipeline), on November 13, 2014, filed Advice Letter No. 14 and Local Pipeline Tariff, Colo. PUC No. 12.3.0. The proposed effective date of Colo. PUC No. 12.3.0 is December 15, 2014.

¹ On March 5, 2013, Rocky Mountain Pipeline System, LLC (RMPS), and Magellan Midstream Partners, L.P. jointly filed an application for approval to transfer the ownership and control of the Colorado jurisdictional pipeline assets owned and operated by RMPS to Magellan Midstream Partners, L.P. The intrastate assets RMPS requested to transfer to Magellan Midstream Partners, L.P. included approximately 95 miles of pipeline from Cheyenne, Wyoming to Commerce City, Colorado and approximately 90 miles of pipeline from Commerce City, Colorado to a terminal in Fountain, Colorado. The joint application filed by RMPS and Magellan Midstream Partners, L.P. for approval to transfer the ownership and control of the Colorado jurisdictional pipeline assets owned and operated by RMPS to Magellan Midstream Partners, L.P. was granted by the Commission on May 1, 2013, by Decision No. C13-0506 in Proceeding No. 13A-0148CP. The joint application also included a provision that if the transfer of assets was granted and the transaction was completed a) Magellan Midstream Partners, L.P. will acquire 100 percent of the membership interests in one of its subsidiaries PPRPL, LLC; (b) RMPS will contribute the pipeline assets named in the application to PPRPL, LLC; and (c) 100 percent of the membership interests in PPRPL, LLC will be sold to Magellan Pipeline.

2. Local Pipeline Tariff, Colo. PUC No. 12.3.0. names rules, regulations, and rates for the transportation of petroleum products by pipeline between Dupont, Colorado and Commerce City, Colorado, and between Commerce City, Colorado, and Fountain, Colorado.

3. The Commission noticed Advice Letter No. 14 and Local Pipeline Tariff, Colo. PUC No. 12.3.0. to all interested persons, firms, and corporations pursuant to Rule 1210(a), (Tariffs and Advice Letters) of the Rules of Practice and Procedure, 4 *Code of Colorado Regulations* 723-1. Suncor Energy (U.S.A.) Inc. (Suncor Energy) timely filed a Protest of Advice Letter No. 14 – PUC 12.3, and Request for Immediate Suspension of Tariffs and Request for Hearing (Protest) on December 3, 2014.

4. In Advice Letter No. 14 Magellan Pipeline states:

P.U.C. No. 12.3.0 contains rules, regulations, and rates for the movement of petroleum products in MPL's rocky mountain system. This tariff is issued to add product grade specification document references with applicable dates of specifications to Item 15 - Testing, as requested by shippers for clarification of required system specifications.

All transportation rates contained in Item No. 125 remain unchanged.

(Emphasis omitted)

5. In its Protest, Suncor Energy states:

Suncor operates the only petroleum products refinery in Colorado, located in Commerce City. It is the largest refinery in the Rocky Mountain region with a capacity of approximately 98,000 barrels per day. It produces gasoline, diesel fuel, jet fuel, and other petroleum products, which supply the Colorado marketplace.

Suncor is one of Magellan's largest customers on this intrastate pipeline. In particular, this pipeline is critical to supplying petroleum products to Southern Colorado, including Colorado Springs and Pueblo, at Magellan's Fountain terminal. The proposals set forth in the proposed tariff will have a significant impact on Suncor's operations and costs, and ultimately the costs of Suncor's customers and Colorado consumers.

By its filing, Magellan is attempting to impose standards on its Colorado intrastate system that it uses for other pipelines that are part of its interstate system to the detriment of Suncor and Colorado consumers. While the proposed adjustments may make management of its system easier for Magellan, this one size fits all approach results in a tariff that is not just or reasonable for Suncor or Colorado consumers. Because Magellan did not file any supporting documents, it is impossible to determine whether the proposed changes are appropriate for an intrastate pipeline, or whether the rates are just and reasonable.

(Emphasis omitted)

6. Other than the advice letter, Magellan Pipeline did not provide any documents or statements to support the changes that may result from the implementation of the rules, regulations, or rates in Local Pipeline Tariff, Colo. PUC No. 12.3.0 if it is allowed to become effective on December 15, 2014. Therefore, without additional information, the Commission cannot determine if the proposed rules, regulations, or rates are just, reasonable, and in the public interest.

7. Pursuant to § 40-6-111(1), C.R.S., the Commission may, in its discretion, set Local Pipeline Tariff, Colo. PUC No. 12.3.0 for hearing which will suspend the effective date for 120 days from the proposed effective date. If the Commission does not establish new rates before the expiration of the suspension period of 120 days, or June 13, 2015, Local Pipeline Tariff, Colo. PUC No. 12.3.0 filed by Magellan Pipeline may become effective.

8. Section 40-6-111(1), C.R.S., also provides that the Commission may, in its discretion, by separate decision suspend the effective date of Local Pipeline Tariff, Colo. PUC No. 12.3.0 for an additional 90 days. Thus, the Commission has the power and authority to suspend the effective date of Local Pipeline Tariff, Colo. PUC No. 12.3.0 for a maximum of 210 days or, in this proceeding, until September 11, 2015. If the Commission further suspends, by separate decision, the effective date of Local Pipeline Tariff, Colo. PUC No. 12.3.0 for an additional 90 days, and if no new rates are established by the

Commission before September 11, 2015, Local Pipeline Tariff, Colo. PUC No. 12.3.0 filed by Magellan Pipeline may become effective.

9. The Commission finds good cause to suspend Local Pipeline Tariff, Colo. PUC No. 12.3.0 and set this matter for hearing.

10. We refer this matter to an Administrative Law Judge (ALJ) for a Recommended Decision.

11. A pleading to intervene may be filed by any person, firm, or corporation desiring to be a party and fully participate in this proceeding, as ordered below. The filing of any other document protesting the tariff page(s) shall not allow participation as an intervenor in this matter. The ALJ will rule on all petitions to intervene. We direct the ALJ to set a hearing date and establish other procedures by separate decision.

II. ORDER

A. The Commission Orders That:

1. Advice Letter No. 14 and Local Pipeline Tariff, Colo. PUC No. 12.3.0 filed by Magellan Pipeline Company, L.P. (Magellan Pipeline) on November 13, 2014 are suspended pursuant to Commission Rule 1305(c) of the Rules of Practice and Procedure, 4 *Code of Colorado Regulations* 723-1.

2. Advice Letter No. 14 and Local Pipeline Tariff, Colo. PUC No. 12.3.0 filed by Magellan Pipeline are suspended for 120 days until June 13, 2015, or until further order of the Commission.

3. This matter is referred to an Administrative Law Judge. The Administrative Law Judge shall set this matter for hearing, rule upon interventions, and establish other procedures by separate decision(s).

4. Any person, firm, or corporation including any who have previously filed a document protesting the proposed tariff pages, who desire to intervene and participate as a party in this proceeding shall file a motion to intervene with the Commission within 30 days after the mailing date of this Decision and shall serve a copy of the motion on Magellan Pipeline.

5. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
December 10, 2014.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JOSHUA B. EPEL

PAMELA J. PATTON

GLENN A. VAAD

Commissioners