

146 FERC ¶ 61,103  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

February 18, 2014

In Reply Refer To:  
Koch Pipeline Company, L.P.  
Docket No. OR14-14-000

GKG Law, P.C.  
Canal Square  
1054 Thirty-First Street, NW  
Washington, DC 20007

Attention: Edward D. Greenberg

Dear Mr. Greenberg:

1. On December 16, 2013, Koch Pipeline Company, L.P. (KPL) filed a request for temporary waiver of the filing and reporting requirements of sections 6 and 20 of the Interstate Commerce Act (ICA) and Parts 341 and 357 of the Commission's regulations, which implement the filing and reporting requirements.<sup>1</sup>
2. KPL owns and operates the South Texas Crude Oil system ("System"), which is located entirely within the State of Texas and moves crude oil to two refineries owned and operated by Flint Hills Resources, LP (FHR), located in Corpus Christi, TX. FHR is an affiliate of KPL.
3. One of the KPL lines in the System is the "STX Line," which transports intrastate barrels as well as interstate barrels that originate in Mexico and are shipped via trucks across the border. The STX Line is 137 miles long and currently transports crude oil from Sun Field Station, Starr County, TX ("Sun Field") to Corpus Christi, Nueces County, TX ("Corpus Christi"), for delivery to the FHR refineries. The STX Line moves approximately 22,000 barrels per day. Only 4,000 barrels of the 22,000 per day are being

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<sup>1</sup> See 49 U.S.C. §§ 6, 20 (1988). Section 6 requires interstate oil pipelines to file all rates, fares, and charges for transportation on their systems, as well as to file copies of contracts with other common carriers for any such traffic. Section 20 authorizes the Commission to require annual or special reports from carriers subject to the ICA. See also 18 C.F.R. Parts 341, 357 (2013) implementing the filing and reporting requirements of ICA sections 6 and 20.

transported in interstate commerce, while the remaining volumes are exclusively intrastate. KPL states that the temporary waiver request applies to the STX Line.

4. According to KPL, the Commission's primary consideration in these cases has been the protection of third parties. KPL submits that, where the subject pipeline (or leased or owned portion of the subject pipeline) does not provide transportation service to third-party shippers, and there is no expectation that it will do so in the future, the Commission has found that there is no third-party interest to protect. Thus, continues KPL, in *Cinza Pipe Line, Inc.*,<sup>2</sup> the Commission granted a waiver after finding that "there are no immediate or prospective shippers on Cinza other than itself and no other shippers on [the pipeline] other than its parent company to protect under the provisions of the ICA."

5. KPL maintains that the Commission historically has granted temporary waivers to pipelines that, while not exempt from the ICA as private carriers, nevertheless were given waivers because factual circumstances showed that the traditional filing and reporting requirements of the ICA were unnecessary. In particular, continues KPL, the Commission has granted temporary waivers where the pipeline has shown that (a) the pipeline or its affiliate owns 100 percent of the throughput on the line; (b) there is no demonstrated third-party interest in gaining access to or shipping on the line; (c) no such interest is likely to materialize; and (d) there is no opposition to granting the waivers.

6. KPL asserts that it meets the Commission's criteria for granting a temporary waiver because no other potential shipper has requested KPL provide transportation service on the STX Line. Also, the STX Line has no intermediate interconnections between its origin and the proposed destination point. KPL states that it is unaware of any opposition to its request for a temporary waiver.

7. Finally, KPL affirms that it will comply with the conditions previously imposed in grants of similar temporary waivers. Specifically, KPL agrees that it will report any material changes to the facts set forth in the instant request, including (a) increased accessibility of other pipelines or refiners to the subject facilities; (b) changes in ownership of the facilities; (c) changes in the ownership of the crude oil shipped; and (d) shipment tenders of NGLs or requests for service by any person. KPL further affirms that it will maintain its books and records in accordance with the requirements of the Commission's Uniform System of Accounts for Oil Pipelines.

8. Public notice of the KPL filing was issued January 8, 2014, with interventions and protests due as provided in accordance with Rules 211 and 214 of the Commission's regulations.<sup>3</sup> No interventions or protests were filed.

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<sup>2</sup> *Cinza Pipe Line Inc.*, 73 FERC ¶ 61,377 (1995).

<sup>3</sup> 18 C.F.R. §§ 385.211 and 385.214 (2013).

9. The Commission concludes that, given the physical characteristics of the STX Line and the limited nature of the STX Line's operations, KPL meets the criteria necessary to qualify for temporary waiver consistent with Commission precedent.<sup>4</sup>

10. Accordingly, the Commission grants KPL temporary waiver of the filing and reporting requirements of ICA sections 6 and 20 and the Commission's related regulations with respect to the subject STX Line facilities. Because this waiver is temporary and based solely on the facts presented in the request for waiver, the Commission directs KPL to report immediately to the Commission any change in the circumstances on which this waiver is based. Specifically, KPL must report any changes including, but not limited to (a) increased accessibility of other pipelines or refiners to the subject facilities; (b) changes in the ownership of the facilities; (c) changes in the ownership of the crude oil shipped; and (d) shipment tenders or requests for service by any person. In addition, KPL must maintain all books and records in a manner consistent with the Uniform System of Accounts for Oil Pipelines<sup>5</sup> and make such books and records available to the Commission or its duly authorized agents upon request.

By the direction of the Commission.

Kimberly D. Bose,  
Secretary.

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<sup>4</sup> See, e.g., *Cinza Pipe Line Inc.*, 73 FERC ¶ 61,377 (1995).

<sup>5</sup> 18 C.F.R. Pt. 352 (2013).