

Decision 09-11-011 November 20, 2009

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Joint Application of Pacific Terminals LLC, Pacific Energy Group LLC and Plains Marketing, L.P. for Authorization to Transfer Ownership of Pacific Terminals LLC from Pacific Energy Group LLC to Plains Marketing, L.P. as Part of an Internal Reorganization and to Change Pacific Terminals LLC's Name to Plains West Coast Terminals LLC.

Application 09-05-019  
(Filed May 22, 2009)

**DECISION APPROVING APPLICATION FOR CHANGE OF OWNERSHIP AS PART OF AN INTERNAL REORGANIZATION AND FOR CHANGE OF UTILITY'S NAME**

**1. Summary**

This decision approves the transfer of Pacific Terminals LLC (Pacific), a public utility operating in California, from Pacific Energy Group LLC (PEG) to Plains Marketing, L.P. (Plains) as part of an internal corporate reorganization, pursuant to Public Utilities Code Section 854. Ultimate ownership and control of Pacific will remain with Plains All American Pipeline, L.P., the parent company of both PEG and Plains. It also approves the change of Pacific's name to "Plains West Coast Terminals LLC."

## **2. Background**

### **2.1. Parties to the Transaction**

#### **2.1.1. Pacific**

Pacific is a Delaware limited liability company that is authorized to conduct business in this state. Pacific's principal place of business is located in Long Beach, California. Pacific is 100% owned by PEG, which in turn is owned by Plains All American Pipeline, L.P. (Plains All American).

Pacific is a public utility subject to the Commission's jurisdiction pursuant to Sections 216 and 228.<sup>1</sup> Pacific owns and operates oil pipeline and storage facilities in Southern California which were originally built by Southern California Edison Company (SCE). Pacific acquired these facilities from SCE in 2003. The facilities consist of approximately 120 miles of pipeline, 75 miles of which are active, with connections to a marine berth at the Port of Long Beach and to Los Angeles area refineries, and associated pumping and heating stations. The facilities also include oil storage tanks with a nominal capacity of 9 million barrels, of which 7.5 million barrels are active. Pacific provides oil storage and transportation service to third party users pursuant to the terms of its tariffs approved by the Commission.

#### **2.1.2. PEG**

PEG, which is Pacific's direct corporate parent, is also a Delaware limited liability company, and is 100 percent owned by Plains All American. PEG's principal offices are located in Houston, Texas.

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<sup>1</sup> All Code references are to the Public Utilities Code, unless otherwise stated.

### **2.1.3. Plains**

Plains is a Texas limited partnership that is authorized to conduct business in California. Plains' principal place of business is located in Houston, Texas.

Plains is also a subsidiary of Plains All American. Plains All American directly owns a 99.999 percent limited partnership interest in Plains and indirectly owns a .001 percent general partnership interest in Plains through its 100 percent ownership of Plains Marketing GP, Inc.

Plains is responsible for the various terminal operations owned and operated in different states by the Plains All American group of entities. For example, Plains owns and operates petroleum storage and terminal businesses in California, Texas, Oklahoma, Louisiana, New Jersey, and other states. Plains also owns and operates companies that offer other types of storage, such as liquefied petroleum gas, and companies that provide related services, such as marine towing and trucking.

### **2.1.4. Plains All American**

Plains All American is a publicly traded master limited partnership engaged in the transportation, storage, terminaling and marketing of crude oil, refined products, liquefied petroleum gas, and natural gas. On average, Plains All American handles approximately 3 million barrels per day of crude oil, refined products and liquefied petroleum gas. Plains All American's units are traded on the New York Stock Exchange.

## **2.2. The Proposed Transaction**

Pacific, PEG, and Plains (together, Applicants) have filed this application pursuant to Sections 851 and 854 to transfer the ownership of Pacific from PEG to Plains as part of an internal reorganization. Plains All American will remain the ultimate parent of Pacific after this transaction.

Applicants state that this transaction is part of an internal reorganization designed to transfer Pacific to the business unit within Plains All American that is responsible for terminaling and storage activities. The entities owned by Plains operate businesses which are similar or related to the storage and terminaling functions that Pacific provides to its customers. Applicants believe that the transfer of Pacific to the Plains group of entities will increase corporate efficiency and decrease paperwork.

According to the application, PEG's ownership of Pacific is a vestige of Pacific's previous owner, Pacific Energy Partners, LP, which merged with Plains All American in 2006.<sup>2</sup> PEG currently has no active role in the management or day-to-day operations of Pacific.

Applicants state that although this reorganization will change the immediate ownership of Pacific, Plains All American will retain the ultimate ownership and control of Pacific. In addition, the day-to-day management and operations of Pacific will remain the same. This reorganization also will not affect the rates, terms, and conditions under which Applicants currently provide service to customers in California.

### **2.3. Procedural History**

Applicants filed this application on May 22, 2009. No protests were filed.

### **3. Discussion**

Section 854 requires Commission authorization before a company may "merge, acquire, or control...any public utility organized and doing business in

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<sup>2</sup> In Decision (D.) 06-09-017, the Commission authorized Plains All American to acquire control of Pacific by acquiring Pacific's parent company, PEG, through a merger of Plains All American with Pacific Energy Partners, LP.

this state....” The purpose of Section 854 and related statutes is to enable the Commission, before any transfer of a public utility is consummated, to review the situation and to take such action, as a condition of the transfer, as the public interest may require.<sup>3</sup> Under Section 854, the Commission has broad discretion as to whether to approve a transfer of control under Section 854.

Here, as a result of the reorganization, Pacific will be directly owned by Plains, the entity within Plains All American which has overall responsibility for businesses that provide terminaling and storage services, such as those provided by Pacific. The transfer of Pacific to the Plains group of entities, and away from PEG, which no longer has any role in the management or operation of Pacific, is logical, and will promote the efficiency of Pacific, Plains, and Plains All American.

In addition, since both the ultimate management and local management and employees of Pacific will remain the same, and Pacific will continue to serve California customers on the same basis as before the reorganization, the reorganization will be transparent to customers. The reorganization will not adversely impact California customers served by Pacific or the public interest.

For all of the foregoing reasons, we find that the proposed reorganization is in the public interest and approve the reorganization and the transfer of ownership and control of Pacific to Plains pursuant to Section 854.

We also approve the Pacific’s proposed name change to “Plains West Coast Terminals LLC,” which will reflect its new ownership by Plains. We direct

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<sup>3</sup> San Jose Water Co., 10 CRC 56 (1916).

Pacific to file an advice letter with the Commission Energy Division in order to resubmit Pacific's approved tariffs under its new business name.

#### **4. Categorization and Need for Hearing**

In Resolution ALJ 176-3235 dated June 4, 2009, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

#### **5. Waiver of Comment Period**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) and Rule 14.6 (c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is being waived.

#### **6. Assignment of Proceeding**

John A. Bohn is the assigned Commissioner and Myra J. Prestidge is the assigned Administrative Law Judge in this proceeding.

#### **Findings of Fact**

1. Pacific is a public utility, which is subject to the Commission's jurisdiction and is operating in California.
2. Pacific is a Delaware limited liability company which is authorized to do business in California.
3. Pacific is directly owned by PEG, which is also a Delaware limited liability company.
4. Both Pacific and PEG are ultimately owned and controlled by Plains All American, a publicly traded master limited partnership.

5. Plains is a Texas limited partnership that is authorized to do business in California.

6. Plains is also ultimately owned and controlled by Plains All American.

7. Pacific owns and operates oil pipeline and storage facilities in Southern California and provides oil storage and transportation services to third party users pursuant to its Commission-approved tariffs.

8. Plains is responsible for the group of entities owned by Plains All American that provide petroleum storage and terminal operations; other types of storage, such as liquefied natural gas; and services related to terminaling and storage, such as marine towing and trucking.

9. PEG's ownership of Pacific is a vestige of Pacific's prior owner, Pacific Energy Partners, LP, which merged with Plains All American, as authorized in D.06-09-017, in 2006.

10. PEG has no active role in the management or day-to-day operations of Pacific.

11. Applicants wish to transfer the direct ownership and control of Pacific to Plains as part of a reorganization aimed to increase efficiency and to decrease paperwork for the entities ultimately owned and controlled by Plains All American.

12. As a result of the reorganization, Pacific will be directly owned and controlled by Plains, which is responsible for the entities within Plains All American that provide terminaling and storage services.

13. Plains All American will retain the ultimate ownership and control of Pacific after the reorganization.

14. The reorganization will not change the day-to-day management or operations of Pacific.

15. The reorganization will not affect the rates, terms, and conditions under which Pacific currently provides service to customers in California.

16. The reorganization will not adversely affect the public interest or California customers receiving service from Pacific.

17. Pacific's proposed new name, "Plains West Coast Terminals LLC" reflects its new ownership by Plains, as approved in this order.

18. The application was filed on May 22, 2009.

19. Notice of the filing of the application was posted on the Commission Daily Calendar on May 29, 2009.

20. No protests to the application were filed.

21. No hearings are necessary.

### **Conclusions of Law**

1. Section 854 requires advance Commission approval of the transfer of control of a public utility, in order to protect the public interest.

2. The reorganization, and the transfer of Pacific to Plains, is in the public interest and should be approved.

3. The change in Pacific's name to "Plains West Coast Terminals LLC" should be approved.

4. In order to avoid delaying this transaction, the approval of the application should be made effective immediately.

### **O R D E R**

**IT IS ORDERED** that:

1. Application 09-05-019 is approved pursuant to Public Utilities Code Section 854. This approval authorizes the following actions:

- a. The transfer of the immediate ownership and control of Pacific Terminals LLC to Plains Marketing, L.P., as described in the application; and

b. A change in the name of Pacific Terminals LLC to “Plains West Coast Terminals LLC.”

2. Applicants shall file a Tier 1 advice letter, which resubmits its tariffs under its new business name “Plains West Coast Terminals LLC,” with the Commission Energy Division within 30 days of the issuance of this order.

3. Application 09-05-019 is closed.

This order is effective today.

Dated November 20, 2009, at San Francisco, California.

MICHAEL R. PEEVEY

President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

Commissioners