

ORIGINAL

Decision No. 87501 June 21, 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of UCO OIL COMPANY, a)
California corporation, to obtain)
authorization to acquire full)
ownership interest in NATIONAL)
TANK LINES, a California Public)
Utility, under 854 of the Public)
Utilities Code and, application)
of the Petroleum Energy Distribu-)
tions, Inc., a California)
corporation, for transfer of the)
Petroleum Irregular Route Certifi-)
cate of Public Convenience and)
Necessity from UCO Oil Company)
to Petroleum Energy Distribu-)
tions, Inc., under 851 of the)
Public Utilities Code.)

Application No. 57086
(Filed February 15, 1977)

In the Matter of the Application)
of: SOUTHERN TANK LINES, a cor-)
poration, to acquire and SOUTHERN)
TANK LINES COMPANY, a)
co-partnership of SOUTHERN TANK)
LINES, REID OIL COMPANY and)
PETROLEUM EXCHANGE CORPORATION,)
all California corporations, to)
transfer a Certificate of Public)
Convenience and Necessity to)
operate as a highway common car-)
rier in the transportation of)
petroleum and petroleum products)
within the State of California)
pursuant to Section 851 et seq.,)
of the California Public)
Utilities Code.)

Application No. 53834
(Filed February 8, 1973)

O P I N I O N

UCO Oil Company, a California corporation, seeks
authority to:

1. Merge into itself its wholly owned subsidiary, National
Tank Lines, a California corporation, which holds a petroleum irregu-
lar route carrier certificate of public convenience and necessity.

2. Sell and transfer the certificate held by National Tank Lines to Petroleum Energy Distributions, Inc., a California corporation (PED).

By Decision 85689, dated April 13, 1976, this Commission authorized National Tank Lines to control USA Tank Lines who later by Decision 86422 dated September 21, 1976 in Application 56539 sold its highway common carrier authority to transport petroleum and petroleum products in bulk, to Transworld Oil Corporation and noted that both National Tank Lines and UCO Tank Lines¹ are wholly owned subsidiaries of UCO Oil Company. Because both such subsidiary corporations hold statewide petroleum irregular route carrier certificates, the Commission ordered cancellation of the certificate of National Tank Lines if an application to transfer the authority was not filed within one year. This application satisfies that requirement.

Pursuant to the Agreement of Sale between UCO Oil Company and Petroleum Energy Distributions, Inc., the purchase price of the certificate is \$5,150 to be paid in cash on consummation of the sale and transfer.

The financial statement of PED for the last three quarters of 1976 shows net operating income of over \$123,000, principally from marketing petroleum. All of the 3,000 issued and outstanding shares of capital stock of PED are owned by the corporate officers who have gained experience in the transportation of petroleum products through the company's proprietary operations.

National Tank Lines participates in Western Motor Tariff Bureau, Inc., tariffs for rates to cover the operations under the certificate to be transferred. PED proposes to adopt such tariffs.

Applicants request relief from the provisions of the Commission's Rules of Practice and Procedure which require wide dissemination of the application. A copy of the application has

¹Corporate name of Southern Tank Lines was changed to UCO Tank Lines pursuant to amendment of corporate articles by Resolution 17802 dated June 8, 1976.

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been sent to the California Trucking Association and notice of the filing of the application was made in the Commission's Daily Calendar of February 18, 1977. No protests to the application have been received.

After consideration, the Commission finds that the application would not be adverse to the public interest.

The Commission concludes that the merger of National Tank Lines into UCO Oil Company and the sale and transfer of a petroleum irregular route carrier certificate of public convenience and necessity to Petroleum Energy Distributions, Inc., should be authorized.

In recognition of the petroleum commercial business of Petroleum Energy Distributions, Inc., an appropriate alter ego restriction shall be included in the certificate to be transferred and, by amendment, to the certificate held by UCO Tank Lines.

Petroleum Energy Distributions, Inc., is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled at any time by the State which is not in any respect limited as to the number of rights which may be given. The authorization granted shall not be construed as a finding of the value of the rights to be transferred or the properties to be merged.

O R D E R

IT IS ORDERED that:

1. On or before November 1, 1977, National Tank Lines, a California corporation, may merge into UCO Oil Company, a California corporation.

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2. Subsequent to the merger authorized in Paragraph 1 above and on or before November 1, 1977, UCO Oil Company may sell and transfer the operative rights referred to in the application to Petroleum Energy Distributions, Inc., a California corporation.

3. Within thirty days after the merger, and transfer of control authorized in Paragraphs 1 and 2 above, respectively, UCO Oil Company shall file a report informing the Commission that the merger has been completed and Petroleum Energy Distributions, Inc., shall file with the Commission written acceptance of the certificate and a true copy of the bill of sale or other instrument of transfer.

4. Petroleum Energy Distributions, Inc., shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the common carrier operations transferred to show that it has adopted or established, as its own, the rates and rules. The tariff filings shall be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the transfer. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 80-Series. Failure to comply with the provisions of General Order No. 80-Series may result in a cancellation of the operating authority granted by this decision.

5. In the event the merger authorized in paragraph 1 is completed, effective concurrently with the effective date such action is accomplished, the certificate of public convenience and necessity held by UCO Tank Lines is amended by Appendix A attached hereto in the following manner:

Further amend Appendix A of Decision 81282 in Application 53834, as amended, by substituting Second Revised Page 1 in place of First Revised Page 1, as set forth in Appendix A, attached hereto and made a part hereof.

6. In the event the transfer authorized in Paragraph 2 is completed, effective concurrently with the effective date of the tariff filings required by Paragraph 4, a certificate of public convenience and necessity is granted to Petroleum Energy Distributions, Inc., a California corporation, authorizing it to operate as a petroleum irregular route carrier as defined in Section 214 of the Public Utilities Code between points set forth in Appendix B, attached hereto and made a part hereof.

7. The certificate of public convenience and necessity granted by Decision 44476 in Application 31254 is revoked effective concurrently with the effective date of the tariff filings required by Paragraph 4. If the transfer of the certificate is not accomplished by November 1, 1977, the certificate shall automatically be cancelled without further order of the Commission.

8. Petroleum Energy Distributions, Inc., shall comply with the safety rules administered by the California Highway Patrol and the insurance requirements of the Commission's General Order No. 100-Series.

9. Petroleum Energy Distributions, Inc., shall maintain accounting records on a calendar year basis in conformance with the applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission and shall file with the Commission, on or before April 30 of each year, an annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

10. Petroleum Energy Distributions, Inc., shall comply with the requirements of the Commission's General Order No. 84-Series for the transportation of collect on delivery shipments. If it elects not to transport collect on delivery shipments, it shall make the appropriate tariff filings as required by the General Order.

11. Applicants are granted a deviation from the Commission's Rules of Practice and Procedure to the extent requested in the application.

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

Dated at San Francisco, California, this 21st day of JUNE, 1977.

President

William Sproull

George L. Sturgeon

Richard D. Chavala

Commissioners

Commissioner Robert Batinevich, being necessarily absent, did not participate in the disposition of this proceeding.

UCO Tank Lines, by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized to conduct operations as a petroleum irregular route carrier, as defined in Section 214 of the Public Utilities Code, for the transportation of petroleum and petroleum products in tank trucks and tank trailers between all points and places in the State of California.

RESTRICTIONS:

*Whenever UCO Tank Lines engages other carriers for the transportation of property of UCO Tank Lines, or UCO Oil Company, or their subsidiaries or affiliates or customers or suppliers of said corporations, or their subsidiaries or affiliates, UCO Tank Lines, shall not pay such other carriers rates and charges less than the rates and charges published in UCO Tank Lines' tariffs on file with this Commission.

Transportation of waste materials under this certificate is subject to obtaining and maintaining a valid registration certificate as a hauler of liquid waste from the State Water Resources Control Board.

(END OF APPENDIX A)

Issued by California Public Utilities Commission.

*Amended by Decision 87501, Application 57086.

Petroleum Energy Distributions, Inc., by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized to conduct operations as a petroleum irregular route carrier, as defined in Section 214 of the Public Utilities Code, for the transportation of petroleum and petroleum products in tank trucks and tank trailers between all points and places in the State of California.

RESTRICTIONS:

Whenever Petroleum Energy Distributions, Inc., engages other carriers for the transportation of property of Petroleum Energy Distributions, Inc., or Jack Burtch Co. or their subsidiaries or affiliates, or customers or suppliers of said corporations, their subsidiaries or affiliates, Petroleum Energy Distributions, Inc., shall not pay such other carriers rates and charges less than the rates and charges published in Petroleum Energy Distributions Inc.'s tariffs on file with this Commission.

Transportation of waste materials under this certificate is subject to obtaining and maintaining a valid registration certificate as a hauler of liquid waste from the State Water Resources Control Board.

(END OF APPENDIX B)

Issued by California Public Utilities Commission.

Decision 87501, Application 57086.