

ORIGINAL

Decision No. 63556

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of SANTA FE PIPELINE COMPANY, a  
California corporation, for  
Authority to Issue Stock.

} Application No. 44287  
} Filed March 21, 1962

OPINION AND ORDER

This is an application for an order of the Commission authorizing Santa Fe Pipeline Company to issue 4,000 shares of its no par value capital stock for a cash consideration of \$1,000,000. The stock is to be issued to Chanslor-Western Oil and Development Company, a Delaware corporation, and a wholly-owned subsidiary of The Atchison, Topeka and Santa Fe Railway Company.

The application shows that Santa Fe Pipeline Company was organized under the laws of the State of California on or about August 29, 1960 for the principal purpose of constructing, operating and maintaining, as a public utility pipeline corporation, a pipeline and related facilities for the transportation of petroleum products such as gasoline, diesel fuel and jet fuel from a location in the Dominguez area of Los Angeles County to the City of San Diego, a distance of approximately 124 miles. The pipeline will consist of a pipe with an outside diameter of ten and three-quarter inches and will have an initial

throughput capacity of 38,200 barrels a day. It estimates the cost of acquiring the rights of way, the sites for and constructing said pipeline system and appurtenant facilities at \$5,869,000. Applicant is of the opinion that there is a need for the pipeline it proposes to construct and in Exhibit C attached to the application sets forth its projection of the financial results of said pipeline system during the initial five years of its operation. As shown in Exhibit C the net income, before income taxes, is estimated at \$54,000 in the first year of operation and increasing in annual increments to \$193,900 in the fifth year of operation.

Applicant proposes to use the proceeds from the issue and sale of the stock covered by this application to defray the cost of constructing said pipeline and related facilities, including the cost of acquisition of the necessary rights of way and sites for said pipeline and appurtenant facilities to the extent that they are sufficient for that purpose and proposes to finance the remaining cost of construction, together with an initial working capital allowance of \$300,000, by open account advances from its parent, Chanslor-Western Oil and Development Company.

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 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,

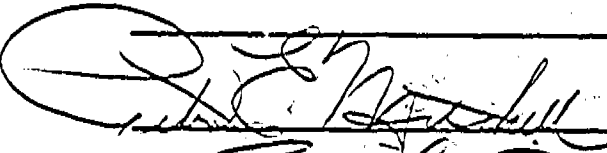
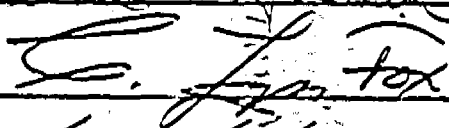
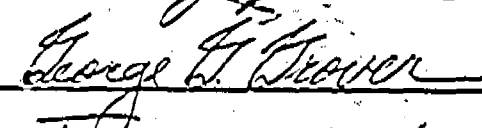
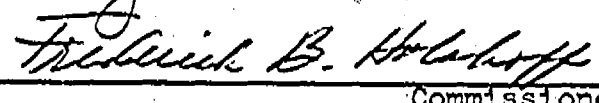
IT IS HEREBY ORDERED as follows:

1. Santa Fe Pipeline Company, on or after the effective date hereof and on or before December 31, 1962, may issue and sell not to exceed 4,000 shares of its no par value capital stock for a cash consideration of \$1,000,000 and may use the proceeds from such sale for the purposes set forth in this application.

2. Santa Fe Pipeline 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 shall become effective twenty days after the date hereof.

Dated at San Francisco, California,  
this 17th day of APRIL, 1962.

  
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President  
  
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Commissioners

Commissioner Everett C. McKeago, being necessarily absent, did not participate in the disposition of this proceeding.