

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION O-0036

November 18, 1999

RESOLUTION

Resolution O-0036. Pacific Pipeline System LLC (PPS LLC) seeks approval of certain modifications to its tariff. Approved.

By Advice Letter No. 3, Filed on May 7, 1999.

SUMMARY

PPS LLC filed Advice Letter (AL) No. 3 seeking approval of certain modifications to its tariff. PPS LLC proposed changes included modification of Item 10 to specify the receipt temperatures for each type of crude; Item 15, "Common Stream Operation" to indicate that the crude petroleum that is accepted for transportation may not only be transported on Common Streams, but in blends of Common Streams; Rules and Regulation (Item 10, paragraph 1) and pipeline tariff that crude petroleum delivered at Pentland for delivery to PPS LLC at Emidio must be acceptable to Equilon; and, offering additional market-based Rate B rates, based not only on the term, but on the volume offered for shipment.

No protests were received in this matter.

This Resolution approves AL No. 3.

BACKGROUND

On May 7, 1999, Pacific Pipeline System LLC ("PPS LLC") filed AL No. 3 to request approval of its tariff as a result of the merger of Pacific Pipeline System, Inc. ("PPSI") with and into PPS LLC. The purpose of AL No. 3 was to reissue PPSI's tariff in the name of the surviving company, PPS LLC.

PPS LLC also proposed to make other changes to its tariff such as change of addresses, modification of area codes, and change in the names of refinery delivery points.

PPS LLC further requested that it be allowed to accept only crude petroleum that falls within a certain range of viscosity, with a transportation surcharge applied to each subset of viscosity. PPS LLC wants to modify Item 10 to specify the receipt temperatures for each type of

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crude.

PPS LLC also wants to modify Item 15, "Common Stream Operation" to indicate that the crude petroleum that is accepted for transportation may not only be transported on Common Streams, but in blends of Common Streams.¹

In PPS LLC AL No. 2, PPS LLC was authorized to add Pentland as a new receipt point for crude petroleum. PPS LLC does not have its own facilities at Pentland and must utilize the pipeline facilities of Equilon Pipe Line Company ("Equilon"), formerly Texaco. PPS LLC proposes to add a provision to its Rules and Regulation (Item 10, paragraph 1) and to its pipeline tariff that crude petroleum delivered at Pentland for delivery to PPS LLC at Emidio must be acceptable to Equilon.

Finally, PPS LLC proposes to offer additional market-based Rate B options. In AL No. 2, PPS LLC received authorization to offer a discount from Rate B based on the length of time that a shipper contracts to ship its crude petroleum on the Pacific System. PPS LLC now proposes to offer additional market-based Rate B rates, based not only on the term, but on the volume offered for shipment.

PPS LLC proposes to offer a five cent per barrel discount from the Rate A benchmark rate from the Rate A benchmark rate to a shipper that contracts for a minimum required volume of 10,000 barrels per day for a one year term or an eight cent per barrel discount for a shipping agreement with a minimum required volume of 15,000 barrels per day for a term of one year, or a minimum required volume of 10,000 barrels per day for a term of two years. By offering these further discount options under its market-based tariffs, PPS LLC hopes to attract additional shippers to its pipeline.

NOTICE

Notice of this advice letter was mailed to all shippers with which PPS LLC currently has

¹PPS LLC defines Common Streams as crude petroleum moved through Carrier's pipeline and pipeline facilities which is commingled or intermixed with crude petroleum of like quality and characteristics as may be determined by Carrier based on crude petroleum assays and other pertinent analytical data.

shipping agreements and to other potential shippers of crude oil.

PROTEST

No protests were received in this matter.

DISCUSSION

Advice Letter No. 3 should be approved because PPS LLC's request is reasonable. First, PPS LLC's request to change its tariff to accommodate changes of addresses, modification of area codes and changes in the names of refinery delivery points are nothing more than housecleaning changes and necessary to update its tariff.

Second, PPS LLC's request to specify receipt temperatures for each type of crude petroleum was made to clarify its original filing as the original filing only listed viscosity without temperature. Viscosity is meaningless without temperature because viscosity varies with temperature, i.e., as temperature increases, viscosity decreases.

Third, PPS LLC is requesting modification of item 15, Common Streams Operation, to include blends of crude petroleum. This modification provides more flexibility of the type of crude PPS LLC can accept.

Fourth, PPS LLC's requirement that the crude petroleum delivered at Pentland for delivery to PPS LLC at Enidid be acceptable to Equilon is necessary as PPS LLC does not have its own facilities at Pentland and must use the pipeline facilities of Equilon.

Finally, the offering of an additional market-based Rate B options will allow PPS LLC to attract additional shippers to its pipeline.

COMMENT

This is an uncontested matter in which the Resolution grants the relief requested. Accordingly, pursuant to Public Utilities Code Section 311(g)(2), the otherwise applicable 30 day period for public review and comment is being waived.

FINDINGS

1. PPS LLC filed AL No. 3 on May 7, 1999 seeking approval of certain modifications to its tariff.

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2. No protests were received.
3. The tariff changes PPS LLC proposes include change of addresses, modification of area codes, and change in the names of refinery delivery points.
4. PPS LLC wants to add specific receipt temperatures for each type of crude petroleum because viscosity varies with temperature, i.e., as temperature increases, viscosity decreases.
5. Modification of item 15, Common Stream Operation to include blends of crude petroleum will provide PPS LLC with more flexibility of the type of crude it can accept.
6. Requiring shippers to deliver crude petroleum that is acceptable to Equilon is necessary as PPS LLC does not have its own facilities at Pentland and must use the pipeline facilities of Equilon.
7. Offering additional market-based Rate B options may allow PPS LLC to attract additional shippers to its pipeline.
8. PPS LLC's request is reasonable.

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THEREFORE IT IS ORDERED THAT:

1. Pacific Pipeline System LLC's request for approval of Advice Letter No. 3 is approved.
2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 18, 1999. The following Commissioners voting favorably thereon:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
JOEL Z. HYATT
CARL W. WOOD
Commissioners