

ORIGINAL

Decision No. 46084

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
John W. Doudell for authority to charge)
less than minimum rates as established)
by Decision 36208 Cases 4246 and 4434,) Application No. 32585
as amended, for the transportation of)
petroleum and petroleum products within)
the State of California.)

Appearances

Marvin Handler, for applicant.
Robert Hutcherson, J. M. Connors and
E. C. Hurley, for Tide Water Associated
Oil Company; J. Richard Townsend, for
R. B. Snow Trucking Co., Starkson Trans-
portation Co. and B. E. Richards;
interested parties.
Grant L. Malquist, for Engineering Division,
Transportation Department, Public Utilities
Commission.

O P I N I O N

Applicant operates as a common carrier of bulk petroleum and petroleum products. By this application, as amended, he seeks authority to transport petroleum crude oil and distillate fuel oil in bulk in tank truck equipment for Tide Water Associated Oil Company at rates less than those established as minimum.

A public hearing was held at San Francisco on August 6, 1951, before Examiner Jacopi.

By Decisions Nos. 45035 of November 21, 1950, and 45268 of January 16, 1951, in Application No. 31867, applicant was authorized to publish, on a temporary basis, tariff rates less than the corresponding minimum rates for the transportation of petroleum crude oil from Tide Water Associated Oil Company's wells near Zaca to points within a radius of 7½ miles of the center of Santa Maria and for the

movement of distillate fuel oil in the reverse direction.¹ The authorized rates were 13 cents per barrel and 7.7 cents per barrel,² respectively.

The record in the instant proceeding shows that the oil company's method of operation in the aforesaid territory was changed on July 1, 1951. Under the revised operations, crude oil from the Zaca oil field is transported to the oil company's marine terminal situated at Gaviota and distillate fuel oil is moved from the terminal to the oil field. Distillate fuel oil will also continue³ to move from points in the Santa Maria area to the Zaca oil field. The established minimum rate for these transportation services, stated on a per barrel basis, is 19.693 cents per 42-gallon barrel. The sought rates are 14 cents, 12 cents and 14 cents per 42-gallon barrel, respectively. Applicant also seeks authority to publish the reduced rates on one day's notice and to depart from the long and short haul provisions of Section 24(a) of the Public Utilities Act.

Applicant asserted that the established minimum rates are improper for the unusually favorable conditions surrounding the transportation in question. He testified that some 216,000 barrels of oil per month would be transported; that nine units of equipment would be operated in the service 24 hours per day 7 days per week; that the operations have been arranged for expeditious loading and

¹ The Zaca oil wells are situated about 33 miles southeast of Santa Maria.

² The authority in question is scheduled to expire September 18, 1951.

³ In the original application, authority was also sought to deviate from the established minimum rates on crude oil from Cat Canyon oil field to points in the Santa Maria area. At the hearing, three competing carriers opposed the granting of this phase of the application. Applicant amended the application by excluding the aforesaid transportation therefrom. The competing carriers offered no objection to the granting of the application as amended.

unloading; and that the oil company's facilities would be available at all times. The witness asserted that 75 trips per day would be made. Under these favorable conditions, he said, an equipment use factor of 85 percent would result as compared with a factor of from 35 to 40 percent generally experienced by applicant on its other for-hire operations involving oil movements.

A revenue and expense statement submitted by applicant shows that the anticipated monthly revenues and operating expenses would amount to \$30,160 and \$27,598, respectively, leaving net operating revenue of \$2,562 per month before provision for income taxes. The corresponding operating ratio is 91.5 percent. The amounts of the loading, unloading and running time and other basic data involved in the calculations of the operating expenses were developed from actual experience in conducting the operations in question. About 1,000 trips were studied for this purpose.

A representative of Tide Water Associated Oil Company testified that unless the sought rates are granted his company would arrange to handle the movements with proprietary equipment. He stated that the company now conducts proprietary operations in various other oil producing territories in California. Assertedly, studies made by the company's transportation department showed that the service involved herein could be performed with proprietary equipment at a cost of not more than eleven cents per 42-gallon barrel. The witness said, however, that the rates sought by applicant are satisfactory to his company.

No one opposed the granting of the application as amended.

The evidence is convincing that in view of the unusually favorable conditions involved in the transportation in question applicant will be able to conduct the operations under the sought

rates on a compensatory basis and that the rates in question are necessary to retain the traffic to for-hire carriage.

We are of the opinion and hereby find that the proposed reduced rates are reasonable. Applicant will be permitted to amend his tariff accordingly. Because circumstances may change, however, the authority will be made to expire at the end of one year, unless sooner canceled, changed or extended by order of the Commission. The publication of the sought rates will be authorized on five days' notice to the Commission and to the public rather than on the sought one day's notice.

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 John W. Doudell be and he is hereby authorized to publish and file, and to make effective on not less than five (5) days' notice to the Commission and to the public, the following rates for transportation of the specified commodities in bulk in tank truck equipment: (1) a rate of 14 cents per 42-gallon barrel on crude oil from oil wells in the Zaca Oil Field, situated six miles northeast of Zaca, to Gaviota, (2) a rate of 12 cents per 42-gallon barrel on distillate fuel oil from Gaviota to the aforesaid wells, and (3) a rate of 14 cents per 42-gallon barrel on distillate fuel oil from Santa Maria and points within a radius of seven and one-half miles of the intersection of Stowell Road and Broadway Street, Santa Maria, to wells in the aforesaid Zaca Oil Field, and to depart from the provisions of Section 24(a) of the Public Utilities Act to the extent necessary to exercise the authority herein granted; and that concurrently with the effectiveness of tariffs naming the rates herein authorized the authority

heretofore granted to applicant by Decision No. 44720 in Application No. 31698 and by Decisions Nos. 45035 and 45268 in Application No. 31867 be and it is hereby superseded and canceled.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire one (1) year after the effective date of this order, unless sooner canceled, changed or extended by order of the Commission.

IT IS HEREBY FURTHER ORDERED that in all other respects the above-entitled application be and it is hereby denied.

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

Dated at San Francisco, California, this 14th day of August, 1951.

Orlando J. Green
Harold A. Huls
Norman H. Potter

Commissioners