

Mailed

Decision 91-09-033 September 6, 1991

SEP 10 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Four Corners Pipe Line Company, a)
Delaware corporation, for authority)
to increase transportation rates for)
crude petroleum products pursuant to)
the provisions of Section 454 of the)
Public Utilities Code of the State)
of California.)

ORIGINAL

Application 91-03-008
(Filed March 4, 1991)

Messrs. Heller, Ehrman, White & McAuliffe,
by Ronald C. Peterson, Attorney at Law,
for Four Corners Pipe Line Company,
applicant.

OPINION

Four Corners Pipe Line Company (Four Corners) requests a 10% increase in its intrastate rates for the transportation of crude oil between points in California. All current shippers of intrastate traffic were notified of the requested increase.

A protest to the requested increase was filed by Texaco Trading and Transportation Inc.

Public hearing was held before Administrative Law Judge O'Leary at Los Angeles on June 19, 1991, at which time the matter was submitted. The protestant did not appear at the hearing.

Since the protestant failed to appear at the hearing, Four Corners submitted the matter on the basis of the application and Exhibits 1 and 2 which were sponsored by a vice president of applicant who is the general manager of the common carrier business unit. Exhibit 1 sets forth historical rates of return and return on equity for the years 1988, 1989, and 1990 together with the resultant rate of return and return on equity based on the requested increase. Exhibit 2 is an amended Page 4 to the application.

Four Corners' Operations

Four Corners transports crude oil in Arizona, California, Colorado, New Mexico, and Utah. The company owns and operates both intrastate and interstate pipeline systems consisting of over 1,600 miles of trunk lines and gathering lines.

The intrastate system gathers oil from several principal locations in the Bakersfield area. These oil producing areas include Cuyama Valley, Midway Sunset field, Elk Hills Naval Petroleum Reserve, and Coles Levee. This gathered oil is transported on Four Corners' various trunk lines north to Bakersfield area refineries and south into the Los Angeles Basin. Additional crude is gathered from the Grapevine, Newhall, and Cheviot Hills areas. Once this crude reaches the Los Angeles Basin, it is distributed to most major, as well as many smaller refineries.

Four Corners' main interstate system originates in Long Beach, where Alaskan North Slope crude is pumped via a 16" trunk line, for delivery to other pipeline companies at Cadiz, California and Bisti, New Mexico. There are also some interstate movements from Line 2, 56/59 in the Bakersfield area, from which Four Corners delivers oil to another pipeline company which moves it east.

Maps of the intrastate and interstate systems, showing applicant's major gathering areas, trunk lines and pump stations, are included in Exhibit A attached to the application.

Discussion

Based on a review of the application and Exhibits 1 and 2, it is evident that, at present rates, Four Corners will only earn a rate of return of 8.35% with a corresponding return on common equity of 6.45%. Even with the requested rate increase, Four Corners expects to earn a rate of return of 10.49% on rate base and 10.35% on common equity.

Four Corners has agreed to waive the provision of Public Utilities (PU) Code § 311 requiring that the Commission's decision not be issued sooner than 30 days following the filing and service of the proposed decision by the ALJ.

We will authorize the requested rate increase.

Findings of Fact

1. On March 4, 1991, Four Corners filed A.90-01-023 requesting authority for a general rate increase of 10% for intrastate transportation of crude oil.
2. Exhibit 1 discloses that under present rates, during 1990, Four Corners earned rates of return of 8.25% and 6.45% on rate base and common equity, respectively. Under proposed rates, the rate of return will be 10.49% on rate base and 10.35% on common equity.
3. Four Corners has notified all current shippers on its intrastate pipeline.
4. A protest to the proposed increase has been filed by Texaco Trading and Transportation Inc.
5. A duly noticed public hearing was held on June 19, 1991.
6. Protestant Texaco Trading and Transportation Inc. failed to appear at the public hearing.
7. Four Corners has agreed to waive the 30-day requirement contained in PU Code § 311(d).
8. The increases in rates and charges authorized by this decision are justified and are just and reasonable.

Conclusions of Law

1. The proposed increase should be authorized.
2. Pursuant to the agreement of Four Corners, the 30-day requirement otherwise required by PU code § 311(d) should be waived.
3. This order should be effective on the date signed because there is an immediate need for the sought relief.

ORDER

IT IS ORDERED that:

1. Four Corners Pipe Line Company is authorized to file revised tariff schedules resulting in a 10% increase to rates as proposed in the application. The filing shall comply with General Order 96. The effective date of the revised schedules shall be 5 days after the date of filing. The revised schedules shall apply only to service rendered on and after their effective date.

2. This is a final order and the proceeding is closed.
This order is effective today.

Dated September 6, 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

I abstain.

/s/ G. MITCHELL WILK
Commissioner

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


NEAL J. SHULMAN, Executive Director