

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
Energy Branch

RESOLUTION O-0010  
February 23, 1996

R E S O L U T I O N

RESOLUTION O-0010. CHEVRON PIPELINE COMPANY REQUESTS APPROVAL TO REMOVE FROM SERVICE ITS INGLEWOOD SYSTEM. CAL PUC NO. 28 WOULD BE CANCELLED AND NOT REPLACED.

BY ADVICE LETTER 17, FILED ON AUGUST 25, 1995.

---

SUMMARY

1. Chevron Pipeline Company (Chevron) seeks approval to remove from service its Inglewood System. Chevron's parent company, Chevron U.S.A., the sole shipper on this system, has discontinued service due to the sale of its Inglewood Production Field to Stocker Resources L.P. The one remaining customer, Southern California Gas Company (SoCalGas), ships about sixty barrels per day originating at Playa del Rey (Playa). Chevron cannot support the fixed costs of operating the system on the revenues from this single customer.
2. Protests were filed by Southern California Gas Company (SoCalGas) on October 10, 1995, and Stocker Resources, L.P. (Stocker) on October 17, 1995. SoCalGas and Stocker are not direct customers on Chevron's Inglewood System (they are producers, not shippers) and hence were not on Chevron's service list for notification. The Commission's Advisory and Compliance Division (CACD) accepted these late protests of SoCalGas and Stocker to review their concerns regarding this filing.
3. Chevron's Advice Letter No. 17 is approved and is effective no earlier than May 30, 1996, in order that SoCalGas may complete a permanent containment facility and to make necessary arrangements to truck oil produced at its natural gas storage facility at Playa.

BACKGROUND

1. Chevron filed Advice Letter No. 17 on August 25, 1995, requesting authority to remove from service its Inglewood System.

February 23, 1996

2. Chevron's Inglewood System originates at two separate areas, the Inglewood Area in Inglewood and the Playa Del Rey Area (Playa) in Westchester, which share a single destination at the Chevron U.S.A. Refinery in El Segundo.

3. The rate to transport crude petroleum from the Inglewood Area is 15 cents per barrel, and from the Playa Del Rey Area the rate is 5 cents per barrel. Chevron's parent company, Chevron U.S.A., had been the primary shipper on this system, but discontinued service due to the sale of its Inglewood Production Field to Stocker Resources L.P. The remaining volumes of about sixty barrels per day originating at Playa, are currently transported by SoCalGas.

4. SoCalGas operates a natural gas storage facility at Playa. Oil and water are produced when gas is injected and released, both of which must be properly disposed of under a variety of rules and laws which define disposal requirements. The produced water is discharged into an L.A. County sanitation district sewer. SoCalGas tenders its Playa oil production to Unocal and this oil is commingled with Unocal's own production and then delivered into Chevron's Inglewood System via Playa.

5. SoCalGas has a limited capacity to store produced oil on its Playa site and is concerned that it may have to reduce or curtail its Playa storage operations should its storage capacity be filled.

6. About 60 barrels of SoCalGas' crude oil per day at a rate of five cents per barrel are currently transported by Chevron. This generates approximately \$3 per day, or \$1,095 annually on the Inglewood System. Chevron's fixed costs of operating the Inglewood System are estimated at \$14,500 per year.

7. Stocker is a producer of crude oil whose crude oil was sold to Chevron U.S.A. for its refinery at El Segundo.

#### NOTICE

Chevron served notice of AL 17 by mailing copies to interested parties, and the AL was posted on the Commission calendar.

#### PROTESTS

Two protests were received on Advice Letter No. 17. The first protest was submitted by Southern California Gas Company (SoCalGas) on October 10, 1995, and the second protest by Stocker Resources, L.P. (Stocker) on October 17, 1995. SoCalGas and Stocker are not direct customers (they are producers, not shippers) on Chevron's Inglewood System and hence were not on Chevron's service list for notification. The Commission's Advisory and Compliance Division (ACAD) accepted the late protests of SoCalGas and Stocker to review their concerns regarding this filing.

**DISCUSSION**

1. Stocker's protest of October 17, 1995, states that in July 1995 Stocker and Chevron U.S.A., Chevron's parent company and largest customer (shipper) on its Inglewood System, were unable to reach an agreement over the terms of sale of Stocker's crude oil. Stocker then made arrangements to sell its crude oil to an adjacent pipeline company. Stocker states that if Chevron is allowed to close the Inglewood System, it would be denied physical access to the El Segundo Refinery.
2. Stocker has an arrangement with Unocal to transport Stocker's crude petroleum from Inglewood, via a tie-in through Unocal's Line No. 600, also known as the Ventura/Torrey Line, to the El Segundo Refinery.
3. CACD recommends that Stocker's protest be denied because Stocker has an alternative pipeline company to which it can sell its crude oil.
4. Without Chevron U.S.A. as a customer on Chevron's pipeline, SoCalGas' crude oil would be the only product shipped on this line. During a meeting on November 30, 1995, SoCalGas requested CACD staff to delay the approval of this advice letter by six months from this date to allow it time to prepare a permanent containment facility and to make arrangements to truck its oil.
5. CACD recommends that approval of this advice letter be no earlier than May 30, 1996, in order that SoCalGas may secure an Air Quality Management Department permit to truck its crude oil and complete a permanent containment facility.

**FINDINGS**

1. Chevron filed its AL 17 on August 25, 1995, to request cancellation of service on its Inglewood System.
2. Stocker and SoCalGas are producers and not direct customers (shippers) on Chevron's pipeline.
3. Stocker's protest of October 17, 1995, should be denied because Stocker has an alternative pipeline company to which it can sell its crude oil.
4. SoCalGas' request in its protest to delay approval of this advice letter until May 30, 1996, is granted.
5. CACD recommends that the Commission grant approval of the closure of Chevron's Inglewood system no earlier than May 30, 1996, in order that SoCalGas may complete a permanent containment facility.


February 23, 1996

**THEREFORE, IT IS ORDERED that:**

1. Chevron Pipeline Co's Advice Letter No. 17 is approved subject to the condition that Chevron shall not terminate service before May 30, 1996.
2. Stocker Resources' protest is denied.
3. SoCalGas' protest is granted.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 23, 1996. The following Commissioners approved it:

  
WESLEY FRANKLIN  
Executive Director

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