

Decision No. 65619

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Petition of
THE RIVER LINES, INC., J. C. FREESE
COMPANY, INC., AND THE HARBOR TUG &
BARGE COMPANY;

(I & S)

Case No. 7539

for suspension of certain rates
contained in Local Pipeline Tariff
6-A (Cal.P.U.C. No. 8) of
SOUTHERN PACIFIC PIPE LINES, INC.

(Petition of Southern Pacific
Pipe Lines, Inc., for
authority to publish temporary
rate - filed June 19, 1963)

OPINION AND ORDER

By its orders dated February 5, 1963, and June 11, 1963, in this proceeding, the Commission postponed, pending a hearing to determine its lawfulness, the effective date of a proposed rate of 10¢ cents per barrel of 42 gallons, minimum tender 5,000 barrels, which had been filed by Southern Pacific Pipe Lines, Inc., to become effective February 12, 1963. The rate would apply for the transportation of petroleum products from Richmond and Concord to Bradshaw Road (Sacramento County).

Eight days of public hearings in this investigation were held before Examiner Donald B. Jarvis in May, 1963, during which extensive evidence was adduced. The transcript is in the course of preparation. It is expected that briefs will be filed by the respective parties sometime in July, 1963. Meanwhile the aforesaid orders of the Commission have deferred use of the suspended rate until December 12, 1963, and have directed that no change shall be made in the rate during the period of suspension unless otherwise authorized by special permission of the Commission. The suspended rate was an initial rate published for a new pipe line service.

By petition filed June 19, 1963, Southern Pacific Pipe Lines, Inc. (Pipe Lines), requests special permission to establish for the transportation in question a rate of 12.6 cents per barrel, minimum tender 12,000 barrels, effective July 5, 1963, on one day's notice. This rate would be published by Pipe Lines as a temporary rate, without prejudice to the position of any of the parties herein on the reasonableness and validity of the 10½ cent rate under suspension.

Pipe Lines alleges that the suspended rate was published at the request of Mobil Oil Company as a result of the taking of Mobil's terminal located on the Sacramento River by the State of California under threat of condemnation. It is alleged that Pipe Lines and Mobil have invested substantial sums of money in tankage and other improvements at Bradshaw Road for the purpose of meeting the terminal requirements of Mobil. According to the petition these facilities will continue to be idle while the rate is suspended, there being no other rate available. Mobil assertedly has advised Pipe Lines that it cannot satisfactorily meet its obligations to supply its users of petroleum products under its present product exchange agreements, as operations under such agreements are increasing in cost and decreasing in dependability and are unsatisfactory.

The petition points out that The River Lines, Inc., J.C. Freese Company, Inc., and Harbor Tug & Barge Company (barge carriers), in the prayer to their petition filed January 22, 1963 for suspension of the initial rate, urged the Commission to (1) either suspend the 10½ cent rate, "or (2) direct that pending the decision in this proceeding, the published rate to Bradshaw Road shall be no less than 12.6 cents per barrel." Petitioner alleges that the proposed temporary rate is no less than the corresponding published rate by barge for the same tender and is the rate that was suggested by the barge carriers in their petition.

The River Lines, Inc., by telegram, has stated its opposition to the petition for the reason that the proposed tariff does not contain certain provisions respecting deductions to cover loss incident to the transportation of products by pipelines. The River Lines, Inc., would have no objection to the proposed publication if the loss deduction were provided. The Commission is informed that Pipe Lines is not agreeable to the condition suggested by The River Lines, Inc.

Upon consideration of the allegations in the petition, of the telegraphic response thereto, and of the particular facts and circumstances involved in this investigation, the Commission is of the opinion and finds that establishment of the temporary rate as proposed by Pipe Lines will be reasonable pending final consideration and ultimate disposition of all of the issues in this proceeding. The publication will be authorized to become effective five days after the effective date of this order. Establishment of the temporary rate shall be without prejudice to the position of any of the parties herein and without prejudice to any conclusions which the Commission may reach in its disposition of this investigation.

IT IS ORDERED that the Southern Pacific Pipe Lines, Inc., is hereby authorized to publish and file to expire with December 11, 1963, the rate of 12.6 cents per barrel as proposed in Exhibit A to the petition herein. The rate may be made effective not earlier than the fifth day after the effective date of this order on not less than five days' notice to the Commission and to the public.

IT IS HEREBY FURTHER ORDERED that except as is otherwise provided herein the orders of investigation and suspension dated February 5, 1963, and June 11, 1963, in this proceeding, shall continue in full force and effect.

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

Dated at San Francisco, California, this 24th day of June, 1963.

George J. Hoover
President
Robert Olden
William F. Bennett

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.