

T/PNK/AFM/WPSC

Decision 93566 SEP 15 1981

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 Sec-)
tion 454 of the Public Utilities)
Code of the State of California.)

ORIGINAL

Application 60733
(Filed July 15, 1981;
amended August 4, 1981)

O P I N I O N

By this application, as amended, Southern Pacific Pipe Lines, Inc., a corporation, requests authority to increase its pipeline rates for refined petroleum products on five days' notice in its Local Pipeline Tariffs 1-G and 11-C, Cal PUC 51 and 41, respectively.

Applicant 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, and in 1974 a general increase of 2.8% was approved to offset increased fuel costs. However, apart from these minor adjustments, applicant's initial rates and rate structure are those in effect today. 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 those movements do not even cover the operating expenses.

Applicant asserts that its power costs rose from \$576,000 in 1971 to \$4,365,000 in 1980, an increase of 756%. Pipelines are very power-intensive, since all motive force for pumping product on California intrastate traffic is by electric motors. Power costs therefore represent a significant portion of the overall operating expenses. Applicant has also experienced significant increases in labor costs during this period.

Applicant declares that the requested increased rates would yield increased annual revenue of \$3.3 million, for an estimated total annual gross revenue of \$20.3 million. The percentage by which such estimate exceeds the gross revenues of the involved volumes transported during the preceding calendar year 1980 is 19.3%.

Applicant in Exhibit D of its application shows that applicant's rate of return on a net investment base will decline from 7.0% in 1980 to 5.0% in 1981 without the requested increases and that if the requested increases are made effective, applicant's rate of return will be 9.1%.

According to applicant all affected shippers on applicant's facilities have been personally contacted by applicant and advised of the proposed rate increase. All affected and nonaffected shippers have been advised by letter of the intent to file this application.

The application and amendment were listed on the Commission's Daily Calendars of July 17, and August 10, 1981, respectively. No objection to the granting of the application, as amended, has been received.

Findings of Fact

1. The increases resulting from this proposal are justified.
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 proposed in this application, as amended.
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 60 days after the date of signature.

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 SEP 15 1981, at San Francisco, California.

John E. Bryson
President
Richard D. Groff
Samuel J. ...
Victor ...
Francis ...
Commissioners