

**ORIGINAL**

Decision No. 39996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Vallecitos Pipe Line Company to issue capital stock and a promissory note

Application No. 39996

OPINION AND ORDER

This is an application for an order of the Commission authorizing Vallecitos Pipe Line Company to issue \$342,500 par value of its common stock and an unsecured promissory note in the principal amount of \$342,500, payable in ten equal annual installments commencing January 15, 1960, with interest at the rate of 4-1/2% per annum. The stock and the note will be issued to Shell Oil Company.

The application shows that Vallecitos Pipe Line Company was organized under the laws of the State of California on January 6, 1958, for the principal purpose of constructing, operating and maintaining, as a public utility pipeline corporation, a pipeline and related facilities for the public transportation of crude oil from the Vallecitos oil field in San Benito County to the vicinity of existing pipelines in Fresno County which lead to refining and market centers in the San Francisco-East Bay area. The corporation has acquired approximately 39,500 feet of right of way at a cost of \$3,772, using money advanced by Shell Oil Company, and it now proposes to undertake the construction of a pipeline system, including

approximately 19 miles of trunk line, together with feeder laterals, pumping facilities, storage tanks, gauging equipment, operating automatic control devices, and related facilities, all at a total cost of \$650,000. Applicant reports that no existing pipeline facilities now serve Vallecitos oil field.

Applicant proposes to use the proceeds from the issue and sale of the stock and the note covered by this application to refinance its existing borrowings from Shell Oil Company, to meet its estimated construction costs, and to provide working capital and incorporation expenses. The Commission has considered this matter and is of the opinion that the money, property or labor to be procured or paid for by the issue of such stock and note herein authorized is reasonably required for the purposes specified herein, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that the application should be granted by an ex parte order; NOW THEREFORE,

IT IS HEREBY ORDERED as follows:

1. Vallecitos Pipe Line Company, on and after the effective date hereof and on or before December 31, 1958, may issue and sell, at par, not exceeding \$342,500 par value of its common stock and an unsecured promissory note in the principal amount of \$342,500 for the purposes set forth in this application.

2. Vallecitos Pipe Line Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when Vallecitos Pipe Line Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$343.

Dated at Los Angeles, California, this 20<sup>th</sup> day of May, 1958.

*John E. Mitchell*  
President

*Ralph J. [unclear]*

*William J. [unclear]*

*Theodore J. [unclear]*

Commissioners

