

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA

ORIGINAL

Decision No. 2241

In the matter of the compliance by  
Oil Pipe Lines with provisions of  
Chapter 327 of the Laws of 1913,  
declaring certain corporations,  
associations and individuals to be  
common carriers and public utilities  
subject to the provisions of the  
Public Utilities Act.

Case No. 450.

BY THE COMMISSION:

OPINION ON APPLICATIONS FOR REHEARING.

Applications for rehearing have been filed in this proceeding by General Pipe Line Company of California, Associated Pipe Line Company, Southern Pacific Company, Kern Trading and Oil Company and Associated Oil Company in behalf of Associated Pipe Line Company, Associated Oil Company and Producers Transportation Company. We desire to comment briefly upon certain matters set forth in these applications for rehearing.

The application of Southern Pacific Company and Kern Trading and Oil Company states that on January 19, 1915, Kern Trading and Oil Company

"sold, assigned and transferred to Southern Pacific Company, its successors and assigns, all of the interest of Kern Trading and Oil Company in and to the capital stock and property of Associated Pipe Line Company, and all the right, title and interest of Kern Trading and Oil Company in or under any existing agreement or agreements between or among Associated Oil Company, Kern Trading and Oil Company, and Associated Pipe Line Company, or any of them, relating to or affecting the property, ownership or management of Associated Pipe Line Company."

As stated in the opinion in this proceeding, made on December 31, 1914, Kern Trading and Oil Company owned 50 per cent of the stock of Associated Pipe Line Company, and was entitled to use one-half of the capacity of the lines of that Company. The opinion states also that all the oil carried through the lines of that Company to the account of Kern Trading and Oil Company is produced by that Company, and is delivered to and consumed by Southern Pacific Company. The effect of the transfer above mentioned, therefore, is to place the Southern Pacific Company in the position of Kern Trading and Oil Company with relation to that Company's interest in the Associated Pipe Line Company. This transfer has no bearing upon this proceeding, but we set it forth merely in order that the record may be clear thereon.

The applications for rehearing by or on behalf of Associated Pipe Line Company allege that in case that Company is required to throw its lines open to the transportation of oil for all comers a serious interference with interstate commerce will result. These petitions call attention to the fact that 50 per cent of the capacity of these lines is used to transport oil consumed by Southern Pacific Company as fuel in the carrying on of interstate and intrastate commerce. The conclusion that there will be an interference with interstate commerce assumes that this Commission will require Associated Pipe Line Company to throw its line open to all comers for the transportation of oil. There is no basis for this conclusion. It is to be presumed that in regulating any utility subject to its jurisdiction the Commission will act within constitutional limitations. It is entirely consistent for this Commission to find that Associated Pipe Line Company

is a common carrier and public utility under the provisions of Chapter 327 of the Laws of 1913, and at the same time so regulate the transportation of oil by that Company as to impose no burden upon its use as a facility in interstate commerce. We state our views upon this matter in order that it may be clear that the Commission does not propose to attempt any regulation of Associated Pipe Line Company which will impose any illegal restrictions upon interstate commerce. The objection to which that Company refers can be cared for by proper regulation. The mere declaration that the Company is a common carrier cannot, itself, in our opinion, amount to an interference with interstate commerce.

Certain of the Companies applying for rehearing set forth that they are engaged only in the transportation of oil of certain kinds or gravities. The Associated Pipe Line Company, for instance, states that while engaged in the transportation of crude oil or petroleum, it is not engaged in the transportation of the products thereof. Likewise, General Pipe Line Company of California states that it is engaged only in the transportation of oil of certain gravities. The Commission does not intend that its order in this proceeding shall amount to a declaration that the pipe line companies concerned must transport oil of every kind and gravity. It is conceivable that the physical structure of these lines is not in all cases adapted to the transportation of every kind and gravity of oil. We shall, accordingly, modify our former order so as to provide that rates be filed for the transportation of crude oil, petroleum or the products thereof, of the kind and character in the transportation of which each Company is engaged.

We submit herewith the following form of order:

ORDER ON APPLICATIONS FOR REHEARING.

Applications for rehearing in this proceeding having been filed by General Pipe Line Company of California, Associated Pipe Line Company, Southern Pacific Company, Kern Trading and Oil Company and Associated Oil Company in behalf of Associated Pipe Line Company, Associated Oil Company and Producers Transportation Company, and the Commission being of the opinion that its order heretofore made in the proceeding should be modified in accordance with the foregoing opinion, and basing its order herein upon all the findings of fact contained in the opinion and order heretofore made in this proceeding on December 31, 1914, as modified by the foregoing opinion,--

IT IS HEREBY ORDERED that paragraph 2 of the order heretofore made in this proceeding on December 31, 1914, be, and the same is hereby, amended to read as follows:

IT IS HEREBY ORDERED that Associated Oil Company, Producers Transportation Company, Associated Pipe Line Company, and General Pipe Line Company of California file with this Commission on or before April 12, 1915, schedules of rates and charges for the transportation of crude oil, petroleum or the products thereof, of the kind and character in the transportation of which each of said Companies has been engaged, by means of pipe lines from the San Joaquin Valley oil fields in the State of California, and their rules and regulations in connection with such transportation.

Nothing in this order contained shall apply to crude oil, petroleum or the products thereof <sup>being</sup> transported in commerce with foreign nations or among the several states.

IT IS FURTHER ORDERED that in all other respects the applications for rehearing filed in this proceeding be, and the same are hereby, denied.

Dated at San Francisco, California, this 18th day of March, 1915.

Max Thelen

H. B. Howard

Edwin O. Edgerton

Commissioners.