

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION O-0009
November 21, 1995

R E S O L U T I O N

RESOLUTION O-0009. MOBIL PACIFIC PIPELINE COMPANY REQUESTS APPROVAL TO REMOVE FROM SERVICE, SEGMENT NO. M-89/G-75 FROM ITS WILMINGTON GATHERING SYSTEMS. CAL PUC NO. 12 WILL REPLACE AND CANCEL CAL PUC NO. 11.

BY ADVICE LETTER 4, FILED ON AUGUST 14, 1995.

SUMMARY

1. Mobil Pacific Pipeline Company (Mobil) seeks approval to remove from service its Segment No. M-89/G-75 of the Wilmington Gathering Systems. The City of Los Angeles has planned development and improvement projects in the vicinity of these pipelines, obligating Mobil to relocate or abandon these segments of the Wilmington Gathering Systems Pipeline.
2. No protests were filed.
3. Mobil's Advice Letter (AL) No. 4 is granted.

BACKGROUND

1. The Ports of Los Angeles and Long Beach constitute the largest seaport complex in the United States and the third largest in the world. Nearly 110 million tons of cargo were moved through the two ports in 1991, representing one fourth of all U.S. waterborne international trade.
2. The Alameda Corridor Project is a consolidated railroad link between the Port area and downtown Los Angeles. Waterborne trade entering and leaving the Ports is expanding at 20% per year together with all Pacific Rim trade. To address this growth, the Alameda Corridor Project has been proposed to consolidate the operations of the three freight railroads serving Southern California on one corridor. The corridor will be grade separated from roadways to reduce congestion and improve management, air quality, efficient operations and safety.
3. As a result of the Alameda Corridor Project, the City of Los Angeles has begun the Port Access Demonstration Project (PAD). PAD includes Units 2 and 3 (from "M" Street along Alameda Street

to Henry Ford Ave. and from Alameda St. along Henry Ford Ave. to "I" Street).

4. PAD's Unit 4 portion consists of widening approximately 1000 feet of roadway along Alameda Street, from Colon Street to the City of Los Angeles/City of Carson boundary, from an existing 44 feet in width to a proposed 86 feet in width. Units 2 and 3 are the main line storm drain and sewer work portion of PAD.

5. Mobil's 6-inch pipeline known as G-75, G-75-2, is part of the Wilmington Crude Gathering System. This system includes 4,429 feet of pipeline and is utilized to transport crude oil from several oil and gas leases in the Port of Los Angeles to the Torrance Refinery. It begins at the Exxon Tank Farm located at Alameda Street and McFarland Avenue in the City of Los Angeles. It then runs to the point where it connects to the M-89 pipeline, on Henry Ford Avenue south of Anaheim Street. This system has been idle since 1993.

6. Mobil's 8-inch pipeline known as M-89 is also part of the Wilmington Crude Gathering System. This system includes 6,283 feet of pipeline and is utilized to transport crude oil within the THUMS/Wilmington Gathering System which ultimately comes into the Torrance Refinery. It begins at the Konoike Cold Storage Plant, located at "Q" Street and Alameda Street, in the City of Los Angeles. It then runs south along Alameda Street to a point where it enters Henry Ford Avenue. It then continues southerly to the point where it ties into the G-75 pipeline in Henry Ford Avenue south of Anaheim Street. This system has been idle since 1993.

7. Since the M-89 pipeline is currently in conflict with PAD, The City of Los Angeles now requires that it either be removed or abandoned. The G-75 pipeline is not currently in conflict but a portion of it runs along Henry Ford Avenue, but will be in conflict with PAD in the near future.

8. The City of Los Angeles' contractors have awarded a contract for the above referenced construction, scheduled to commence upon Mobil's requested Commission approval on its decision to discontinue service of these pipelines.

9. Mobil filed Advice Letter No. 4 on August 14, 1995, requesting Commission approval to discontinue service on Segments M-89 and G-75 of the Wilmington Crude Gathering System.

NOTICE

Mobil served notice of AL 4 by mailing copies to all interested parties, and the AL was posted on the Commission calendar.

PROTESTS

No protests were received on Advice Letter 4.

DISCUSSION

1. Mobil's Segment No. M-89/G-75 of the Wilmington Gathering Systems conflicts with The City of Los Angeles' PAD. Mobil is obligated to either relocate these pipelines or cancel service on this segment of the Wilmington Gathering Systems in order for PAD to proceed and to avoid the penalties that would be imposed by The City of Los Angeles on Mobil.

2. The City of Los Angeles has notified Mobil via letter dated October 21, 1993, that any conflicts or interferences causing extra cost or delays to normal construction operations of PAD will be handled under Section 6297 of the California Public Utilities Code which states:

"The grantee shall remove or relocate without expense to the municipality any facilities installed, used and maintained under the franchise if and when made necessary by any lawful change of grade, alignment, or width of any public street, way, alley, or place, including the construction of any subway or viaduct, by the municipality."

3. Mobil estimated that the capital costs of relocating these pipelines would be approximately \$128,000. The line has been idle since June 1993 and there is no current interest from potential shippers to utilize and therefore to assist in the recovery of any potential additional capital costs on these pipeline segments that would result if Mobil were to relocate the pipelines. No economic incentive is present for Mobil to invest in the relocation of this pipeline segment solely for the purpose of maintaining a continuous and operational pipeline system.

4. CACD recommends that the discontinuation of service of the leases for the G-75 and M-89 pipelines as described in Cal PUC No. 12 should be approved.

FINDINGS

1. Mobil filed Advice Letter No. 4 on August 14, 1995, requesting that its Wilmington Gathering Systems, Segment No. M-89/G-75, be removed from service.

2. Mobil's Segment No. M-89 of the Wilmington Gathering Systems currently conflicts with The City of Los Angeles' Port Access Demonstration Project (PAD). Segment No. G-75 of the Wilmington Gathering Systems will soon be in conflict with PAD since it runs, in part, along Henry Ford Avenue, which is included in the future phases of PAD.

3. CACD recommends that Mobil be allowed to withdraw Segment No. M-89/G-75 from service rather than relocating it.

4. Mobil's request, as described in this advice letter, is reasonable and should be granted.

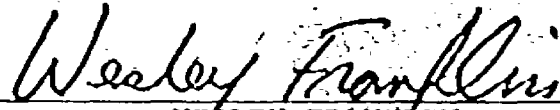
Nov. 21, 1995

THEREFORE, IT IS ORDERED that:

1. Mobil Pipeline Co.'s Advice Letter No. 4 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 November 21, 1995. The following Commissioners approved it:



WESLEY FRANKLIN
Acting Executive Director

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