

Decision 84 04 036

APR 4 1984

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN PACIFIC )  
PIPE LINES, INC., for authority )  
to increase transportation rates )  
for refined petroleum products )  
pursuant to the provisions of )  
Section 454 of the Public )  
Utilities Code of the State of )  
California. )

Application 83-11-38  
(Filed November 17, 1983)

O P I N I O N

By this application, Southern Pacific Pipe Lines, Inc. requests authority to increase its rates on refined petroleum products by various amounts in its Local Pipeline Tariffs 11-F, Cal PUC 59; 14-C, Cal PUC 60; and 15-A, Cal PUC 61.

The present and proposed tariff rates on refined petroleum products are shown in attached Appendix A of this opinion.

Applicant states that the increased rates are needed to offset a 20 percent increase in its investment between the end of 1982 (\$36,636,000) and the end of 1983 (\$44,002,000). This includes \$3.3 million for relocation of 14 miles of 10-inch pipeline which ran through Black Diamond Mines Regional Park and was washed out in the 1983 storms. It also includes \$4.3 million for expansion of applicant's facilities at its Concord station. In

1983, applicant invested \$8.9 million in its California intrastate system. These added investments have never been reflected in the pro forma calculations submitted in support of any previous rate application.

Applicant is also forecasting a 15 percent increase in power costs, and a 6 percent increase in other expenses for 1984 over its 1983 experience.

The increased rates on an annualized basis will yield an estimated increase in annual revenues of \$3.7 million and an estimated annual gross revenue of \$27.9 million for pro forma year 1984. Estimated annual gross revenues without proposed tariff rate increases are \$24.1 million on an annualized basis. The percentage increase in gross revenues is 15.5 percent.

Without any increases, applicant's rate of return for the 1984 pro forma year will be 8.3 percent and with the proposed increases the 1984 pro forma return will be 12.5 percent. These 1984 rates of return are calculated using applicant's rate base for year end 1983.

Applicant declares that with the requested increases, its rate of return in this application has been limited to 12.5 percent to soften the impact of the increased transportation costs on its shippers.

The Rate of Return Section of the Revenue Requirements Division has reviewed this application and is of the opinion that the requested 12.5 percent rate of return on rate base is not unreasonable.

The application was listed on the Commission's Daily Calendar of November 21, 1983. Also, applicant declares that all shippers have been contacted and notified in writing of the proposed rate increases. No objection to the granting of the application has been received.

Findings of Fact

1. The increases resulting from this proposal are reasonable and justified.
2. Applicant has incurred increases in operating expenses and has made added investments in its facilities.
3. Under the proposed increases, applicant estimates it will realize additional revenue of \$3.7 million.
4. Applicant has shown that its rate of return on rate base for 1983 will be 8.3 percent.

5. Applicant has projected that the increase in rates will provide a 12.5 percent rate of return on rate base for 1984.

6. A public hearing is not necessary.

Conclusion of Law

The application should be granted.

O R D E R

IT IS ORDERED that:

1. Southern Pacific Pipe Lines, Inc. is authorized to increase the rates in its Local Pipeline Tariffs 11-F, Cal PUC 59; 14-C, Cal PUC 60; and 15-A, Cal PUC 61 as set forth in attached Appendix A.

2. The tariff publications authorized to be made as a result of this order shall be filed on or after the effective date of this order and may be made effective not earlier than 5 days after the effective date of this order on not less than 5 days' notice to the Commission and to the public.

This order becomes effective 30 days from today.

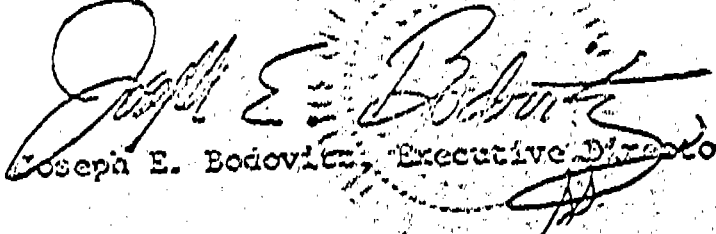
Dated APR 4 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.  
President

VICTOR CALVO  
PRISCILLA C. GREW  
DONALD VIAL  
Commissioners

Commissioner William T. Bagloy  
being necessarily absent, did  
not participate.

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TOGETHER.

  
Joseph E. Bodovitz, Executive Director

Appendix ASOUTHERN PACIFIC PIPE LINES, INC.PRESENT AND PROPOSED TARIFF RATES ON REFINED PETROLEUM PRODUCTS  
(Cents per Barrel)

<u>Origin</u>	<u>Destination</u>	<u>Present*</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>
Watson or Norwalk	SDPC ** at Norwalk	4.15	8.3
Watson or Norwalk	Colton	18.9	19.8
Watson or Norwalk	Ontario Airport	18.9	19.8
Watson or Norwalk	Niland	32.8	39.3
Watson or Norwalk	Imperial	39.5	46.0
Richmond	Concord	14.6	14.6
Richmond or Concord	San Jose	15.7	16.0
Richmond or Concord	Stockton	16.2	19.9
Richmond or Concord	Sacramento	18.2	21.9
Richmond or Concord	Roseville	24.9	28.6
Richmond or Concord	Chico	31.1	38.5
Bakersfield	Fresno	15.8	19.4
Seguro	Bakersfield	7.5	7.5
Martinez or Richmond	Oakland	14.4	15.1
Martinez or Richmond	Oakland Airport	14.4	15.1
Martinez or Richmond	Brisbane	14.4	15.1
Martinez or Richmond	San Fran. Airport	14.4	15.1
Martinez	Richmond	14.4	15.1

\* Present rates are covered under the following Local Pipeline Tariffs:

11-F (Cal PUC 59) issued September 27, 1983  
 14-C (Cal PUC 60) issued September 27, 1983  
 15-A (Cal PUC 61) issued September 27, 1983

\*\* San Diego Pipeline Company