

# STATE OF NORTH DAKOTA

## PUBLIC SERVICE COMMISSION

**BP Pipelines (North America) Inc.  
Transfer Permits and Certificates  
Application**

**Case No. PU-2587-01-455**

### ORDER

**October 24, 2001**

On August 15, 2001, BP Pipelines (North America) Inc. (BP Pipelines) and Tesoro High Plains Pipeline Company (Tesoro) filed an application to transfer pipeline facilities. Applicants request that BP Pipelines be permitted to transfer to Tesoro all of BP Pipelines' North Dakota crude oil pipelines and any other assets, certificates or permits subject to Public Service Commission jurisdiction under N.D.C.C. Chapters 49-03.1, 49-04 and 49-22.

At the time of the application, the certificates and permits for BP Pipelines' North Dakota crude oil pipelines were held by Amoco Pipeline Company and its predecessor, Service Pipeline Company. Prior to 1972, the certificates of public convenience and necessity were all held by Service Pipeline Company. In 1972 Service Pipeline Company changed its name to Amoco Pipeline Company but, because of an oversight, those certificates were never reissued. On June 12, 1980 and on June 23, 1992, the Commission issued Route Permit Nos. 32 and 74 and Corridor Certificate No. 65 to Amoco Pipeline Company. On March 19, 1997, the Commission reissued Route Permit Nos. 54, 55 and 80 to Amoco Pipeline Company.

On August 22, 2000, in Case No. PU-385-01-454, the Commission reissued Certificates of Public Convenience and Necessity Nos. 331, 343, 451, 459 and 817, along with Corridor Certificate No. 65 and Route Permit Nos. 32, 54, 55, 74 and 80 to BP Pipelines f/k/a Amoco Pipeline Company.

On September 5, 2001, the Commission issued a Notice of Opportunity for Hearing. The notice provided until October 9, 2001 for filing written comments or requests for hearing. No response has been received. The notice identified the following factors to be considered in this proceeding:

1. Need for the service.
2. Fitness and ability of Tesoro to provide service.
3. Effect on other public utilities providing similar service.

4. Adequacy of the proposed service.
5. The technical, financial, and managerial ability of Tesoro to provide service.
6. Does Tesoro agree to comply with terms and conditions of the certificates and permits issued to BP Pipeline under N.D.C.C. Chapter 49-22 ?
7. Are the transfers to Tesoro in the public interest?

On October 17, 2001, the Commission's Director of Accounting filed a memorandum indicating Tesoro has the financial ability to provide service.

BP Pipeline is a Maine corporation and a subsidiary of BP Corporation North America Inc., an Indiana corporation. BP Pipeline owns and operates the North Dakota crude oil pipelines at issue in this proceeding under Certificates of Public Convenience and Necessity Nos. 331, 343, 451, 459 and 817, Corridor Certificate No. 65 and Route Permit Nos. 32, 54, 55, 74 and 80.

BP Pipeline's North Dakota crude oil pipelines gather crude primarily from the Williston Basin and Canada and transport the crude to the Mandan refinery. The Mandan refinery is located in Mandan, North Dakota and owned by a BP Pipelines subsidiary. BP Pipelines' North Dakota crude oil pipelines are the principal supplier of crude to the refinery and also deliver crude to other regional points where there is additional demand.

Tesoro is a Delaware corporation and a wholly-owned subsidiary of Tesoro Petroleum Corporation (TPC), an independent refiner and marketer of petroleum products and marine logistics services. Other TPC subsidiaries operate three refineries in the western United States with a combined capacity of 275,000 barrels per day. Tesoro's branded retail network is comprised of approximately 300 stations, of which more than 100 are company owned and operated.

Pursuant to an Asset Purchase Agreement entered into on July 16, 2001, BP Pipelines has agreed to transfer ownership of North Dakota crude oil pipelines to Tesoro. In a separate transaction, BP Pipelines states its affiliates will sell to Tesoro High Plains Company, another TPC subsidiary, the Mandan refinery, a private products pipeline, five product distribution terminals in Mandan and Jamestown, North Dakota and Moorhead, Sauk Centre and Twin Cities, Minnesota, and 12 company owned retail gasoline stations in North Dakota. In another separate transaction, BP Pipelines' affiliates will sell their Salt Lake City Utah refinery and related marketing operations to other subsidiaries of TPC.

The pipelines at issue in this proceeding consist of (1) a trunk line running approximately 202 miles from the Canadian Border in the northwest corner of the state to the Mandan Refinery and (2) a gathering system with two lines in the west central part of the state from Four Eyes and Little Knife to Dunn Center Station.

An affidavit of James C. Reed Jr., Tesoro Executive Vice President, General Counsel and Secretary, was filed with the application. The affidavit sets forth Tesoro's agreement to comply with the terms, conditions and modifications contained in the certificates and permits for which transfer is sought.

Tesoro commits in its application to adopt the existing tariffs for the pipelines at issue in this proceeding on file with this Commission and with the Federal Energy Regulatory Commission such that the transfer will have no present or contemplated effect on the transportation rates currently in effect for the transportation of crude oil in the Pipelines. Tesoro states jobs will be offered to all affected employees of the pipelines at issue in this proceeding and the Mandan Refinery.

The Commission finds a need for the service provided by the pipelines at issue in this proceeding.

The Commission finds Tesoro fit and able to provide that service.

The Commission finds the transaction will have no adverse effects on utilities providing similar service.

The Commission finds Tesoro's proposed service is adequate.

The Commission finds Tesoro has the technical, financial and managerial ability to provide service.

The Commission finds Tesoro agrees to comply with terms and conditions of the certificates and permits issued to BP Pipeline under N.D.C.C. Chapter 49-22.

The Commission finds the transfers to Tesoro are in the public interest.

## **Order**

The Commission Orders:

1. The application of BP Pipelines (North America) Inc. and Tesoro High Plains Pipeline Company to transfer to Tesoro all of BP Pipelines' North Dakota crude oil pipelines and any other assets, certificates or permits subject to Public Service Commission jurisdiction under N.D.C.C. Chapters 49-03.1, 49-04 and 49-22 is granted.

2. Certificates of Public Convenience and Necessity Nos. 331, 343, 451, 459 and 817, along with Corridor Certificate No. 65 and Route Permit Nos. 32, 54, 55, 74 and 80 are to be reissued to Tesoro upon effectuation of the purchase transaction.

**PUBLIC SERVICE COMMISSION**

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**Anthony T. Clark**  
**Commissioner**

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**Susan E. Wefald**  
**President**

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**Leo M. Reinbold**  
**Commissioner**