

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-2925  
December 19, 1990

R E S O L U T I O N

RESOLUTION G-2925. FOUR CORNERS PIPE LINE COMPANY IS AUTHORIZED TO REMOVE CERTAIN ORIGIN AND DESTINATION POINTS FROM AND ADD ADDITIONAL DESTINATION POINTS TO THE LISTINGS IN ITS TARIFFS.

BY ADVICE LETTER 18, FILED ON JULY 20, 1990.

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SUMMARY

1. By Advice Letter No. 18, of July 20, 1990, Four Corners Pipe Line Company (FCPL) requests to: 1) delete Newhall Refinery as a destination point because Newhall has ceased operations, 2) delete Vinvale Junction and Leutholtz Junction as origination or destination points because they are no longer used, and 3) delete existing destination points and to add one destination point appearing on the tariff sheet for its Line No. 48.
2. The changes requested for the Line No. 48 tariff sheet, Cal P.U.C. No. 152 "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", are the result of a decision by the pipeline company to reverse the direction of flow in Line No. 48.
3. This Resolution grants the request of FCPL.

BACKGROUND

1. The language of the FCPL Advice Letter No. 18 only provides for the addition of new destination point and the removal of existing origination and destination points from the FCPL tariffs Cal P.U.C. No's. 150, 152, 153 and 156 "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 deletion of Newhall Refinery, Vinvale Junction, and Leutholtz Junction as origination or destination points reflect the removal of locations which are no longer operating. The deletions and additions listed for Line 48 reflect a decision by FCPL to

reverse the direction of flow in Line No. 48. This flow reversal precludes service between the listed points by means of Line 48.

2. Line No. 48 has been in operation since 1920's, part of the Richfield Petroleum transportation system in 1969 when the merger with Atlantic Refining occurred, forming ARCO Corporation. FCPL was established as owner and operator of various common carrier pipelines owned by ARCO. With the passage of time, use of this line for the shipment of crude petroleum has declined. FCPL states that currently Line No. 48 is at present idle most of the time.

3. FCPL has found that if the direction of flow in Line No. 48 is reversed it will be used more frequently because Line No. 48 could then be used by an additional customer (Ultramar Refinery) who is not now served by FCPL. Ultramar advised the staff it will be getting more shipments of crude petroleum which will result in increased revenues for FCPL.

#### NOTICE

1. FCPL mailed copies of this filing to its customers.

#### PROTESTS

1. Chemoil Corporation, filed a late protest to this Advice Letter on August 13, 1990. The Protestant contends that if the flow is reversed it would no longer be able to use Line 48 for shipments of crude from the Wilmington field to its refinery.

#### DISCUSSION

1. The consolidation of ownership of entities which have used FCPL's pipeline system, was associated by the decline in production of crude petroleum. At present shipments of crude petroleum are not made in the same volume, or between the same locations as previously. Because of this some of FCPL's facilities are used at reduced capacity and service to others who could use certain facilities if the direction of flow is reversed is denied.
2. It is not economically feasible for FCPL to start and stop pumping through a pipeline, reverse direction of flow through a pipeline, or maintain a pipeline in an operational condition for only limited shipments. Such mode of operation would, according to FCPL, result in additional costs of operation while no additional benefit would accrue to either the customers or FCPL.

3. In its response to the Chemoil Corporation's protest FCPL states that an alternative pipeline for the shipment of crude petroleum in the direction Protestant desires is available. It further states the Protestant has been an infrequent user of Line 48. Maintaining a pipeline which is rarely used in an operable condition is a financial burden for which all customers pay in higher costs.

4. Reversal of flow through Line 48 to serve a greater demand for service than is currently being met is a prudent management decision.

5. The reversal of flow direction in the pipeline required only relatively minor changes at each end of Line No. 48.

6. CACD notes with concern that FCPL has effected the requested change prior to obtaining Commission authorization, relying on an informal staff opinion based on incomplete information. FCPL is admonished that in the future, operational changes such as approved here shall not be put in effect prior to obtaining formal Commission authorization.

#### FINDINGS

1. At present, there is only limited usage of Four Corners Pipe Line No. 48, and there are no prospects of increased use of this pipeline.

2. Reconstructing Pipe Line No. 48 to reverse the direction of flow will result, initially, in increased usage of this pipeline, increasing the revenues of FCPL.

3. Regulation of utilities requires that utilities be permitted to operate in a manner which results in the maximum benefit to all customers.

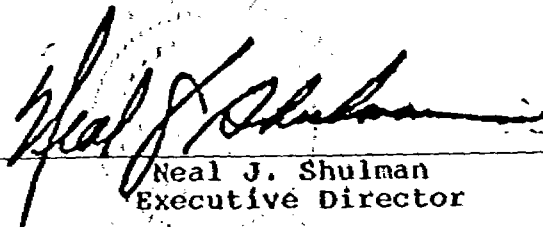
4. Review of FCPL's plans for physical changes associated with the changes in operations indicate that the physical changes are minor in nature, require no permits from other agencies, occur on private property, and have no significant effect on the environment. Since it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to California Environmental Quality Act.

THEREFORE, IT IS ORDERED that:

1. Four Corners Pipe Line Company is authorized to place into effect the tariff sheets accompanying Advice Letter 18.
2. Advice Letter 18, and the accompanying tariff sheets shall be marked to show that they were approved for filing by Commission Resolution G-2925 and made effective after the date of this Resolution.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 19, 1990. The following Commissioners approved it:

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. CHANIAN  
PATRICIA M. ECKERT  
Commissioners



Neal J. Shulman  
Executive Director