

ORIGINAL

Decision No. 43105

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
VENTURA TRANSFER COMPANY, a corpora- )  
tion, for authority to charge less ) Application No. 30387  
than the minimum rates under the )  
provisions of the Highway Carriers' )  
Act. )

Appearances

Phil Jacobson, for applicant.

O P I N I O N

Applicant is a California corporation transporting property under permits of a highway contract carrier, a radial highway common carrier and a city carrier. It seeks authority under Section 11 of the Highway Carriers' Act to assess rates which are less than those applicable as minima for certain service performed for the Seaside Oil Company.

Public hearing of the application was had before Examiner Abernathy at Los Angeles on June 24, 1949.

Applicant's vice president explained that the service involved herein consists of the transportation of crude oil in bulk from an oil field in Placerita Canyon to the refinery of the Seaside Oil Company at Chrisman.<sup>1</sup> Four tank truck-and-trailer combinations are used in the service. The distance between the points of origin and destination is 55 miles. Assertedly, the transportation is

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<sup>1</sup> Placerita Canyon is immediately east of Newhall in Los Angeles County. The oil field covers an area of approximately three miles diameter and is about one and one-half miles from Newhall. For convenience, the term Placerita Canyon will be used to designate the oil field therein located. Chrisman is a point about two and one-half miles north of the City of Ventura.

performed under exceptionally favorable operating circumstances. The vehicles are operated virtually twenty-four hours a day. The terminal facilities are such as to permit rapid loading and unloading. Relatively little traffic is encountered on the highway. The loaded vehicles travel in a down-grade direction. A daily movement of approximately 1,000 barrels, or 325,000 pounds, is involved. It was anticipated that the oil would continue to move in substantial volume for an indefinite period in the future.

The witness stated that in accordance with the provisions of the applicable minimum rate tariff a rate of 11 cents per 100 pounds, plus a surcharge of 10 per cent, is being assessed.<sup>2</sup> This rate allegedly is excessive for the service. Authority is sought to assess a rate of 8½ cents per 100 pounds, plus a surcharge of 10 per cent. The sought rate is the same as that which would apply were the minimum rates to be applied without reference to group points. The sought rate assertedly is just, reasonable, and fully compensatory.

No specific evidence to show the costs of performing the service was submitted. Financial statements were introduced in evidence, however, to show that the operations of the company are profitable. Applicant's witness attributed his company's profits principally to its service of transporting petroleum. He said that based upon his review of other operations of the company, he was of the opinion that such operations were relatively unprofitable, and that the company's earnings would be greater should they reflect the results of the petroleum transportation only.<sup>3</sup> The witness submitted

<sup>2</sup> The applicable minimum rates, rules and regulations are set forth in Highway Carriers' Tariff No. 6, City Carriers' Tariff No. 5 (Appendix "C" of Decision No. 32608, as amended, in Cases Nos. 4246 and 4434). The rate of 11 cents plus surcharge is a group rate applicable for the mileage involved between Placerita Canyon and Carpenteria, the basing point for a group of points, including Chrisman.

<sup>3</sup> A revenue and expense statement for the first three months of 1949 reports total revenues of \$76,957, expenses of \$73,364, and a net profit of \$3,593. The statement indicates that about two-thirds of applicant's revenues are derived from the transportation of petroleum and the remainder from other transportation services, warehousing, and miscellaneous services.

various statements in which he compared hourly gross revenues earned in transporting petroleum under various circumstances. Hourly revenues reported in the statement for transportation performed in the Ventura area, ranging from \$3.82 to \$4.54 per hour, were stated to be representative of the company's on-call operations. Hourly revenues for a specified service performed for the Standard Oil Company were shown as \$7.36. For this service the company is authorized to assess a lesser rate than the minimum rate. For the transportation involved herein the statement shows hourly revenues of \$10.61 from the minimum rate, and of \$8.19 if the sought rate were assessed. The witness believed that the proposed rate is not only of sufficient volume in itself to be compensatory, but that operations thereunder would be particularly profitable because of the high use factor the company is able to enjoy from the vehicles employed in the service.

The traffic manager of Seaside Oil Company testified that he had made a study of the cost which his company would incur should it undertake to perform the transportation for its own account. He said that his figures show that the company could transport the oil at a cost substantially less than the applicable minimum rate and that the cost is less than the rate which applicant company seeks. He said that the company would continue to use the services of Ventura Transfer Company if the sought rate is established. Otherwise, it would perform the transportation as a proprietary operation.

No one opposed the granting of the application.

The record is clear that the conditions under which applicant transports crude oil from Placerita Canyon to Chrisman for the Seaside Oil Company are unusually favorable. It appears that the applicable minimum rate, as applied to this transportation service, produces revenues which are greater than necessary to compensate

applicant sufficiently. The evidence is convincing that the proposed rate will be compensatory.

Upon careful consideration of all of the facts and circumstances of record, the Commission concludes and finds as a fact that the rate proposed in this proceeding is reasonable within the meaning of Section 11 of the Highway Carriers' Act. The application will be granted. The sought rate of  $8\frac{1}{2}$  cents per 100 pounds, plus a surcharge of 10 per cent, is equivalent to a rate of 9.35 cents per 100 pounds. For the purposes of simplification, the latter rate will be authorized.

By Decision No. 42623 of March 15, 1949, as amended, in Application No. 29545, applicant was granted a certificate of public convenience and necessity. For future operations conducted as a highway common carrier subject to the Public Utilities Act, applicant is required to publish and file its tariff rates not later than August 17, 1949, and is not authorized to establish rates lower than the prescribed minimum rates. The authority herein granted, applicable only in connection with operations conducted under the provisions of the Highway Carriers' Act, will be made subject to cancellation on August 17, 1949, or concurrently with the effectiveness of applicant's common carrier tariff rates should these rates be made effective prior to that date.

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 findings in the preceding opinion,

IT IS HEREBY ORDERED that Ventura Transfer Company be and it is hereby authorized to transport crude oil in bulk in tank truck equipment for the Seaside Oil Company from an oil field located in Placerita Canyon about one and one-half miles east of Newhall to Chrisman at a rate less than the established minimum rate for such transportation, but not less than 9.35 cents per 100 pounds; that the authority herein granted shall expire August 17, 1949, or concurrently with the effectiveness of applicant's highway common carrier tariff rates should such rates be made effective prior to August 17, 1949, unless sooner canceled, changed or extended by order of the Commission.

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

Dated at San Francisco, California, this 6<sup>th</sup> day of July, 1949.

B. J. [Signature]

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Commissioners