

ORIGINAL

Decision No. 42668

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Frank L. Robertson, an individual, for)
authority to charge less than minimum)
rates under the provisions of the)
Highway Carriers' Act, for transporta-) Application No. 30031
tion of petroleum crude oil between)
the Casmalia Oil Field in the vicinity)
of Casmalia, California, and the 5 C)
Refinery in the vicinity of Betteravia,)
California.)

Appearances

Overton, Lyman, Plumb, Prince and Vermille, by
Donald H. Ford, for applicant.

O P I N I O N

Applicant is an individual transporting property under permits authorizing operations as a highway contract carrier and as a radial highway common carrier. He seeks authority under Section 11 of the Highway Carriers' Act to assess rates which are less than those applicable as minima for service he performs for the Bell-Casmite Oil Company.

Public hearing of the application was had before Examiner Abernathy at San Luis Obispo on March 4, 1949.

The service involved herein consists of the transportation of diluted crude oil from storage tanks of the Bell-Casmite Oil Company in the Casmalia oil field, about two miles northeast of Casmalia, to the 5 C Refinery, near Betteravia, a distance of approximately 9½ miles. The quantity of oil which is transported assertedly exceeds 1,260,000 gallons, or 30,000 barrels, a month.¹

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In January, 1949, applicant transported 2,055,355 gallons of oil to the 5 C Refinery for the Bell-Casmite Oil Company. On a basis of 7.75 pounds per gallon, this amount is the equivalent of 15,929,000 pounds.

In performing the service applicant utilizes tank truck equipment consisting of a tractor and semitrailer combination having a carrying capacity of 5,500 gallons. Applicant testified that the transportation is performed under particularly favorable conditions. The vehicles are used in the operation virtually 24 hours a day. Loading and unloading are accomplished rapidly and transit delays are few.² Return loads, consisting of a crude oil diluent, are furnished for about 20 per cent of the return trips. The witness said that he is not bound by definite time schedules and may temporarily defer his service for the Bell-Casmite Oil Company to take advantage of transportation opportunities offered by other shippers.

Applicant stated that the rate which he has been assessing for the service is 3.3 cents per 100 pounds.³ He seeks authority to assess a rate of 2.2 cents per 100 pounds. In justification of the sought rate, applicant submitted rate comparisons to show that equal or lesser rates are currently in effect as minimum rates for the transportation of crude oil for equal or greater distances between points within defined areas in Los Angeles and Orange Counties, when loading and unloading facilities are available 24 hours a day. He also submitted as an exhibit a financial statement covering his operations during January, 1949. He was of the opinion that his earnings under the sought rate would be adequate, and he asserted

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The witness said that the loading facilities of the Bell-Casmite Oil Company are exceptionally good and permit loading to be done in much less time than is generally required.

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This rate is the same as the minimum rate set forth in City Carriers' Tariff No. 5, Highway Carriers' Tariff No. 6 (Appendix "C" of Decision No. 32608, as amended, in Cases Nos. 4246 and 4434), applicable to the transportation of "Black Oils," as described, for distances of not over 10 constructive miles or between points within defined territorial groups.

that unless the sought rate were authorized, the Bell-Casnite Oil Company would undertake to perform the transportation for its own account. He said the sought rate of 2.2 cents per 100 pounds would be acceptable to the oil company.

The vice president of the Bell-Casnite Oil Company testified that he had made an analysis of the costs of performing the service and had developed that his company could transport its oil at a cost of 2 cents per 100 pounds. He said that his company would prefer not to enter the transportation field, but that it would do so unless the present rates were reduced to a level more commensurate with costs.

Applicant's present operations were started January 1, 1949. For that month he reported gross revenues of \$5,257 and expenses of \$2,247, with net revenues of \$3,010. Had the sought rates been assessed, his gross revenues from the service would have been \$3,504 his expenses \$2,190, and his net revenues \$1,314. It appears that the figures do not reflect all of applicant's expenses, and also, that certain expenses were overstated.⁴ The evidence of record does not provide basis for precise adjustment of the data. It is concluded, however, that the operating results, after all adjustments, would not be materially different from those shown. On this basis,

⁴ Labor costs for repairs were omitted from the report. On the other hand, it appears that a charge of \$200 for the month for depreciation expense is almost twice that which would have been made had applicant used as the basis for his charge the expected economic life of his vehicles. Also, it appears that the expenses include charges which should have been allocated to the transportation of the crude oil diluent.

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it is clear that applicant's earnings under his present rate are substantial, and that they would be ample under the sought rate.

Upon careful consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds as a fact that the sought rate has been shown to be reasonable within the meaning of Section 11 of the Highway Carriers' Act. The application will be granted. Due to the possibility that the conditions which justify granting of the sought authority may change at any time, the authority will be limited in duration to one year. Should it develop that an extension of time will be desired, applicant should make timely filing of a supplemental application and should be prepared to submit data to show fully the results of his operations under the rate herein authorized.

O R D E R

The above-entitled application having been heard and submitted, full consideration of the matters and things involved having been had, and based upon the conclusions and finding in the preceding opinion,

IT IS HEREBY ORDERED that Frank L. Robertson be and he is hereby authorized to transport diluted crude oil in bulk in tank truck equipment for the Bell-Casmite Oil Company from that company's storage tanks located in the Casmalia oil field, about 2 miles northeast of Casmalia, to the 5 C Refinery near Betteravia, at a rate not less than 2.2 cents per 100 pounds, subject to the rules, regulations and conditions applicable to the transportation of "Black Oils," as set forth in City Carriers' Tariff No. 5, Highway

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Carriers' Tariff No. 6 (Appendix "C" of Decision No. 32608, as amended, in Cases Nos. 4246 and 4434).

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire one (1) year after the effective date of this order.

This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 29th day of March, 1949.

R. J. Anderson
Justice F. Coleman
Leah J. Powell
Harold P. Kutz
Commissioners