



July 16, 2004

Mr. Nicholas G. Tonsich, President  
Los Angeles Board of Harbor Commissioners  
Port of Los Angeles  
425 S. Palos Verdes Street  
San Pedro, CA 90731

Dear President Tonsich:

The California Energy Commission offers the following comments on the potential lease renewal of the Amerigas pipeline right-of-way connecting to Berth 120 in the Port of Los Angeles.

The Energy Commission sees this lease renewal as an example of the difficulty in balancing local environmental concerns and desires with regional needs for infrastructure to support our growing use of petroleum fuels. Sharing information with the local community in public forums is a central part of the process.

Californians consume over 20 billion gallons of petroleum fuels annually. Our consumption of petroleum fuels continues to grow as does our dependence on supplying these fuels to California through its ports. In order to minimize the negative effects of our dependence on petroleum, the Energy Commission and the California Air Resources Board have adopted goals and are supporting policies to reduce California's dependence on these products; but even with aggressive adoption on new technologies to achieve our goals, California will continue to depend on petroleum products for a long time.

Though our state's system of petroleum refining, importing, storage, and pipelines is not dependent on any single element, the leased facilities in the Port of Los Angeles are an essential part of the system. The Energy Commission has conducted a number of studies over the past three years regarding the supply and demand for transportation fuels and the state's petroleum infrastructure. This substantial body of work has shown that the state's petroleum infrastructure is at or near capacity. Constraints in this infrastructure system have contributed to the high prices for fuels Californians are paying.

The Energy Commission is currently examining the causes for these constraints and the possibility for improvements in the process of permitting and other options that would increase the state's supply of transportation fuels while maintaining the environmental protections that we Californians demand.

The Energy Commission believes the only way to develop policies to address these issues is to take the approach the Board has taken by having forums in

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which the impacts can be publicly considered. I want to emphasize our finding that adequacy of the state's marine infrastructure plays a strategic role in California's energy future. If you have any questions, please contact Pat Perez, Energy Commission, at (916) 654-4527.

Sincerely,

ROBERT L. THERKELSEN  
Executive Director

*Same Letter Sent To:*  
Elwood Lui, Vice President  
James E. Acevedo, Commissioner  
Camilla T. Kocol, Commissioner  
Thomas H. Warren, Commissioner