

Decision 00-06-027 June 8, 2000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CHEVRON PIPE LINE COMPANY, a Delaware Corporation and ELLWOOD PIPELINE, INC., a California Corporation for Authority to Sell Interests in Utility Property, Pursuant to the Provision of Section 851 of the Public Utilities Code of the State of California.

Application 99-10-016
(Filed October 6, 1999)

O P I N I O N**Summary**

This decision approves the sale and transfer of approximately one mile of crude oil common carrier Pipe Line from the La Conchita Production Facility Connection, Ventura County, to the Mobil Rincon Pipeline Facility, Ventura County from Chevron Pipe Line Company to Ellwood Pipeline, Inc.

Procedure

Chevron Pipe Line Company (Seller or Chevron), a Delaware corporation, and Ellwood Pipeline, Inc. (Buyer or Ellwood), a California corporation, jointly apply for authority to sell interests in utility property pursuant to the provisions of Pub. Util. Code § 851.

Notice of the filing of this Application appeared in the Daily Calendar on October 13, 1999. In Resolution ALJ 176-3025, dated October 21, 1999, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. Given this status, public hearing is not necessary, and it is not

necessary to alter the preliminary determinations made in Resolution ALJ 176-3025.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

Applicants

Chevron is a corporation organized and existing under and by virtue of the laws of the State of Delaware with its principal place of business in San Ramon, California.

Seller owns and operates common carrier pipeline assets and interests on behalf of the Chevron Corporation family of companies. Seller is a 100% owned subsidiary of Chevron Corporation which has operations in countries throughout the world. Seller was incorporated in the State of Delaware in 1961 and qualified to do business in 20 states, including California. Seller owns and operates nearly 5,000 miles of petroleum pipelines in the United States. Common carrier operations are governed by the Federal Energy Regulatory Commission, the California Commission and various other States' Utility Commissions.

Seller operates nearly 600 miles of pipeline in California including the pipeline that is the subject of this Application.

Ellwood is a corporation organized and existing under the laws of the State of California with its principal place of business in Santa Barbara. Buyer is engaged in the business of acquiring, owning and operating pipelines used to transport oil.

The Property

Seller wishes to sell to Buyer, approximately one mile of crude oil common carrier pipeline from the La Conchita Production Facility connection, Ventura

County to the Mobil Rincon PipeLine Facility, Ventura County. This pipeline is under the jurisdiction of the Commission as discussed below.

In 1999, Seller concluded Agreements to sell all interests in system serving California offshore and coastal crude production, specifically the Point Arguello Pipe Line Company, the Point Arguello Natural Gas Line Company, the Point Arguello Terminal Company, the Ventura Pipeline System, and the Carpinteria Pipeline System. These sales were undertaken to implement Seller's strategy to discontinue the offshore California transportation segment of its business. Seller has no remaining assets serving that business segment.

The net book value of the subject pipeline is zero. Seller proposes to sell the subject pipeline and assign its interests in the pipeline agreement for a total sum of \$1.00, plus other good and valuable considerations. Buyer will continue to operate the pipeline as a common carrier.

The Purchase and Sale Agreement between Seller and Buyer was signed in February 1999. Title and ownership to other properties included in the Agreement that are not under the jurisdiction of the CPUC have already passed to Buyer. This pipeline is the sole remaining asset yet to be transferred.

Seller wishes to sell to Buyer its entire interstate common carrier pipeline system known as the Carpinteria System. The Carpinteria System is approximately 10 miles in length from offshore California. The Carpinteria System is governed by the Federal Energy Regulatory Commission due to its transportation of federal water crude oil. However, the last segment of the pipeline also transports crude oil in intrastate commerce and thus requires this Commission's approval.

Purpose of Sale

The subject pipeline is no longer necessary or useful to Chevron in the performance of its duties to the public. Recently, the pipeline has only been used to transport crude oil on behalf of two shippers, one of which is Equiva Trading. The other shipper, as a result of a sale of certain of its interests in facilities at the origination and destination points of the pipeline, is no longer transporting crude oil on it. Consummation of the proposed sale will permit Ellwood to operate and maintain the subject pipeline in a manner consistent with its needs.

After the proposed sales becomes effective, Ellwood proposes to operate the pipeline as a common carrier. As Chevron will no longer be offering gathering service for the subject pipeline as published in Tariff Nos.1 and 16, Chevron requests that these tariffs be cancelled. Chevron will file a compliance advice letter to implement applicable tariff changes.

Environmental Matters

Under the California Environmental Quality Act (CEQA) we must consider the environmental consequences of projects, as defined, that are subject to our discretionary approval. (Public Resources Code § 21080). While transfers of utility assets are generally projects subject to CEQA review by the Commission, the facts of this case indicate that this sale, while a project, is not subject to CEQA.

Based upon the record, this sale does not have the potential for causing a significant effect on the environment, and accordingly the Commission need not perform further CEQA review. (CEQA Guideline 15061(b)(3).)

Discussion

Chevron and Ellwood are both engaged in the business of transportation of petroleum products. They have agreed to the sale and transfer of a pipeline in the vicinity of Ventura which is presently utilized by only one shipper.

Pipeline usage will be unchanged except for the element of ownership which applicants believe will benefit shippers as Ellwood proposes to continue to operate the line as a common carrier.

The sale and transfer are not adverse to the public interest and should be approved.

Findings of Fact

1. Applicants are pipeline corporations subject to the jurisdiction of the Commission.
2. Chevron and Ellwood jointly apply for authority to sell and transfer approximately one mile of crude oil common carrier pipeline located in Ventura County.
3. Notice of the filing of the application appeared in the Daily Calendar on October 13, 1999. No protests were received and a public hearing is not required.
4. Pipeline usage will be unchanged except for the element of ownership. Applicants believe change will not impact shippers as buyer proposes to continue to operate the line as a common carrier.

Conclusions of Law

1. The sale and transfer of the pipeline will not adversely affect existing shippers.
2. Chevron should be authorized to cancel the gathering service for the subject pipeline as published in Tariff Nos. 1 and 16 on file with the Commission upon approval of this application.

3. Ellwood should be authorized to file tariffs offering gathering service upon approval of this application.

4. Chevron should be relieved of the public duties and responsibilities of owning, operating, and maintaining the pipeline upon approval of this application and Buyer's filing of Tariffs approved by the Energy Division.

5. The sale and conveyance of the pipeline does not require further CEQA review by the Commission.

O R D E R

IT IS ORDERED that:

1. Chevron Pipe Line Company (Seller or Chevron), a Delaware corporation, may sell and transfer to Ellwood Pipeline, Inc., (Buyer or Ellwood), a California corporation, approximately one mile of crude oil common carrier Pipe Line from the La Conchita Production Facility Connection, Ventura County, to the Mobil Rincon Pipeline Facility, Ventura County from Chevron to Ellwood.

2. Within ten days of the sale and transfer of the pipeline applicants shall concurrently file advice letters with tariffs effecting the transfer. The advice letters shall be filed to implement the changes approved by this decision and will be effective upon approval by the Energy Division.

3. The authority granted hereby expires if not exercised within six months of the date of this order.

4. Chevron shall be relieved of the public duties and responsibilities of owning, operating, and maintaining the pipeline upon applicant's compliance with the terms of this order.

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5. Application 99-10-016 is closed.

This order is effective today.

Dated June 8, 2000, at San Francisco, California.

LORETTA M. LYNCH
President

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

CARL W. WOOD

Commissioners