

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION O-0006
April 26, 1995

R E S O L U T I O N

RESOLUTION O-0006. CHEVRON PIPELINE COMPANY REQUESTS APPROVAL TO REMOVE FROM SERVICE ITS CHEVRON U.S.A.'S REFINERY IN RICHMOND AS A DESTINATION ON THE KLM PIPELINE SYSTEM FOR CRUDE DELIVERIES AND TO ADD A NEW ORIGIN POINT AT DERBY ACRES. CAL PUC NO. 22 WILL REPLACE AND CANCEL CAL PUC NO. 17.

BY ADVICE LETTER 15, FILED ON JANUARY 27, 1995.

SUMMARY

1. Chevron Pipeline Company (Chevron) seeks approval to remove from service its Chevron U.S.A.'s Refinery in Richmond as a destination on Chevron's KLM Pipeline System (System) for crude deliveries. Chevron also plans to remove the portion of the KLM Pipeline System between Shell Oil Company's Martinez Refinery and Chevron's Richmond Refinery from common carrier service, and transfer it back to Chevron U.S.A. Shell's Refinery and Tosco Refining Company's Avon Refinery, both also located in Contra Costa County, will be unaffected by this action and remain active destinations on the System. Since its initial transfer to Chevron and dedication to common carrier service on January 1, 1993, this portion of the System has been idle and never actively engaged in common carrier operations.
2. In addition to the above destination removal, Chevron proposes to add a new origin point for delivery of San Joaquin Valley crudes into the System. The point, identified as Derby Acres, carries a rate of 72.5 cents per barrel, commensurate with its intermediate location between Midway Station and the Cymric Area. Chevron states that its consignees on the System have supported the establishment of this new origin in the interests of crude source diversification. Chevron anticipates that deliveries at this location will not represent incremental income to Chevron.
3. No protests were filed.
4. Chevron's Advice Letter (AL) No. 15 is granted.

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BACKGROUND

1. As of January, 1995, there have been no pipeline deliveries of crude oil made on Chevron's KLM Pipeline System to Chevron U.S.A.'s Richmond Refinery, in Contra Costa County, for over 30 months. The piece of Chevron's System which extends from the Shell Refinery to the Chevron Refinery has been idle since June, 1992. There have never been any common carrier shipments conducted through this particular part of the pipeline.

2. Chevron U.S.A., the sole historical shipper on this part of the System, has indicated to Chevron that its suspension of crude receipts by the KLM System to its Richmond Refinery is permanent.

NOTICE

Chevron served notice of AL 15 by mailing copies to all interested parties, and the AL was posted on the Commission calendar.

PROTESTS

No protests were received on Advice Letter 15.

DISCUSSION

1. The portion of the KLM Pipeline System between Shell Oil Company's Martinez Refinery and Chevron's Richmond Refinery has been idle since June, 1992. Furthermore, there have never been any common carrier shipments conducted through this particular part of pipeline. There are no indications that anyone will utilize it, particularly Chevron U.S.A., the sole historical shipper on this part of the KLM Pipeline System. Hence, Chevron should be allowed to remove this section as described in Advice Letter 15, from common carrier service.

2. The new intermediate origination point of Derby Acres, whose proposed rate is 72.5 cents per barrel for deliveries to the San Francisco Bay Area, should be granted. No potential tariff subscriber protested the reasonableness of this rate.

3. CACD recommends that Chevron's request in AL 15 be approved.

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FINDINGS

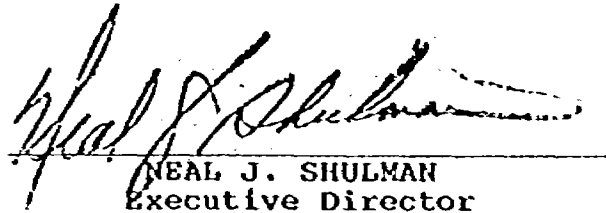
1. Chevron filed Advice Letter No. 15 on January 27, 1995, requesting that its KLM Pipeline System, between Shell Oil Company's Martinez Refinery and Chevron's Richmond Refinery, be removed from common carrier service.
2. In Advice Letter 15, Chevron also requested the addition of the origination point at Derby Acres, Kern County, with a proposed rate of 72.5 cents per barrel.
3. Chevron's request, as described in this advice letter, is reasonable.

THEREFORE, IT IS ORDERED that:

1. Chevron Pipeline Co's Advice Letter No. 15 is approved.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 26, 1995. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
Commissioners