

Decision 96-01-024 January 24, 1996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of }  
 ARCO Pipe Line Company, a Delaware }  
 corporation, and Union Oil Company }  
 of California, a California }  
 corporation, for authority to sell }  
 an interest in utility property, }  
 pursuant to the provisions of }  
 Section 851 of the Public }  
 Utilities Code for the State of }  
 California. }

ORIGINAL

Application 95-12-014  
(Filed December 5, 1995)

Unocal in accordance with the Agreement in exchange for Unocal's  
 payment of \$250,000 and the agreement to relieve ARCO from  
 potential environmental liabilities and future costs associated

OPINION APPROVING SALE

Description of the Application

ARCO Pipe Line Company (ARCO), formerly known as Four  
 Corners Pipe Line Company, seeks approval pursuant to Section 851  
 of the Public Utilities (PU) Code to transfer a portion of its  
 pipeline system (the Subject Pipeline) located in the City of  
 Huntington Beach, California. (All statutory citations are to  
 the PU Code.) Union Oil Company of California (Unocal) desires  
 to acquire the Subject Pipeline and joins in ARCO's application.  
 Notice of the application appeared in the California Public  
 Utilities Commission's (Commission) Daily Calendar on  
 December 12, 1995. No protest has been received.

Statutory Authority

Section 851 provides that no public utility other than  
 a common carrier by railroad may sell any part of its plant,  
 system, or other property necessary or useful in the performance  
 of its duties to the public without first having secured from the  
 Commission an order authorizing it to do so.

Description of the Property

The Subject Pipeline consists of approximately  
 2.5 miles of six-inch gathering pipeline and a four-inch lateral

of approximately 300 feet, together with the associated valves, easements, rights of way, permits, licenses, and franchise agreement with the City of Huntington Beach, all as described in the Sunset Heights Gathering System Pipeline Sale and Purchase Agreement (the Agreement) between ARCO and Unocal. The net book value of the Subject Pipeline as of December 31, 1994 was \$13,933.

Description of the Agreement

ARCO proposes to transfer the Subject Pipeline to Unocal in accordance with the Agreement in exchange for Unocal's payment of \$250,000 and its agreement to relieve ARCO from potential environmental liabilities and future costs associated with the Subject Pipeline.

Purpose of the Agreement

The Subject Pipeline collects crude oil from production properties that currently use the Subject Pipeline are owned and operated by Unocal, which intends to transport the oil to its own refinery in the Los Angeles Basin. There is no other producing property in the vicinity that could utilize the Subject Pipeline. Accordingly, Unocal proposes that after the Agreement becomes effective, Unocal will operate the Subject Pipeline for its own use and not as a common carrier system. Furthermore, because ARCO would no longer be offering gathering service over the Subject Pipeline, ARCO requests that the applicable tariff (Cal. P.U.C. No. 212) be amended, so as to discontinue that service, by an advice letter to be filed upon approval of the application.

ARCO and Unocal represent that the sale, termination of tariffed services, and withdrawal of the Subject Pipeline from common carriage (1) is not going to affect the quality of the human environment, and (2) is in the public interest because the

Subject Pipeline is no longer necessary or useful to ARCO in the performance of its duties to the public. Specifically, the Subject Pipeline is uneconomical for ARCO to operate at the current low volumes. Also, the Subject Pipeline currently uses ARCO's Line No. 8 to reach Los Angeles refinery destinations. Line No. 8 likewise cannot operate cost-effectively at the low volumes from the single production site. Unocal has agreed to connect the Subject Pipeline to an alternate carrier by February 1, 1996; the new connection will allow ARCO to pursue idling Line No. 8 and ultimately to eliminate that uneconomic asset from its rate base, with commensurate benefit to ARCO's shippers. ARCO accordingly proposes to file an advice letter amending its tariff (Cal. P.U.C. No. 204) to discontinue certain connections to Line No. 8 if transfer of the Subject Pipeline is authorized. (ARCO's proposed changes to the affected tariffs are shown in the Appendix to this Opinion and Order.)

**Conclusion**

Based on the facts as represented by ARCO and Unocal, the proposed transfer of the Subject Pipeline would not adversely affect ARCO's performance of its duties to the public. Therefore, we authorize the transfer as proposed.

**Findings of Fact**

1. ARCO is a public utility within the jurisdiction and regulation of the Commission.
2. ARCO owns the Subject Pipeline.
3. The transfer of the Subject Pipeline to Unocal and cessation of common carriage over the Subject Pipeline pursuant to the Agreement will not have a significant impact on the environment or negatively affect ARCO's ability to provide service to the public.
4. There is no protest to the application.

Commissioner Daniel W. Fessler  
is necessarily absent on official business.

5. This order should be made effective immediately, so that ARCO can withdraw unneeded facilities and services as soon as possible. Subject Pipeline is unneeded for ARCO to operate as a pipeline. Also, the subject Pipeline is not needed for current low volume. Conclusions of Law

1. A public hearing is not required. ARCO's line No. 8 is a low volume line. The requested transfer should be approved. Within 30 days of the effective date of this order, ARCO should file an advice letter amending its tariffs (Cal. P.U.C. Nos. 204, 212) as discussed in the foregoing opinion and shown in the attached Appendix to this order.

2. ARCO should file an advice letter amending its tariffs (Cal. P.U.C. Nos. 204, 212) as discussed in the foregoing opinion and shown in the attached Appendix to this order. ORDER ARCO accordingly amend its tariffs (Cal. P.U.C. Nos. 204) to discontinue certain connections to line No. 8. IT IS ORDERED that ARCO is authorized to transfer the Subject Pipeline pursuant to the Sunset Heights Gathering System Pipeline Sale and Purchase Agreement set forth in Exhibit C to the application.

3. Within 30 days of the effective date of this order, ARCO shall file an advice letter amending its tariffs (Cal. P.U.C. Nos. 204, 212) as shown in the attached Appendix. Therefore, since this Order disposes of all matters raised in the application, this proceeding is closed.

This order is effective today, regulation of the Commission of the State of California.  
Dated January 24, 1996, San Francisco, California.

The transfer of the Subject Pipeline pursuant to the Agreement will not have a significant impact on the environment or ARCO's ability to provide service to the public. The Commission's decision is based on the facts as shown in the application.

P. GREGORY CONLON  
JESSIE J. KNIGHT, Jr.  
HENRY M. DUQUE  
JOSIAH L. NEEPER

Commissioner Daniel Wm. Fessler  
is necessarily absent on official  
business.

CAL. P.U.C. No. \_\_\_\_\_  
Cancels CAL. P.U.C. No. 204

**ARCO PIPE LINE COMPANY**  
**LOCAL TARIFF**  
**Applying On The Transportation**  
**Of**  
**Crude Petroleum And Indirect Liquid Products**  
**By**  
**PIPELINE**  
**From**  
**Points Enumerated In Table Of Rates**  
**To**  
**Points Enumerated In Table Of Rates**

The rates published in this tariff are in cents per barrels of 42 U.S. Gallons each and subject to the rules and regulations published in ARCO PIPE LINE COMPANY'S CAL. P.U.C. No. 202, supplements thereto, and successive issues thereof.

Exception to Item No. 12, Cal. P.U.C. No. 202

The maximum of one percent (1%) allowable basic sediment & water will not apply under this tariff. Carrier will accept for transportation crude petroleum in which the total volume of impurities and water does not exceed three percent (3%). All other provisions of Item 12 of Cal. P.U.C. No. 202 are applicable.

The provisions published herein will, if effective not result in an effect on the quality of the human environment.

Date Filed:

Effective:

Advice Letter No

*Issued By*  
M. L. Hazelwood, President  
ARCO Pipe Line Company  
5900 Cherry Avenue  
Long Beach, California 90805

*Compiled By*  
D. C. Reyneveld  
Vice President & General Manager  
(310) 428-9000

LINE NO. 8 THROUGH RATES TO ESTABLISHED DESTINATIONS

FROM	TO	RATE
Huntington Beach Field P.L. Jct., Orange County	Golden West P.L. Jct., Heil & Golden West, Huntington Beach, Orange County	(D)
	East Hynes Jct., North Long Beach, L.A. County	(D)
	Sepulveda Blvd. & Alameda St., Carson, L.A. County (Ultramar Refy, Chemoil Tank Farm)	(D)
Sunset Heights Field P.L. Jct., Orange County	East Hynes Jct., North Long Beach, L.A. County	(D)
	Sepulveda Blvd. & Alameda St., Carson, L.A. County (Ultramar Refy, Chemoil Tank Farm)	(D)
Spring St. And Cherry Ave. Jct. Long Beach, L.A. County	East Hynes Jct., North Long Beach, L.A. County	6.5

EXPLANATION OF REFERENCE MARKS

(D) To signify discontinued material including listing, rate, rule or condition.  
(Reference General Order No. 96-A)

CAL. P.U.C. No. \_\_\_\_\_

Cancels CAL. P.U.C. No. 212

**ARCO PIPE LINE COMPANY  
LOCAL GATHERING TARIFF  
Applying On The Transportation  
Of  
Crude Petroleum And Indirect Liquid Products  
By  
PIPELINE  
From  
Points Enumerated In Table Of Rates  
To  
Points Enumerated In Table Of Rates**

The rates published in this tariff are in cents per barrels of 42 U.S. Gallons each and subject to the rules and regulations published in ARCO PIPE LINE COMPANY'S CAL. P.U.C. No. 202, supplements thereto, and successive issues thereof.

Exception to Item No. 12, CAL. P.U.C. No. 202

That portion of Item No. 12 of the rules and regulations in CAL. P.U.C. No. 202, providing for a deduction of one-quarter of one percent ( $\frac{1}{4}$  of 1%) of all crude petroleum received for transportation at point of origin to cover losses due to shrinkage and evaporation incident to pipeline transportation does not apply. All other provisions of Item 12 of CAL. P.U.C. No. 202 are applicable.

Exception to Item No. 20, CAL. P.U.C. No. 202

The gravity bank provision (Item 20) of the rules and regulations in CAL. P.U.C. No. 202 will not apply under this tariff.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

Date Filed:

Effective:

Advice Letter No.

*Issued By*  
M. L. Hazelwood, President  
ARCO Pipe Line Company  
5900 Cherry Avenue  
Long Beach, California 90805

*Compiled By*  
D. C. Reyneveld  
Vice President & General Manager  
(310) 428-9000

## THROUGH RATES TO ESTABLISHED DESTINATIONS

FROM	TO	RATE
Cheviot Hills, L.A. County (Hillcrest, Rancho, Rancho Park Blend, Occidental W. Pico, Sawtelle, Beverly Hills)	Line 1 Junction, L.A. County	4.6
Cuyama, Santa Barbara San Luis Obispo Co. (South Cuyama, Hibberd #7)	Line 62, Cuyama Station, Santa Barbara County	16.4
Newhall Area, L.A. County (Castaic Hills, Rhyne Fisher #82, Honor Rancho)	Line 1, Newhall Station, L.A. Count	12.9
N/S Coles Levee, Kern Co. (Coles Levee A)	Line 84/85, Line 50/65 Coles Levee Station, Kern County	6.4
Ojai/Timber Canyon, Ventura Co. (E.P. Clark, Timber Canyon, Astarta, Ojai Fee, Ridgeway, West 1-2-3-4-5, Dennison)	Line 72 Junction, Ventura County	3.6
Sunset Heights, Orange Co. (Union Offshore)	Line 8 Junction/Golden West P.L. Jct., Orange County	[D]
Tejon Hills, Kern Co. (Tejon A-1, A-2, Tejon B, M.K. Miller Enterprise, George Grober, Rose Bright, Tejon Area)	Foreign P.L. Junction, Kern Co. 1)	14.6



## THROUGH RATES TO ESTABLISHED DESTINATIONS

FROM	TO	RATE
Tejon/Wheeler Ridge, Kern Co. (KCL Coal Oil Canyon, KCL G-2, G-5, L-2, Wheeler Ridge Central, Stansbury, KCL G-4, F, I, L-1, KCLD-2)	Line 63, Kelley Station, Kern Co.	14.6
West Kelley Area, Kern Co. (KCL H)	Line 1/62 Junction, Kern Co.	4.6
Westside Area, Kern Co. (Stevens Zone 2, Navy 26Z, Fellows Fee, Derby Acres)	Line 2, Fellows Station, Kern Co.	12.9
Westside Area, Kern Co. (Kern Front)	Foreign P.L. Junction, Kern Co 1)	12.9

## EXPLANATION OF REFERENCE MARKS

- 1) Exception to Item 12, Cal. P.U.C. No. 202 - The maximum of one percent (1%) allowable impurities and water will not apply for such movements into foreign pipelines. The maximum will be three percent (3%) or the maximum established by the foreign pipelines, whichever is less. All other provisions of Item 12 are applicable.
- (D) To signify discontinued material including listing, rate, rule or condition.  
(Reference General Order No. 96-A)