

T/DC/AV/WPSC

Decision 82 10 059 OCT 20 1982

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 82-07-47
(Filed July 23, 1982)

O P I N I O N

By this application, Southern Pacific Pipe Lines, Inc. (SPPL) requests authority to increase its pipeline rates for refined petroleum products in its Local Pipeline Tariffs 1-D and 14, Cal PUC 53 and 54, respectively. The annual increase in revenue of \$2.6 million being sought is expected to yield a rate of return of 10.9%.

SPPL states that its intrastate rates were established at the inception of service in 1956. As applicant expanded its intrastate operations, new rates were established to cover the additional service. In a few instances, the initial rates were reduced to meet competition. In 1974 a general increase of 2.8% was approved to offset increased fuel costs and in 1981 an increase to yield approximately \$3.3 million in annual revenue was granted. Applicant further states that it has made facility

improvements and incurred other expenses which have had a disproportionate impact on certain movements. As a result, the present rates on movements for two of its lines do not cover their operating expenses. This increase application is designed to remedy that situation.

SPPL has supplied the following data projecting 1982 results:

	<u>Without Increase Pro Forma 1982</u>	<u>With Increase Pro Forma 1982</u>
Revenue	\$20,717,000	\$23,323,000
Expenses	15,470,000	15,470,000
Net Income (after tax)	2,686,000	4,020,000
Net Investment base	35,038,000	35,038,000
Return	7.3%	10.9%

The application was listed on the Commission's Daily Calendar of July 28, 1982. All shippers have been advised, by letter, of the intent to file the application. No objection to the granting of the application has been received.

Findings of Fact

1. The increases resulting from this proposal should yield a proforma return of 10.9% for 1982.
2. A public hearing is not necessary.

Conclusion of Law

The proposed increases are justified and should be granted as set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. Southern Pacific Pipe Lines, Inc., is authorized to establish the increased rates as specifically proposed in this application.
2. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and may be 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.
3. The authority shall expire unless exercised within 30 days after the effective date of this order.

4. Nothing in this opinion and order constitutes a finding of fact regarding the reasonableness of any particular rate or charge filed under this order, and applicant, by reason of this declaration, has no ground to contend to the contrary in any proceeding under Section 734 of the Public Utilities Code or in any other proceeding.

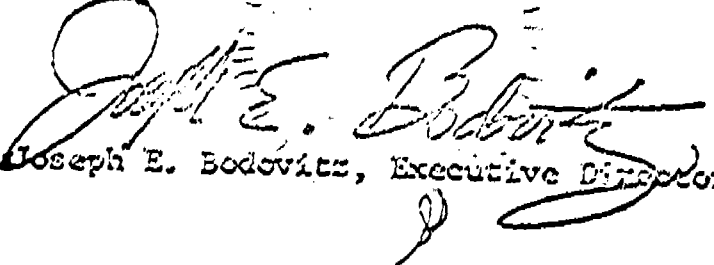
This order becomes effective 30 days from today.

Dated OCT 20 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
Commissioners

Commissioner Priscilla C. Grew,
being necessarily absent, did
not participate

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


Joseph E. Bodovitz, Executive Director