

ORIGINALDecision No. 50315

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 GILLIARD PETROLEUM SERVICE, INC., a)
 corporation, for a certificate of) Application No. 35234
 public convenience and necessity)
 to operate as a petroleum irregular)
 route carrier.)

Sheridan, Orr & Barnes, by Frank E. Orr and Donald L. Benton, for applicant.

Glanz and Russell, by Arthur E. Glanz, for System Tank Lines, Inc., Asbury Transportation Co., Cantlay & Tanzola, Inc., and Routh Transportation Co., interested parties.

C. S. Abernathy, Senior Transportation Rate Expert, for the Commission staff.

O P I N I O N

Applicant is a California corporation, incorporated in January 1954.¹ It succeeded a partnership which in turn had taken over the business of S. A. Gilliard who in 1948 commenced the operations now performed by the applicant.

Applicant carries and proposes to carry petroleum and petroleum products in vacuum-type tank trucks and trailers with compressors attached only, and in connection with and incidental to the drilling, maintenance, reconditioning, or abandonment of oil wells or oil well facilities, or the repair of pipe line breaks between all points and places in Kern County, Santa Barbara County, and Ventura County within a radius of fifty

¹ Exhibit No. 3.

airline miles from the city limits of the City of San Buenaventura (Ventura), including the City of San Buenaventura and that portion of the County of Los Angeles bounded on the south by and including State Highway No. 118 to its intersection with U. S. Highway No. 99, bounded on the east by and including said Highway No. 99 except for and including an area within a radius of three airline miles northerly, easterly and southerly of Castaic Junction, and bounded on the north by the Kern County line from Ventura County to its intersection with said U. S. Highway No. 99.

Applicant has one 50-barrel tank truck, six 60-barrel tank trucks, and two 100-barrel tank trucks. The tanks are vacuum-type with compressors attached. It charges and proposes to charge the following rates per hour, plus tax, time to be computed from departure from base of operations until the return thereto:

\$ 9.00 per hour for a 50-barrel truck.
9.50 per hour for a 60-barrel truck.
13.50 per hour for a 100-barrel truck.

A public hearing on the application was held in Oxnard on June 4, 1954, before Examiner Rogers, at which time evidence was presented and the matter was submitted subject to the filing by applicant of an additional exhibit. This exhibit has been filed and the matter is ready for decision.

The evidence shows that applicant operates vacuum trucks with pumps attached; that it operates and proposes to operate an on-call service; that about 90 percent of its trips are entirely on private roads, and that all or a portion of each trip in the remaining 10 percent are on public highways. The

evidence also shows that applicant renders the proposed services for several petroleum producing companies between points in the area proposed to be served, and that these producers need and will continue to need applicant's services. Applicant has the financial ability and experience to conduct the proposed operation. ✓

Although the commodities involved herein are not subject to a minimum rate order, there is on file with this Commission a tariff² concurred in by nineteen participating carriers, with rates as follows:

50-barrel truck,	\$10.00 per hour.
60-barrel truck,	\$10.70 per hour.
100-barrel truck,	\$14.00 per hour.

As heretofore stated, applicant's proposed rates are:

50-barrel truck,	\$ 9.00 per hour.
60-barrel truck,	\$ 9.50 per hour.
100-barrel truck,	\$13.50 per hour.

The corporation's president testified that applicant's present rates are based on nine years of experience and there is no reason to increase its rates to the level of the Beeler rates. In response to the Commission's request, applicant presented Exhibit No. 5 containing a balance sheet as of May 31, 1954, and a profit and loss statement for the period February 1, 1954 to May 31, 1954. From these documents it appears that applicant has a rate of return of approximately 16.9 per cent, and an operating ratio of approximately 93.5 per cent.

Upon the evidence of record we find that applicant's proposed rates are justified, and that public convenience and

² Local Vacuum and Pump Tank Truck Tariff No. 7, Cal. P.U.C. No. 16 of Southwestern Motor Tariff Bureau, J. L. Beeler, Agent.

necessity require that applicant establish and operate services as a petroleum irregular route carrier to the extent set forth in the ensuing order.

Gilliard Petroleum Service, Inc. is hereby placed upon notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate-fixing, for any amount of money in excess of that originally paid to the state as the consideration for the grant of such rights. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be changed or destroyed at any time by the state, which is not in any respect limited to the number of rights which may be given.

O R D E R

Application having been made, the Commission being fully advised and having found that public convenience and necessity so require,

IT IS ORDERED:

(1) That a certificate of public convenience and necessity be and it hereby is granted to Gilliard Petroleum Service, Inc., authorizing the establishment and operation of a service as a petroleum irregular route carrier, as defined in Section 214 of the Public Utilities Code, for the transportation of petroleum and petroleum products in vacuum-type tank trucks and trailers with compressors attached only, and in connection with and incidental to the drilling, maintenance, reconditioning, or abandonment of oil wells or oil well facilities, or the repair of pipe line breaks, between all points and places in Kern

County, Santa Barbara County, and Ventura County within a radius of fifty airline miles from the city limits of the City of San Buenaventura, including the City of San Buenaventura, and that portion of the County of Los Angeles bounded on the south by and including State Highway No. 118 to its intersection with U. S. Highway No. 99, bounded on the east by and including said Highway No. 99 except for and including an area within a radius of three airline miles northerly, easterly and southerly of Castaic Junction, and bounded on the north by the Kern County line from Ventura County to its intersection with said U. S. Highway No. 99.

(2) That in providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations:

- (a) Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted.
- (b) Within sixty days after the effective date hereof, and upon not less than five days' notice to the Commission and the public, applicant shall establish the service herein authorized

and file in triplicate and concurrently
make effective tariffs satisfactory to
the Commission.

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

Dated at Los Angeles, California,
this 27th day of July, 1954.

John E. Mitchell
President

Justin J. Casner

Samuel H. Pottel

Verne Higgins

Commissioners