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PUBLIC UTILITIES COMMISSION
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**BEFORE THE
CALIFORNIA PUBLIC UTILITIES COMMISSION**

Application of WesPac Pipelines – Los Angeles)
LLC for an order granting it public utility status)
as a common carrier pipeline corporation and)
authorizing it to file a tariff with market-based)
rates for its jet fuel pipeline transportation services.)
_____)

Application No. 07 04 003

PUBLIC VERSION

APPLICATION OF WESPAC PIPELINES – LOS ANGELES LLC

Jose E. Guzman, Jr.
NOSSAMAN, GUTHNER, KNOX & ELLIOTT LLP
50 California Street, 34th Floor
San Francisco, CA 94111
Telephone: (415) 438-7225
Facsimile: (415) 398-2438
e-mail: jguzman@nossaman.com

Attorneys for Applicant,
WESPAC PIPELINES – LOS ANGELES LLC

April 3, 2007

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APPLICATION OF WESPAC PIPELINES – LOS ANGELES LLC

WesPac Pipelines – Los Angeles LLC (“WesPac – Los Angeles” or “Applicant”) files this application with the California Public Utilities Commission for (1) an interim order granting WesPac – Los Angeles public utility status as a common carrier pipeline corporation in connection with its construction and operation of a jet fuel pipeline, and (2) a final order, after completion of environmental review for the pipeline and its construction, authorizing WesPac – Los Angeles to file a tariff with the Commission for market-based rates for its jet fuel pipeline transportation services. As described in detail below, the jet fuel pipeline to be constructed will be located in Los Angeles County and currently is undergoing environmental review pursuant to the California Environmental Quality Act (*see*, Section VII. “Environmental Review” below).

In support of this Application, WesPac – Los Angeles provides the following:

I. IDENTITY OF APPLICANT

WesPac Pipelines – Los Angeles LLC is a limited liability company, organized and existing under the laws of the State of Nevada. WesPac – Los Angeles is owned by WesPac Pipelines LLC, a Nevada limited liability company, which develops, constructs, owns, and operates pipeline transportation systems throughout North America. A major part of WesPac Pipelines LLC’s business is to develop, design, construct, own and operate jet fuel supply

systems (pipelines and terminals) for airports throughout the United States. There are currently three WesPac Pipelines entities operating separate jet fuel pipelines at Reno, Nevada, Memphis, Tennessee, and San Diego, California: WesPac Pipelines – Reno, LLC, WesPac Pipelines – Memphis, LLC and WesPac Pipelines – San Diego, LLC, collectively referred to herein as the “WesPac Pipelines entities”.¹ As described in detail below, this Application relates to WesPac – Los Angeles’ proposed jet fuel pipeline to be constructed in Los Angeles County to serve the Los Angeles International Airport Airline Consortium Fuel Corporation (“LAXFUEL”) and its member airlines operating at the Los Angeles International Airport.

The WesPac Pipelines entities are majority-owned by Buckeye Pipe Line Partners, L.P., a publicly-traded master limited partnership (NYSE: BPL). Buckeye Pipe Line is one of the oldest and largest pipeline transporters of petroleum products in North America. Buckeye and its affiliated companies, including the WesPac Pipelines entities, ship over one million barrels per day of petroleum products through their pipeline systems, 25% of which is jet fuel. Buckeye and its affiliates currently serve several major U.S. airports including JFK, La Guardia, Newark, Pittsburg, Detroit, Miami, St. Louis and Chicago. Further general information on WesPac Pipelines LLC can be reviewed on the company’s website: www.wespac.com.

In compliance with Rule 2.2 of the Commission’s Rules of Practice and Procedure, attached to this Application as Exhibits 1 and 2, respectively, are a copy of WesPac – Los Angeles’ limited liability company articles of organization and a current Good Standing

¹ WesPac Pipelines – San Diego, LLC, which supplies jet fuel to the San Diego Airport, is operated as a proprietary (non-common carrier) pipeline for the San Diego Airport. In addition, WesPac Pipelines LLC constructed the jet fuel pipeline serving the Reno, Nevada airport. Although it continues to operate the Reno jet fuel pipeline, WesPac LLC sold its ownership interest in that pipeline in 2005.

Certificate from the Secretary of State of Nevada, and its certificate of authority to transact business in the State of California, certified by the California Secretary of State.

II. COMMUNICATIONS REGARDING THIS APPLICATION

All correspondence and communications regarding this Application should be directed to:

Jose E. Guzman, Jr.
NOSSAMAN, GUTHNER, KNOX & ELLIOTT LLP
50 California Street, 34th Floor
San Francisco, CA 94111
Telephone: (415) 438-7225
Facsimile: (415) 398-2438
e-mail: jguzman@nossaman.com

Attorneys for Applicant, WesPac Pipelines – Los Angeles LLC

III. AUTHORIZATION REQUESTED

In this Application, WesPac – Los Angeles requests from the Commission (1) an interim order granting WesPac – Los Angeles public utility status as a common carrier pipeline corporation in connection with its construction and operation of a jet fuel pipeline, and (2) a final order, after completion of environmental review for the pipeline and its construction, authorizing WesPac – Los Angeles to file a tariff with the Commission for market-based rates for its jet fuel pipeline transportation services. WesPac – Los Angeles requests that the Commission expeditiously issue an interim order with respect to its public utility status so that any issues related to such status may be resolved prior to permitting and construction of the jet fuel pipeline and for the prospective customers of WesPac – Los Angeles' jet fuel pipeline transportation

services whose expectations are that WesPac – Los Angeles will operate as a public utility common carrier.²

The Commission has previously granted applications similar to this Application. In *Re: Application of Wickland Pipelines LLC*, Application No. 99-08-050, Wickland Pipelines – in connection with a proposed jet fuel pipeline to serve Sacramento International Airport – requested an expeditious Commission finding that it was a public utility common carrier pipeline corporation subject to the jurisdiction of the Commission. Wickland further sought authority from the Commission to provide its jet fuel pipeline transportation services pursuant to market-based rates. In Decision No. 99-12-038, the Commission granted the first part of Wickland’s application and found Wickland to be a public utility pipeline corporation. In Decision No. 02-11-023, the Commission granted other portions of Wickland’s application, including authorizing it to provide its jet fuel pipeline transportation services at market-based rates. WesPac requests the same treatment for this Application as was accorded to Wickland Pipelines in Application No. 99-08-050.

A. Description of Proposed Jet Fuel Pipeline.

This Application involves a proposed approximately 24-mile jet fuel pipeline to be constructed in Los Angeles County to serve the Los Angeles International Airport Airline Consortium Fuel Corporation (“LAXFUEL”) and its member airlines operating at the Los

² Public Utilities (“P.U.”) Code §211 defines the term “common carrier” as “every person and corporation providing transportation for compensation to or for the public or any portion thereof...” P.U. Code §228 defines the term “pipeline corporation” as including “every corporation or person owning, controlling, operating or managing any pipeline for compensation within this state”. P.U. Code §227 defines the term “pipeline” as all real estate, fixtures, and personal property, owned, controlled, operated or managed in connection with or to facilitate the transmission, storage, distribution, or delivery of crude oil or other fluid substances except water through pipe lines. Finally, P.U. Code §216(a) defines the term “public utility” as including, among other entities, “every common carrier ... [and] pipeline corporation”, and Section 216(b) provides that common carriers and pipeline corporations, among other entities, are public utilities “subject to the jurisdiction, control, and regulation of the [C]ommission ...”

Angeles International Airport (“LAX”). WesPac – Los Angeles, working together with LAXFUEL, has identified the need for a modern, reliable, independent jet fuel pipeline system to supplement existing jet fuel pipelines that currently serve LAXFUEL’s airport fuel facilities at LAX. WesPac – Los Angeles’ proposed jet fuel pipeline, referred to as the “Smart Energy Transport System”, is a response to that need.

Currently, LAXFUEL maintains 1.5 million barrels of storage at three different off-airport storage sites outside of the LAX complex. These off-airport storage sites – at the Vopak Inland Terminal (in the Wilmington area of Los Angeles), the Shell Terminal (in Carson), and the Kinder Morgan Terminal (in Carson), all in Los Angeles County – supplement the jet fuel inventory available at LAXFUEL’s tank farm at LAX. The Smart Energy Transport System will consist of a new 16-inch pipeline connecting the Vopak Inland Terminal storage facility in Wilmington with the Kinder Morgan Watson Pumping Station to the north in the City of Carson. Before reaching the Watson Pumping Station, the 16-inch pipeline passes the Shell Carson Terminal and the Kinder Morgan Carson Terminal. From the Kinder Morgan Watson Pumping Station, the Smart Energy Transport System will consist of a 12-inch pipeline traveling north and west to LAX. The new 16-inch/12-inch pipeline is designed to connect the three off-airport storage facilities to LAXFUEL in order to facilitate the transferring of jet fuel from the remote storage facilities to on-site LAX storage. The new state-of-the-art Smart Energy Transport System will be capable of delivering jet fuel to LAX at a rate of 5,000 barrels per hour (“bph”).

In addition to the new pipeline, the new system will include a new pump station at the Vopak Inland Terminal storage facility, a new receipt connection to the Shell Carson Terminal, a new receipt connection to the Kinder Morgan Carson Terminal, and a new delivery system to LAX capable of accepting jet fuel at a rate of 5,000 bph. The new pipeline will make

use of the best available design, construction, and communications technologies, and a state-of-the-art Supervisory Control and Data Acquisition (“SCADA”) system to control and monitor pipeline operation. A detailed description of the Smart Energy Transport System and its related facilities is set forth in Exhibit 3 hereto.

Nearly the entire pipeline will be constructed below ground, except for the crossing of the Dominguez Channel, at a minimum depth of three (3) feet, mostly in existing public rights-of-way. A detailed description of the proposed route of the Smart Energy Transport System through portions of the Cities of Los Angeles, Carson, Compton, Gardena, and Hawthorne, and through portions of unincorporated Los Angeles County, together with a map of the route of the pipeline through Los Angeles County is attached to this Application as Exhibit 4. This route is subject to change pending completion of environmental review.

B. Public Need for Pipeline.

There is a public need for the construction of the Smart Energy Transport System. Currently, jet fuel is supplied to LAX through four aging pipeline systems (40 to 50 years old) that are privately owned by major oil companies. These four systems are the Chevron Pipeline (12-inch pipeline), the ARCO/British Petroleum and ConocoPhillips Pipeline (8-inch), the ExxonMobil/Kinder Morgan Pipeline (8-inch), and the Shell California Pipeline Company LLC (8-inch). WesPac – Los Angeles believes that only the Shell Pipeline is operated as a common carrier pipeline. The Smart Energy Transport System will be a modern, reliable combined 16-inch and 12-inch pipeline capable of delivering jet fuel to LAX at a rate of 5,000 bph.

Development of the Smart Energy Transport System occurred in direct response to needs expressed by LAXFUEL. The new pipeline will be constructed along a centrally-located route that affords multiple interconnections, redundancies, operating efficiencies, and

storage facility choices. The Smart Energy Transport System will constitute a modern, reliable alternative to existing pipelines. In addition, the new connection to the Kinder Morgan Watson Pumping Station will permit the Smart Energy Transport System to deliver jet fuel – through the Kinder Morgan Watson Pumping Station – to other major airports in the Southwestern United States.

These features and capabilities of WesPac’s proposed Smart Energy Transport System clearly illustrate that its construction is in the public interest.

C. Schedule for Pipeline Construction.

The following is the proposed schedule for environmental review, permitting, construction and completion of the LAX Jet Fuel Pipeline:

Notice of Preparation of EIR:	February, 2007
Draft EIR issued:	August, 2007
Final EIR adopted:	December, 2007
Permitting for construction:	February - May, 2008
Construction commences:	July, 2008
Construction completed:	January, 2009
Service commences:	February, 2009

IV. PROPOSED OPERATIONS AND RATES

WesPac – Los Angeles will operate the Smart Energy Transport System in compliance with all applicable operating standards and procedures, including the following:

- ATA Specification 103, “Standards for Jet Fuel Quality Control at Airports
- ASTM D-1655 Standard Specification for Aviation Turbine Fuels
- California State Fire Marshall – Pipeline Safety Division Standards
- U.S. Department of Transportation Office of Pipeline Safety Standards
- American Petroleum Institute Standards
- State and local rules and regulations applicable to storage and transportation of jet fuel
- WesPac Operating and Maintenance Manuals

WesPac – Los Angeles proposes to operate the Smart Energy Transport System as a public utility common carrier pipeline. WesPac will not own any of the material it transports. Rather, WesPac – Los Angeles will transport jet fuel from suppliers to end users at LAX and possibly also to other major airports in the Southwestern United States through its connection to the Kinder Morgan Watson Pumping Station. All suppliers will have equal and open access to the Smart Energy Transport System for purposes of shipping jet fuel.

WesPac – Los Angeles proposes to offer its transportation services at market-based rates determined through arms-length negotiations with shippers. Because of existing alternatives for transporting jet fuel to LAX, WesPac – Los Angeles will not have market power that could be exercised to set monopoly or above-market rates. WesPac's current plans are to establish a two-tiered rate structure in which a minimum number of barrels per year is transported at a certain price per barrel, with additional barrels above the minimum transported at a reduced per barrel rate. After environmental review of the pipeline is completed, and after it is constructed, WesPac – Los Angeles requests that the Commission authorize the filing of a tariff, in a form approved by Commission Energy Division staff, that provides for market-based transportation rates for the Smart Energy Transport System together with all other terms and conditions of service.

V. FINANCIAL QUALIFICATIONS

WesPac – Los Angeles and WesPac Pipelines LLC possess the financial resources necessary to construct and operate the Smart Energy Transport System. Attached hereto as Exhibit 5 are the latest available consolidated financial statements (balance sheet and income

statement) of WesPac Pipelines LLC. These consolidated financial statements combine the investments, revenues and expenses related to the WesPac Pipelines entities.³

The WesPac Pipelines entities consider their financial statements to be confidential and proprietary. Therefore, WesPac – Los Angeles submits these financial statements under seal and, pursuant to the Motion for Leave to File Confidential Materials Under Seal filed concurrently with this Application, requests that these financial statements be accorded confidential treatment and be made available only to Commission staff on a need-to-know basis for purposes of the Commission's evaluation of this Application.

VI. OPERATIONAL QUALIFICATIONS

WesPac – Los Angeles, through the resources available from the WesPac Pipelines entities, is exceptionally qualified to construct and operate the Smart Energy Transport System. The WesPac Pipelines entities' airport supply business is a major segment of its overall business and it has constructed and currently operates other jet fuel pipeline systems in the United States. Attached hereto as Exhibit 6 are biographies of WesPac Pipelines LLC's senior management team, all of whom have significant experience in the design, construction, and operation of jet fuel, or other petroleum products pipelines, and all of whom will have a major role in the construction and operation of the Smart Energy Transport System.

In addition to its senior management, the WesPac Pipelines entities' operating personnel are regularly engaged in Department of Transportation pipeline operator training and other applicable fuel facilities training programs. WesPac's operating personnel are also trained in the unique requirements of oil, petroleum products and jet fuel handling specified by the Air

³ Figures for 2002-2004 also reflect assets and income for WesPac Pipelines – Reno LLC. WesPac Pipelines LLC sold its interests in this entity in 2005.

Transport Association (ATA), the American Petroleum Institute (API), ASTM (formerly the American Society for Testing and Materials), and other applicable regulations. WesPac's technical expertise and its modern transportation facilities have earned it a reputation in the industry for high quality, safe, reliable, and efficient pipeline transportation services.

VII. ENVIRONMENTAL REVIEW OF JET FUEL PIPELINE

The proposed Smart Energy Transport System is currently undergoing environmental review pursuant to the California Environmental Quality Act ("CEQA"; California Public Resources Code Sections 21000, *et seq.*) Pursuant to Rule 2.4 of the Commission's Rules of Practice and Procedure, WesPac – Los Angeles' Proposed Environmental Assessment ("PEA") is attached to this Application as Exhibit 7.

The City of Los Angeles has assumed the role of the Lead Agency under CEQA.⁴ The attached PEA, which acknowledges the need for the preparation of an Environmental Impact Report for the pipeline, includes the City's recently distributed Notice of Preparation of EIR and the City's Initial Study. Pursuant to CEQA §21080.4 and CEQA Guidelines §15082(a) (Title 14, California Code of Regulations), the City's Notice of Preparation was served on the Commission on February 28, 2007. WesPac – Los Angeles anticipates that the Commission will act as a Responsible Agency under CEQA and review and comment on the preparation of the Draft EIR and Final EIR. The schedule for environmental review of the pipeline is described above in Section III. C. "Schedule for Pipeline Construction".

⁴ In the *Wickland Pipeline* matter, referenced above, the County of Sacramento assumed the role of Lead Agency under CEQA, with the Commission participating as a responsible agency in the environmental review of that jet fuel pipeline.

VIII. PROPOSED CATEGORIZATION AND SCHEDULE

In accordance with Rules 2.1(c) and 7.1(e)(2), WesPac – Los Angeles proposes that this Application be categorized as a “ratesetting” proceeding. WesPac – Los Angeles does not anticipate any protests to this Application, and therefore does not believe that hearings on this Application will be necessary. Notwithstanding its assessment that no protests to the Application will be filed and that no evidentiary hearings are necessary, if evidentiary hearings are deemed necessary, pursuant to Rule 2.1(c), Applicant proposes the following schedule:

Application filed:	April 3, 2007
Protests filed:	May 7, 2007
Prehearing conference:	May 21, 2007
Evidentiary hearings:	June 11, 2007
Opening concurrent briefs:	June 29, 2007
Proposed decision:	August 1, 2007
Final decision:	August 30, 2007

The issues to be considered at any evidentiary hearings will be:

- Does WesPac – Los Angeles possess adequate financial resources to construct the Smart Energy Transport System?
- Does WesPac – Los Angeles possess the operational and managerial qualifications to operate the Smart Energy Transport System?
- Is construction and operation of the Smart Energy Transport System in the public interest?

IX. CONCLUSION

In accordance with the foregoing, WesPac Pipelines – Los Angeles, LLC requests the California Public Utilities Commission to issue (1) an interim order, as soon as practicable, granting WesPac – Los Angeles public utility status as a common carrier pipeline corporation in

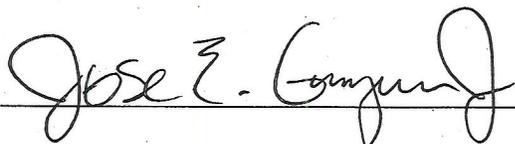
connection with its construction and operation of the Smart Energy Transport in Los Angeles County to serve Los Angeles International Airport, and (2) a final order, after completion of environmental review for the pipeline and its construction, authorizing WesPac to file a tariff with the Commission for market-based rates for its jet fuel pipeline transportation services.

In the event that the Commission requires or desires any further information on WesPac Pipelines – Los Angeles, LLC, WesPac Pipelines LLC, or the proposed Smart energy Transport System, WesPac – Los Angeles will cooperate with Commission staff and provide all necessary information and assistance required by the Commission to grant this Application.

DATED: April 3, 2007

Respectfully submitted,

WESPAC PIPELINES – LOS ANGELES LLC

By 

Jose E. Guzman, Jr.
NOSSAMAN, GUTHNER, KNOX & ELLIOTT LLP
50 California Street, 34th Floor
San Francisco, CA 94111
Telephone: (415) 438-7225
Facsimile: (415) 398-2438
e-mail: jguzman@nossaman.com

Attorneys for Applicant,
WESPAC PIPELINES – LOS ANGELES LLC

VERIFICATION

I, JOSE E. GUZMAN, JR., under penalty of perjury pursuant to the laws of the State of California, hereby declare as follows:

1. I am an attorney duly authorized to practice law in the State of California.

I am the attorney of record for WesPac Pipelines – Los Angeles LLC, the Applicant in the foregoing “Application of WesPac Pipelines – Los Angeles LLC” (“Application”) to the California Public Utilities Commission (“CPUC”). As the attorney for WesPac Pipelines – Los Angeles LLC, I am authorized to provide this verification.

2. Pursuant to Rule 1.11(d) of the CPUC’s Rules of Practice and Procedure, I provide this verification in lieu of my client because the office of WesPac Pipelines – Los Angeles LLC is outside of the county in which my office is located.

3. I have read the foregoing Application and I am informed and believe, and on those grounds allege, that the matters therein stated are true.

Executed this 3rd day of April, 2007 in San Francisco, California.



JOSE E. GUZMAN, JR.

CERTIFICATE OF SERVICE

I, Jeannie Wong, hereby certify that on this date I will serve the foregoing
APPLICATION OF WESPAC PIPELINES – LOS ANGELES LLC by U.S. mail, on the
following parties:

J.H. Hollowell, President
Shell California Pipeline Company LLC
P. O. Box 2648
Houston, TX 77252

County of Los Angeles
Chief Administrative Officer
Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

City of Carson
City Manager
701 East Carson Street
Box 6234
Carson City, CA 90749

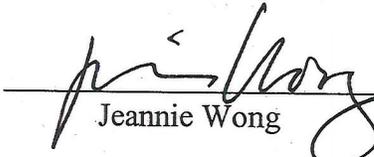
City of Compton
City Manager
205 South Willowbrook Avenue
Compton, CA 90220

City of Gardena
City Manager
1700 West 162nd Street
Gardena, CA 90247

City of Hawthorne
City Manager
4455 West 126th Street
Hawthorne, CA 90250

Mayor of the City of Los Angeles
City Hall East
200 N. Main Street, Room 800
Los Angeles, CA 90012

Executed this 3rd day of April, 2007 in San Francisco, California.


Jeannie Wong