

ORIGINAL

Decision No. 73259

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation)
 into the rates, rules, regulations,)
 charges, allowances and practices)
 of all common carriers, highway)
 carriers and city carriers relat-)
 ing to the transportation of prop-)
 erty by vacuum-type and pump-type)
 tank vehicles (including transpor-)
 tation for which rates are pro-)
 vided in Minimum Rate Tariff)
 No. 13).

Case No. 6008
 (Order Setting Hearing
 dated May 9, 1967)

L. W. Potter, for L. W. Potter Trucking
 Company; J. C. Kaspar, A. D. Poe and
 H. F. Kollmyer, for California Truck-
 ing Association, interested parties.
Dale R. Whitehead, for the Commission
 staff.

O P I N I O N

By its order setting hearing dated May 9, 1967 in Case No. 6008, the Commission ordered the scheduling of a public hearing to consider a proposal of its Transportation Division Rate Branch staff to exempt from the minimum rates provided in Minimum Rate Tariff No. 13 the transportation of water in vacuum-type or pump-type tank vehicles to steam plant sites located in oil fields.

Public hearing was held before Examiner Bishop at Bakersfield and Los Angeles on August 15 and 17, 1967, respectively. Evidence was presented by the Commission staff and by the California Trucking Association, an interested party.

Minimum Rate Tariff No. 13 (MRT 13) applies to the state-wide transportation of defined commodities in vacuum-type and pump-type vehicles, when such transportation is incidental to the

construction, operation or maintenance of oil or gas wells, oil pipelines or oil storage facilities. The commodities on which the tariff applies are (1) commodities in semiplastic form, (2) commodities in suspension in liquids, and (3) liquids.

An associate transportation rate expert from the Commission's Rate Branch staff testified concerning the staff proposal and its background. He stated that inquiry had been made of the staff as to whether the transportation of water in vacuum-type or pump-type tank vehicles to steam plant sites located in oil fields was subject to the provisions of MRT 13. This prompted a study of the matter and the issuance of a report and recommendation, which was distributed in February 1967 to 70 parties who might have an interest in the matter. Comments and suggestions were solicited; six responses were received; of these, four favored the staff proposal, two were in opposition. At the hearing, a document reproducing the staff report and recommendation was received in evidence.

The staff report shows that water transported to steam plants located in oil fields is intended for use in steam injection projects. Steam injection is a method of stimulating oil production through reduction in oil viscosity, increase in reservoir pressure and cleansing of the well bore and adjacent sands. The report further shows that the steam injection process is a factor in the operation of oil wells, that the transportation of water to the steam plant sites for use in said process is incidental to the operation of oil wells and where such transportation is performed in vacuum-type or pump-type tank vehicles it is subject to the rates and rules of MRT 13.

The staff witness pointed out that, under Item No. 41 of Minimum Rate Tariff No. 2 (general commodities), the transportation of water, including water to oil well sites, in vehicles other than vacuum-type or pump-type tank vehicles is exempted from the provisions of that tariff.¹ Thus, delivery of water to oil field steam plant sites in tank truck vehicles other than vacuum-type or pump-type vehicles is exempt from minimum rates. Also, delivery of water to steam plants which are not related to oil field operations is exempt from minimum rates, whether the transportation is performed in vacuum-type or pump-type or other types of tank vehicles. For consistency, the witness stated, the staff is recommending that the transportation of water to steam plants in oil fields be accorded exempt status without regard to the type of tank vehicle used. He proposed an appropriate amendment to Item No. 40 of MRT 13.

The director of the Division of Transportation Economics of California Trucking Association (CTA) testified on behalf of said association. CTA, he stated, opposes the staff recommendation.² CTA has two conferences of carriers which had been particularly interested in the subject under consideration, namely, the vacuum truck conference and the tank truck conference. This witness had individually discussed the matter with members of these conferences and had made some field investigation concerning the movement of water to oil field steam plants. There had been a great deal of interest in the subject among carriers, he said, some months prior to the date of hearing, at which time the movement of water

1 It is to be noted that Minimum Rate Tariff No. 6-A provides minimum rates for transportation of specified commodities in bulk in tank vehicles. Water is not included in the list of commodities for which said rates are provided.

2 L. W. Potter Trucking Company also appeared in opposition to the staff proposal but did not present evidence.

by motor truck to oil field steam plants was being made in substantial quantities. The use of steam injection to stimulate oil production, it appears, was experimental. The method was found to be successful, prompting the oil companies to install pipelines for the water supply to the steam plants, rather than to continue the use of motor transportation.

The director further testified that, in the course of his investigation among the carriers which had been transporting water to oil field steam plants, both in tank trucks and vacuum trucks, there had been no movement at all since April 1967. For all practical purposes, he asserted, such transportation by trucks has ceased.³

CTA opposes the staff recommendation, the director stated, because: (1) the exemption is not necessary, the movement having been only temporary, with no problem currently existing; (2) the inconsistency in minimum rate exemptions which the staff seeks to eliminate would still remain if the proposed tariff modification were adopted, since the transportation of water in vacuum-type or pump-type tank vehicles, incidental to the construction, operation or maintenance of oil or gas wells, oil pipelines or oil storage facilities, but which transportation is not to steam plants, would continue to be subject to the provisions of MRT 13; and (3) the law of the State requires the Commission to establish minimum rates on all commodities.

³ The staff witness had made a field survey in June 1967. He testified that his survey had not disclosed any vehicular movement of water to oil field steam plants at that time.

We find that:

1. The transportation embraced by the Commission's order setting hearing, dated May 9, 1967, is subject to the provisions of Minimum Rate Tariff No. 13.

2. The vehicular transportation of water to oil field steam plants was temporary, having been replaced by movement through pipelines.

3. No circumstance of carrier competition now exists which would justify the adoption of the staff proposal.

4. In the absence of a compelling reason for exemption of the transportation in issue from minimum rates and rules, such transportation should continue to be subject to the provisions of the aforesaid minimum rate tariff.

We conclude that:

1. The staff proposal should not be adopted.

2. That the investigation embraced by the Commission's order setting hearing, dated May 9, 1967, should be discontinued.

O R D E R

IT IS ORDERED that the investigation embraced by the Commission's order setting hearing dated May 9, 1967, in Case No. 6008, is discontinued.

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

Dated at San Francisco, California, this 27th day of OCTOBER, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.