

**TABLE OF CONTENTS**

**2.0 PURPOSE AND NEED FOR THE PROPOSED PROJECT ..... 2-1**

2.1 PURPOSE.....2-1

2.2 NEED.....2-1

## **2.0 PURPOSE AND NEED FOR THE PROPOSED PROJECT**

### **2.1 PURPOSE**

The purpose of the proposed project is to allow Longhorn Partners Pipeline, L.P. (Longhorn) an opportunity to compete in the “El Paso Gateway Market” for gasoline and other refined products. The El Paso Gateway Market include El Paso, Texas; Juarez, Mexico; Albuquerque, New Mexico; and Tucson and Phoenix, Arizona. The proposed project would transport refined petroleum products from the Galena Park Station in Houston, Texas, which is connected to refineries from Corpus Christi, Texas, to Lake Charles, Louisiana, to third-party terminal facilities in Odessa and to a newly constructed terminal in El Paso with further connections to third-party common carrier pipelines with access to markets in New Mexico and Arizona.

### **2.2 NEED**

The proposed project would address the underlying need for more competitive motor fuel prices in Odessa and the El Paso Gateway Markets.

The proposed project would increase competition in growing markets in west Texas, Arizona, and New Mexico that have traditionally been isolated from any significant competition. Historically, the motor fuel consumers in west Texas, Arizona, and New Mexico have endured materially higher gasoline prices because they have not had access to more efficient and lower-cost refineries such as those located in the Gulf Coast area. Lower prices for petroleum products in west Texas, Arizona, and New Mexico are not guaranteed as a result of the proposed project although generally increased competition does lead to lower prices.

Longhorn’s ability to achieve its stated purpose and need is dependent upon a project cost that will enable Longhorn to provide common carrier shipments of petroleum products at a tariff low enough to permit delivery of competitively priced products to consumers in the El Paso Gateway Markets. Longhorn is a “private for-profit” enterprise. The purchase and conversion of an existing operating pipeline covering a majority of the length of the Longhorn Pipeline System is critical to meeting this need.

**(There are no appendices for Chapter 2.)**