

ORIGINAL

Decision No. 41612

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

THE CALIFORNIA COMPANY, a corporation,  
and STANDARD PIPE LINE COMPANY, a  
corporation,

for an order authorizing the former to sell  
and convey to the latter the public utility  
properties herein mentioned, to withdraw from  
its operations as a common carrier and to  
cancel its tariffs now on file; and for the  
latter to file and make effective its tariffs  
on one day's notice.

Application  
No. 28874

Pillsbury, Madison & Sutro, by Hugh Fullerton,  
for applicants.

O P I N I O N

In this application the Commission is asked to make its  
order:

1. Authorizing The California Company to sell and convey to Standard Pipe Line Company its common carrier pipe line properties situate in California,
2. Authorizing The California Company to cease furnishing and supplying transportation as a public utility and cancel its tariffs on file with the Commission, and
3. Authorizing Standard Pipe Line Company to file and make effective on one day's notice its tariffs, rules and regulations governing the transportation of petroleum, said rates, rules and regulations being the same as those now filed by The California Company.

Both The California Company and Standard Pipe Line Company are wholly-owned subsidiaries of Standard Oil Company of California.

The properties which The California Company desires to sell and convey to Standard Pipe Line Company are in Exhibit "C" generally described as follows:

"Trunk line systems between Midway and Strand and between Kettleman and Estero Bay, with lengths of approximately 19 and 68 miles, respectively, comprising 6", 8" and 10" pipe lines, together with all necessary fittings and appurtenances, pump stations, and tankage including marine loading facilities at Estero; also, gathering systems and yard systems consisting of pipe lines 3" to 12" in diameter, including all appurtenances, pump stations, tankage, etc., in the Midway-Sunset, McKittrick, Kettleman and Jacalitos areas;

"Included in the pump stations are pumps, boilers, engines, buildings, dwellings, etc., and appurtenant facilities; and

"Automotive equipment, portable compressors, tools, etc."

The original cost of said properties is, as of September 30, 1947, reported at \$5,927,460.59 and the depreciated book value at \$2,676,032.70. The sale price of the properties is the net book value plus the net current assets. This figure, as of September 30, 1947, was \$2,773,371.70. It is contemplated to sell and convey the properties as of December 31, 1947. It is believed that as of that date the sale price will approximate the \$2,773,371.70.

The California Company's headquarters are in New Orleans. In addition to operating the pipe line properties herein mentioned, it engages in the exploration and development of oil-producing properties. The testimony shows that it is the largest

domestic subsidiary of Standard Oil Company of California, and has a yearly crude oil production approximately equal to one-third of the production of the parent company. Applicants find it advisable to separate the pipe line operations in California from the company's producing operations and set them up in a separate corporation with offices and management in San Francisco. Standard Pipe Line Company is a California corporation. It has an authorized stock issue of \$15,000,000, of which \$1,000 is outstanding. At present it is inactive. It may pay for the properties of The California Company (Exhibit "D") in cash, or may at its option represent the purchase price for a period of not more than one year by an open book account. It is contemplated that the present employees of The California Company involved in pipe line operations, numbering about 170, will be transferred to Standard Pipe Line Company to carry on the management and operation of its pipe line properties in the same manner as they have in the past been operated by The California Company.

It is of record that The California Company, although a common carrier, has never been called upon to render service to any shipper other than Standard Oil Company of California. Its successor, Standard Pipe Line Company, will, as did The California Company, operate the properties as a common carrier.

#### C O N C L U S I O N

The Commission has considered the evidence submitted at the hearing had on this application before Examiner Fankhauser, and is of the opinion that the application should be granted, as

herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. The California Company may sell and convey to Standard Pipe Line Company, on or before February 1, 1948, the properties described in Exhibit "C" on file in this application, such sale and conveyance to be made pursuant to the agreement on file in this application as Exhibit "D", which agreement applicants are hereby authorized to consummate.

2. Upon the sale and conveyance of said properties by The California Company, said The California Company may cease to furnish and supply transportation service as a public utility and withdraw and cancel its tariff schedules insofar as they relate to its utility service, on file with the Commission.

3. Standard Pipe Line Company, upon acquiring said properties and business from The California Company, shall file with the Commission, and make effective on one day's notice, the tariffs, rules and regulations governing the transportation of petroleum, said rates, rules and regulations to be the same as those now on file by The California Company.

4. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

5. The authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 17<sup>th</sup> day  
of December, 1947.

Harold A. Hule

Julius F. Casner

W. H. Powell

R. J. Johnson

Commissioners