

Decision No. 45262

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of Ventura Transfer Company for )  
authority to establish and publish )  
less than minimum rates for the )  
transportation of diesel oil. )

Application No. 31956

*ORIGINAL*

O P I N I O N

Applicant is a California corporation engaged in the common carriage of liquefied petroleum products in bulk in tank truck equipment over various specified routes within the State. It seeks authority to establish on less than statutory notice a lesser rate than that applicable as minimum in connection with the transportation of "diluent" diesel oil for the Tide Water Associated Oil Company from Chrisman to oil wells about six miles northeast of Zaca.

According to the application, diluent is a petroleum product which is pumped into the ground at oil well sites in order to dilute heavy gravity crude oils and to permit the extraction of such crude oils from the earth. Substantial quantities of diluent are used in the production process involved herein. Applicant estimates that one or more tank truck and trailer units will be in constant use twenty-four hours a day for an indefinite period of time to transport the diluent required by the oil company.

Authority is sought to establish a rate of 30 cents per barrel of 42 gallons for the service. On an equivalent basis

this rate is about 9 cents per barrel less than the corresponding minimum rate.<sup>1</sup> Applicant states that unless the sought rate is authorized there is no doubt that the transportation will be lost to for-hire carriers.

Cost figures were submitted to show the cost of the service. The cost figures assertedly are based on applicant's book records. Equipment costs represent those applying to new automotive equipment which is being acquired for the service. Fuel costs reflect actual costs as do those for wages, tires, tubes, and taxes. Maintenance costs represent estimates to a certain extent but applicant believes that the maintenance costs which will be actually experienced will be somewhat less than estimated.

Applicant computed that on a per-trip basis the sought rate would return total revenues of \$46.50; the operating cost would be \$43.40, leaving \$3.10 per trip for profit and income taxes. The corresponding operating ratio would be 93.3 percent. This indicated level of profit, applicant asserts, is reasonable and sufficiently compensatory for the service involved.

It is stated that other for-hire carriers do not oppose the granting of this application. The Tank Truck Operators Association has informed the Commission that it does

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The applicable minimum rate is set forth in City Carriers' Tariff No. 5, Highway Carriers' Tariff No. 6 (Appendix "C" to Decision No. 32608 as amended in Cases Nos. 4246 and 4434). Applicant indicated that the diluent is subject to the rate for "black oils" in the tariff. Reduced to the tariff basis of rates, the sought rate is 9.216 cents per 100 pounds as compared to the applicable minimum of 12.1 cents per 100 pounds.

not oppose the proposal. Public hearing of the matter does not appear necessary.

Upon careful consideration of the facts and circumstances of record, the Commission is of the opinion and finds that the sought rate has been shown to be justified by transportation conditions and that publication of the rate on less than statutory notice is also justified. The sought authority will be granted. The rate as hereinafter authorized will correspond in effect to that sought but will be stated in cents per 100 pounds in order to conform to the basis of rates for other of applicant's similar highway common carrier services and to the basis of rates<sup>2</sup> as set forth in the minimum rate tariff.

O R D E R

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Ventura Transfer Company be and it is hereby authorized to establish on not less than five (5) days' notice to the Commission and to the public a rate of 9.216 cents per 100 pounds for the transportation of "diluent" diesel oil from Chrisman to oil wells about six miles northeast of Zaca.

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Applicant requested that its tariff agent be authorized to publish the sought rate in behalf of any other carriers desiring to become a party thereto. Since other carriers were not a party to this proceeding, they may not be herein granted authority extended to applicant.

Said rate shall be subject to a minimum weight of 50,000 pounds and shall apply only when facilities for loading and unloading said diluent are available 24 hours per day.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire ninety (90) days after the date hereof.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 16th day of January, 1951.

*A. J. Anderson*  
*Justin J. Casser*  
*Harold P. Hula*  
*Herbert W. Potter*  
Commissioners