

ORIGINAL

Decision No. 42872

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Valley Pipe Line Company,)
 a California corporation,)
 and)
 Sierra Pipe Line Company,)
 a California corporation,)
 For an Order Authorizing Valley Pipe)
 Line Company to acquire the Capital)
 Stock of Sierra Pipe Line Company;)
 Dissolution of Sierra Pipe Line)
 Company and Distribution of its)
 Assets to Valley Pipe Line Company.)
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Application
No. 30251

O P I N I O N

In this application, the Commission is asked to make its order authorizing Valley Pipe Line Company to acquire all of the outstanding capital stock of Sierra Pipe Line Company, and authorizing Sierra Pipe Line Company to dissolve and transfer its assets to Valley Pipe Line Company.

Valley Pipe Line Company, hereafter sometimes referred to as Valley, is a corporation organized and existing under and by virtue of the laws of the State of California to operate as a public utility. It has issued and outstanding \$150,000 par value of capital stock, all of which is owned by The Texas Company. Valley owns a pipe line system which consists of a 10-inch pipe line extending approximately 70 miles from Kettleman North Dome Association's pump station in Section 31, Township 21 S., Range 18 E.,

M.D.B. & M., Kings County, California, to Valley's Estero Tank Farm and Terminal at Estero Bay, San Luis Obispo County, California, together with the necessary tankage, pumping plants, and telephone lines. The application shows that Valley is constructing a 10-inch pipe line approximately 27-6/10 miles in length, extending from its Emidio Pump Station located in Section 7, Township 11 N., Range 20 W., S.B.B. & M., Kern County, to an inter-connecting point in the 10-inch pipe line heretofore operated by Sierra Pipe Line Company, and is also constructing a new pump station at or near Midway, situated in Section 36, Township 32 S., Range 22 E., M.D.B. & M., Kern County, California. The new pipe line and pump station being constructed by Valley are shown on the map filed in this application as Exhibit "A".

Sierra Pipe Line Company, hereafter sometimes referred to as Sierra, is a corporation organized and existing under and by virtue of the laws of the State of California to operate as a public utility. It has issued and outstanding \$25,000 par value of stock, all of which is owned by The Texas Company. Sierra holds under lease from The Texas Company a pipe line system which consists of a 10-inch pipe line extending approximately 60 miles in a generally northwesterly direction from a point in Section 21, Township 31 S., Range 24 E., M.D.B. & M., Kern County, to a point of connection with the existing pipe line of Valley in Section 3, Township 25 S., Range 17 E., M.D.B. & M., Kern County, California, together with the necessary tankage, pumping plants, and telephone lines. This line is also shown on the map filed in this application as Exhibit "A".

The Texas Company, pursuant to the provisions of the agreement on file in this application as Exhibit "B", has agreed that upon the Commission's authorizing Valley to acquire the outstanding stock of Sierra and authorizing the dissolution of Sierra and the distribution of its assets to Valley, it will transfer to Valley as a capital contribution the title to the pipe line system now under lease to Sierra. Applicants are of the opinion that the pipe lines referred to herein can be operated more economically under one ownership, and that it is in the public interest to have Valley be the sole owner and operator of the pipe line system.

It is of record that no oil has been transported through the Sierra pipe line system since about September 26, 1945, when the United States Elk Hills Naval Reserve was shut in. The application shows that The Texas Company now has a gathering line from the Paloma Oil Field which will connect at Emidio with the line now being constructed by Valley, and that it is constructing other gathering lines from various oil fields which will connect with the Valley lines or with the Sierra line held under lease.

As indicated, the only issue before the Commission is the acquisition of the Sierra outstanding stock by Valley and the transfer of the properties of Sierra to Valley. Valley is not requesting permission to issue any securities.

In view of the fact that it is proposed to dissolve Sierra, Valley should file in due time appropriate rate schedules to cover its extended operations. This may be accomplished by adopting the Sierra rates and the filing of new rates covering the operations through the newly constructed line.

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

O R D E R

The Commission having considered this application and being of the opinion that a hearing thereon is not necessary, and that this application should be granted; therefore,

IT IS HEREBY ORDERED that Valley Pipe Line Company and Sierra Pipe Line Company, after the effective date hereof and on or before August 1, 1949, may execute an agreement in, or substantially in, the form of the agreement on file in this application as Exhibit "B", and, pursuant to the provisions of said agreement, Valley Pipe Line Company may acquire all of the issued and outstanding capital stock of Sierra Pipe Line Company as a capital contribution from The Texas Company to Valley Pipe Line Company, and Sierra Pipe Line Company may dissolve and transfer all of its assets to Valley Pipe Line Company.

IT IS HEREBY FURTHER ORDERED that the rates, rules and regulations of Sierra Pipe Line Company, now lawfully on file with this Commission, shall be refiled within thirty (30) days from the date of the transfer of its properties under the name of Valley Pipe Line Company, or in lieu of such refiling, Valley Pipe Line Company may file a notice of adoption of said presently filed rates of Sierra Pipe Line Company. No increase in the present lawfully filed rates, rules and regulations shall be made unless otherwise properly authorized by the Commission.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 17th day of May, 1949.

A. Z. Friedman

Justin Z. Gacner

W. H. Russell

Commissioners