

Decision 93657 OCT 20 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of Calnev Pipe Line Company, a)
Delaware corporation, for)
authority to increase trans-)
portation rate for petroleum)
products pursuant to the)
provisions of Section 454 and)
491 of the Public Utility (sic))
Code of the State of California.)

Application 60896
(Filed September 15, 1981)

O P I N I O N

By this application, Calnev Pipe Line Company (Calnev), a Delaware corporation, requests authority to increase its pipeline rates for the transportation of refined petroleum products and to add a new intrastate delivery point. Calnev seeks to publish the increased rates and the new point of service in its Calnev Local Tariff 2, Cal. P.U.C. No. 2.

Calnev alleges that it is incurring losses in its present operation. Calnev's current rates for intrastate transportation are less than the initial per barrel rate when operations first began in 1961 (for example, 8.3 cents now versus 8.5 cents). The

losses being experienced by Calnev have increased dramatically since 1980. The increased costs of fuel and power, labor, and general maintenance are cited as contributing factors for the losses.

Calnev had been able to absorb increased costs through additional volumes being transported until 1979. However, in January 1980 intrastate volumes began to decline and as a result Calnev is no longer able to offset the increased costs. Calnev, in Exhibit C of the application, has prepared a comparison of the firm's financial position using the present costs being experienced with revenue earned in 1980 and with projected revenue (1981) including the sought increase:

	<u>Test Year Ended December 31, 1980</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	\$ 772,343	\$1,101,832
Expenses Revised to Reflect Current Costs	991,595	991,595
Net Income (Loss)	(219,252)	110,237
Net Investment	\$3,458,912	\$4,036,612
Return On Investment	(DEF)	1.37%

Since the increased costs are now being experienced, Calnev asks that the order which follows be made effective the date of signature. Calnev further requests that permission be granted to publish the tariff pages required by this order with an effective date no sooner than the fifth day after the date of this order.

Calnev also proposes to add a new intrastate delivery point. The addition of this new delivery point is not adverse to the interest of existing commercial shippers and is non-controversial.

Calnev has met with representatives of its current shippers and advised them of the proposed increase in rates. Additionally, Calnev has served letters on all affected shippers of the intent to increase its rates.

The application was listed on the Commission's Daily Calendar of September 18, 1981. No objection to the granting of the application has been received.

Findings of Fact

1. The increase in rates resulting from this proposal is justified.

2. The additional point of service has been shown to be non-controversial and will contribute to the profitability of the firm.

3. A public hearing is not necessary.

Conclusion of Law

The proposed increases and the added point of service are justified and should be granted.

O R D E R

IT IS ORDERED that:

1. Calnev Pipe Line Company, a Delaware corporation, is authorized to establish the increased rates and the added point as 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 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

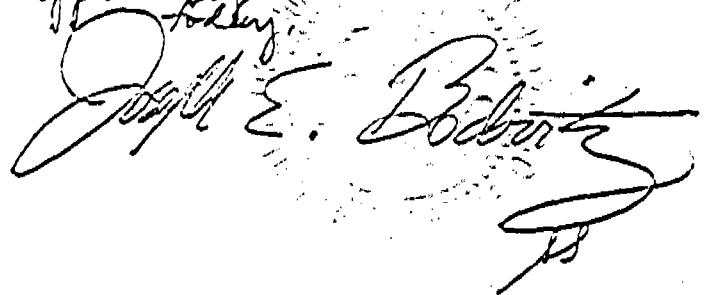
declaration, has no ground to contend to the contrary in any proceeding under Public Utilities Code Section 734 or in any other proceeding.

This order is effective today.

Dated OCT 20 1981, at San Francisco, California.

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

I certify that this decision was approved by the above Commissioners today.

A large, stylized handwritten signature in cursive script, appearing to read "John E. Bryson". The signature is written in dark ink and is positioned below the certification text. There are some faint, illegible markings and a small mark resembling the number "13" at the bottom right of the signature area.