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California Energy Commission
Re: Docket No. 02-PII-01
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504

April 8, 2005

Re: Comments on new petroleum industry reporting requirements

Dear Sirs:

We have become aware that the California Energy Commission is considering imposing a new requirement on petroleum distributors, specifically, a California Monthly Sales Report CEC Form M782B. This new requirement would be terribly expensive for us to implement, would cost the state (and hence us again) a significant amount to administer, and the value of which, if any, would pale in comparison to the cost.

Our billing software does have gallons and total dollars by product. But it does not break it down into your various categories. In order to do that, we would either have to buy entirely new software or do it by hand, entering every invoice into some spreadsheet. In the first case, new petroleum software costs around $30,000, and no module currently exists to produce anything like this report; my guess is that a module to do this would run around another $7500. In the latter case, it would likely take us 8-10 hours per month to go through our many hundreds of invoices and enter them into a spreadsheet that would initially take us another 8 hours or so to design. Initial design cost, at $100 per hour, would be $800-$1000. Ongoing monthly costs, at $20 per hour, would be about $180.

The cost to the state to input all this information would be huge. The cost to analyze it and make it into anything useful would be huge. The cost to design some software to make sense of it all, if past experience from new software designed for the state is any indication, would be astronomical. And we, the taxpayers, would pay for all of it.

After all this time and money, how accurate do you really think this information would be? Various resellers will be using all manner of software and spreadsheets; low wage employees will be sifting through, inputting and summarizing hundreds of thousands of invoices every month; some resellers may outright refuse to participate, or if they do, they may just create these numbers "by the seat of their pants"; and the state will be using new software and inputting this huge amount of information. At best, your figures will only be 90% accurate.

Even if all this information could be accumulated accurately, how valuable would it really be? Aren't there other ways to gather this information through existing reporting, such as sales tax and SG reports?

If your only aims are to expand another state bureaucracy and to impose yet another great expense upon businesses in California, then this is a real winner. If those are not your intentions, please recognize that this would be a huge expensive impostion on businesses and the taxpayers in California, and would be of limited value given its inevitable inaccuracy.

Sincerely,

J R Buford, President
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