

ORIGINAL

Decision No. 22439

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation  
by the Commission on its own motion  
into the rates, rules, regulations  
and practices of carriers engaged  
in the transportation of refined  
petroleum products in tank cars,  
tank trucks, tank trailers or tank  
semi-trailers, or any combination  
thereof; in lots of less than 5800  
gallons, within this State.

Case No. 4191

Sanborn, Roehl & MacLeod, by H. H. Sanborn,  
for Tank Truck Operators Association.

Earl Glen Whitehead, for Petroleum Trans-  
porters Association.

R. E. Wedekind, for Southern Pacific Company.

E. E. Bennett and E. R. Renwick, for Union  
Pacific Railroad Company.

E. E. Bissinger and F. F. Willy, for Pacific  
Electric Railway Company.

George T. Hurst and G. E. Duffy, for The  
Atchison, Topeka & Santa Fe Railway  
Company.

L. N. Bradshaw and J. S. Amos, Jr., for  
Western Pacific Railway Company,  
Sacramento Northern Railway Company,  
and Tidewater Southern Railway  
Company.

L. T. Fletcher, for Service Tank Lines.

Wallace K. Downey, for Pacific Tank Lines  
and Pacific Freight Lines.

Robert Hutcherson, for Tidewater-Associated  
Oil Company, Associated Division.

D. H. Moore, for Asbury Truck Company.

C. E. Donaldson, for Shell Oil Company.

BY THE COMMISSION:

#### O P I N I O N

In this proceeding the Commission by its order, dated December 15, 1936, instituted an investigation upon its own motion to establish just, reasonable and non-discriminatory maximum or minimum or maximum and minimum rates to be observed, charged and collected by highway carriers as defined in the Highway Carriers' Act (Statutes of 1935, Chapter 223) for the transportation of refined petroleum products in lots of less than 5800 gallons when moving in tank trucks, tank trailers or tank semi-trailers, or any combination of such vehicles, over the public highways of this State; and into the rates, rules, regulations and practices of common carriers by railroad as defined in the Public Utilities Act for the transportation of refined petroleum products when moving in tank cars in lots of less than 5800 gallons within this State, particularly to determine whether such rates, rules, regulations and practices are unduly

or unreasonably low, insufficient, discriminatory or otherwise unlawful.

A public hearing was had before Examiner Austin at Los Angeles on December 29 and 30, 1936, when evidence was offered, the matter submitted, and it is now ready for decision.

This investigation grew out of the Commission's order of November 9, 1936, in Case No. 4079, wherein there were established minimum rates to be observed by highway carriers for the transportation of refined liquid petroleum products, and reasonable and sufficient rates, rules and regulations to be observed by common carrier railroads for the transportation of these commodities. (1)

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(1) Decision No. 29267, Case No. 4079, dated November 9, 1936, (40 C.R.C. 221). The order provided: "IT IS HEREBY ORDERED that the rates set forth in Item No. 1, and the rules and regulations set forth on pages 2, 3 and 4, of Appendix A, attached hereto and made a part hereof be and they are hereby prescribed to become effective December 24, 1936, on not less than 5 days notice to the Commission and to the public as the reasonable and sufficient rates, rules and regulations to be charged, demanded, collected and received by all common carrier railroads as defined in the Public Utilities Act of the State of California, for the transportation, between points in the State of California, of Refined Liquid Petroleum Products including Compound Oils having a Petroleum Base as described in Supplement 17, Western Classification No. 65, (Supplement No. 17, to C.R.C. 580 of M. A. Cummings, Agent,) under the heading 'Petroleum or Petroleum Products \* \* \*' except Petroleum Crude Oil, Petroleum Fuel Oil and Petroleum Gas Oil, provided, however, that where the rates approved and established as the just, reasonable and non-discriminatory minimum rates for the transportation by highway carriers of said commodities and shown in Item 2 of Appendix, attached hereto and made a part hereof, are lower, said common carrier by railroad may apply, demand, collect and receive such lower rates. \* \* \*

IT IS HEREBY FURTHER ORDERED that the rates set forth in Item No. 2, and the rules and regulations set forth on pages 2, 3 and 4, of Appendix A, attached hereto and made a part hereof be and they are hereby approved and established effective December 24, 1936, as the just, reasonable and non-discriminatory minimum rates, rules and regulations to be charged and collected by any and all highway carriers as that term is defined in the Highway Carriers' Act

In respect to highway carriers, the Commission in that proceeding prescribed rates applicable to refined petroleum products subject to a minimum of 5800 gallons. (2)

On November 30, 1936, some sixteen highway carriers filed in said proceeding their joint petition for a rehearing, urging that Decision No. 29267 be set aside upon the grounds that it operated to deprive petitioners of their property without compensation and without due process of law, that it deprived them of the equal protection of the law, that it impaired the obligation of existing contracts and that the rates established therein, insofar as they provided for a minimum charge for the transportation of petroleum products of 5800 gallons, were

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(1) Cont'd.

(Chapter 223, Statutes of 1935) for the transportation, between points in the State of California, of Refined Liquid Petroleum Products including Compounded Oils having a Petroleum Base as described in Supplement 17, Western Classification No. 65, (Supplement No. 17 to C.R.C. 580 of M. A. Cummings, Agent), under the heading 'Petroleum or Petroleum Products \* \* \*', except Petroleum Crude Oil, Petroleum Fuel Oil and Petroleum Gas Oil, provided, however, that where rates prescribed as the reasonable and sufficient rates for the transportation by rail carriers of said commodities and shown in Item 1 of Appendix A, attached hereto and made a part hereof, are lower, said highway carriers may apply, demand, collect and receive such lower rates."

Both the rail and the tank truck carriers were required to abstain from collecting rates less than those prescribed.

(2) On page 2 of Appendix A of Decision 29267 wherein appear the rules and regulations governing the rates established by the order, it is directed that the minimum weight for shipments in tank trucks, trailers or semi-trailers, or any combination of such vehicles "shall be the full legal carrying capacity of the tank or tanks but in no event shall the transportation charges for quantities less than 5800 gallons be less than those applicable on shipments of 5800 gallons."

not just, reasonable and non-discriminatory but, on the contrary, were unjust, unreasonable and discriminatory. More specifically the petitioners alleged that collectively they operated some forty-seven tank trucks, each with a capacity of less than 5800 gallons and having a total value of approximately \$150,000. In addition, so it was stated, many others were engaged in operating tank trucks of similar capacity, having a total value exceeding \$1,000,000. By its necessary effect, so it was alleged, the order would operate to prevent petitioners and other owners of small tank trucks from using or operating them, since it will be impossible to obtain business under a rate based upon a minimum exceeding the legal capacity of the equipment actually operated. If enforced, so it was stated, the order would destroy petitioners' business and would render valueless their equipment, thus depriving them of their property without due process. It was further charged that the order would penalize carriers having equipment of less than 5800 gallons capacity, and it would penalize consumers having tank storage facilities of less than this amount through unnecessary increases in the costs of transportation. For these reasons the order was alleged to be unreasonable, discriminatory and confiscatory insofar as it applied to operators of small tank trucks.

By its order, dated December 14, 1936, the Commission denied this petition for rehearing among others, but the effective date of the decision was suspended insofar as it related to the publication of rates, until January 24, 1937. Thereupon the instant proceeding was initiated.

At the hearing various interested parties appeared, some of whom took part in the proceeding. Of these, the Petroleum Transporters Association, comprising some 26 operators of tank trucks of smaller capacity than 5800 gallons, was the most active participant. The 76 units owned collectively by the members are distributed among them on the basis of from one to seven trucks for each operator. Each unit ranges in size from 3,000 to 5,000 gallons capacity, no truck under 3,000 gallons being operated in this service. Though there are other operators of small tank trucks, their number cannot be definitely established. These carriers, for the most part, are engaged in the transportation of petroleum products from the smaller refineries to bulk plants and gasoline service stations.

Petroleum Transporters Association called several witnesses, including motor carriers and representatives of small refineries. Evidence bearing upon operating costs was also produced. An independent operator of small tank trucks testified on his own behalf, and certain facts were stipulated at the instance of the rail carriers. Assistant Engineer Fred H. Chesnut introduced a cost study on behalf of the Commission. By stipulation of the parties the evidence in Case 4079 was made a part of this record.

From the evidence it appears that the operators of small tank trucks are engaged primarily in the transportation of refined liquid petroleum products from several small independent refineries to bulk storage stations and service stations situated in various communities. Ordinarily, no refinery maintains more than one distribution station in any town. Generally the movement from the refineries in small trucks does not extend beyond 125 miles, it having been found unprofitable to operate over greater distances with such equipment.

Of this traffic approximately 35 per cent is destined to service stations and the remainder, or 65 per cent, is delivered to bulk plants. Approximately 90 per cent of these bulk plants are of small storage capacity, local ordinances in many of these towns limiting this to 5,000 gallons or less. The necessity of providing separate storage tanks for different grades of gasoline, adding as it does to the expense, has also tended to limit the total capacity of a single service station, thus effectively preventing shipments of large quantities.

Although most of the small refineries are located upon the rail lines, few of the service stations or the bulk plants are so situated. Over 99 per cent of the distributors and approximately 50 per cent of the country bulk plants have no rail facilities; on the whole, some 75 per cent of the receivers served by these carriers are off the rails. It is not feasible, so it was stated, to transport these commodities by rail to the rail head and thence by truck to the bulk or service station.

Since their volume of business is small, the smaller refineries have provided no trucks of their own, using for hire equipment only. There is keen competition between the refineries themselves and also among the distributors of gasoline.

Five studies on the subject of transporting petroleum products, in lots of less than 5800 gallons were submitted, each in the form of an exhibit. Three studies were submitted by one witness<sup>(3)</sup> purporting to show the actual costs of operation of eight tank trucks.

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(3) These studies were submitted by B. E. Devere of the firm of Devere and Wallace and covered the operations of three 3000-gallon units by Collins Tank Line, one 4000-gallon unit by Devere and Wallace, and four 5000-gallon units by Crossley and Steens, all of Los Angeles.

The witness testified that he had selected the records of the three operators, set forth in the three respective studies, from records submitted to him by a number of operators owning tank trucks of less than 5800 gallons capacity. The selection was made to reflect respectively the costs attaching to the operation of 3000-gallon units, 4000-gallon units and 5000-gallon units. These cost studies are incomplete and cannot be used to determine the proper costs in this proceeding. (4)

C. G. Anthony, representing Petroleum Transporters Association, submitted an exhibit showing the results of a study of transporting liquid petroleum products in lots of less than 5800 gallons by tractor-truck and semi-trailer. In this exhibit the various elements which go into the cost are analyzed at some length. All of the items entering into the cost of operating tank trucks appear to have been considered.

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- (4) It should be pointed out that no consideration has been given in the three exhibits to the following legitimate items of expense:

State Board of Equalization Annual Permits  
Municipal annual business permits  
Personal Property Tax  
Unemployment Reserve Tax  
State Board of Equalization Gross Revenue Tax  
California Railroad Commission Gross Revenue Tax  
Return on Investment in vehicles, tools and  
equipment and working capital.



The exhibit develops cost plus profit for trucks having respectively 3000 gallons, 4000 gallons and 5000 gallons capacity and for 20 mile and 100 mile hauls for each size of units.

The witness stated that costs for any length of haul could be readily calculated by interpolation or projection upon a straight line. The costs per 100 pounds for each size of equipment and each length of haul are compared with the rates fixed by the Commission in Decision No. 29267 for lots of 5800 gallons or more. The conclusion drawn by the witness was that for short hauls not over 50 miles in length the operator of 3000 and 4000 and 5000 gallon tank trucks would make a profit when charging the rates prescribed by Decision No. 29267.

Before accepting the conclusions indicated by Anthony's Exhibit (No. 2) we should compare these costs developed for 3000, 4000 and 5000 gallon units with those developed by him in Exhibits Nos. 54 and 55 in Case 4079.

It will be observed that costs developed for 4000 gallon units (Ex. 2 Case 4191) are lower than those developed for 3000 gallon units. Also that costs developed for 5000 gallon units are lower than those developed for 4000 gallon units. However we find that costs developed for 6000 gallon units (Exhibits 54 and 55, Case 4079) in both exhibits are higher than those developed in Exhibit 2, Case 4191, for the lower minima of 3000, 4000 and 5000 gallons. It was found that for hauls over 40 miles the costs developed in Ex. 54, Case 4079, for 6000 gallon units were about one-half a cent higher than the costs developed for 3000 gallon units.

in Ex. 2, Case 4191. It would therefore appear that Mr. Anthony is of the opinion that while costs as between the 3000, 4000 and 5000 gallon units reduce in some ratio as the capacity increases the same general rule does not apply to the 6000 gallon unit and that for any length of haul it costs less per 100 pounds to move liquid petroleum products in 3000 gallon lots than it does in 6000 gallon lots. Such a conclusion is not in conformity with the generally accepted theory that large shipments may be moved cheaper than smaller shipments.

A cost study was submitted in the form of an exhibit (5) by the Commission's Engineer. This study was based upon personal interviews with a number of tank truck operators and the analysis of a number of questionnaires furnished by the Commission and filled in by tank truck operators containing a large volume of data on the subject of costs and operating factors. Each of the items and factors entering into the costs of transporting liquid petroleum in tank trucks was discussed, analyzed, determinations made and conclusions reached. Costs per 100 pounds were developed for three sizes of trucks - 3000 gallon, 4500 gallon and 6000 gallon. These costs were shown for various lengths of haul from 15 miles to 300 miles and a formula was supplied for use in readily calculating the cost for any length of haul.

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(5)

Exhibit No. 1 consisting of a 32 page report resulting from the study of the movement of liquid petroleum in less than 5800 gallon lots was prepared and presented by Fred H. Chesnut, Assistant Engineer of the Commission.

In Appendix A, following the Order herein, the costs per 100 pounds and per gallon have been arranged in tabulated form for various hauls ranging from 15 to 400 miles in length, and for the various sizes of shipments. Column 6 in the tabulation shows the increased cost per gallon of hauling 4500 gallon lots as compared with 6000 gallon lots. Column 9 shows increased cost per gallon of hauling 3000 gallon lots as compared with 4500 gallon lots, and Column 10 shows increased cost per gallon of hauling 3000 gallon lots as compared with 6000 gallon lots.

It appears that for a 50 mile haul the spread between the cost of hauling 3000 gallon lots and 6000 gallon lots is \$.0010 per gallon. For a 100 mile haul the spread is \$.0016 per gallon and for a 300 mile haul the spread is \$.0041 per gallon.

In connection with this estimate of the Commission's Engineer it was pointed out that while the item of expense designated "Overhead and General" had been scaled down to produce a lower value for the smaller capacity units than for the larger, the proportions used inclined to favor the smaller unit. On the other hand, criticism directed at the item from another quarter indicated that the values shown for the smaller units were too high. It appears from the testimony of several witnesses that the establishment of this item at a proper level requires the exercise of considerable judgment. No conclusive evidence was adduced which warrants the disturbing of the values placed upon this item by the Commission's Engineer.

Another point was raised to the effect that the Commission's Engineer has assumed the use of a three-axle truck for the carrying of a 3000 gallon load, whereas it was alleged

that the most suitable and economical unit consists of a tractor and semi-trailer. This claim does not appear to be substantiated by the various estimates of cost submitted. It appears from these estimates that the initial investment required for a tractor semi-trailer unit is about 12% more than for a truck unit. This increase will add to the item of fixed expense. Also it appears that the mileage expenses are about 16% greater when the semi-trailer unit is used.

It was further contended that the three-axle unit, because of its dead weight, was not capable of carrying 3000 gallons and at the same time complying with the State Motor Vehicle Act with respect to gross weight. The effect of assuming this contention to be true, although it was not substantiated, is to increase the cost per gallon for any given length of haul when moved on the three-axle unit in question. Insufficient evidence was adduced to warrant the increasing of the cost for transporting 3000 gallon lots as developed by the Commission's Engineer.

It appears, therefore, that costs per 100 pounds developed by the Commission's Engineer for the various sizes of shipments and for the various lengths of haul, as set forth in Exhibit 1, may be accepted as representing the best available data upon the subject.

From a stipulation between Petroleum Transporters Association and the Santa Fe, Southern Pacific, and Pacific Electric railroad companies, respectively, it appears that the Santa Fe does not operate tank cars having a capacity less than 5800 gallons, while the other two railroads have enjoyed but little if any movement in 1936 of cars below that minimum. These carriers urged that if the rates are to be based on costs, then the difference in

the minima should be considered. No showing was made on behalf of any of the other parties who appeared.

Although the evidence bearing upon the operating costs, standing by itself, would seem to justify the establishment of an increased rate upon small minimum shipments, this is overcome by the showing of competitive conditions which, in our judgment, justifies a lower minimum at the rate now applicable under the present minimum of 5,800 gallons.

Directing our attention now to the competitive situation, the record discloses that the small tank carriers and the shippers introduced considerable testimony describing their methods of operation and the effect upon them of the rates and minimum established by Decision No. 29267. The evidence clearly indicates that about 20 per cent of the tank trucks engaged in the transportation of liquid petroleum products have a capacity of less than 5800 gallons. Also it appears that there is a constant permanent demand on the part of the shippers for the movement of these commodities in lots of less than that amount. It is clear that were the small tank operators, now using equipment of smaller capacity than 5800 gallons, required to base their charges for such shipments on a minimum of 5800 gallons, they would be compelled to impose a higher rate per gallon than that assessed upon shipments equaling or exceeding that minimum. This, it appears, would have a serious effect upon their business. The record shows that the higher ton mile rate so resulting would, because of the severe competition now existing, deprive these carriers of their business, and since the small tank trucks cannot readily be converted to other uses, many of them would be

thrown upon the market at once, resulting in a depressed price. To most of these operators this would mean the destruction of their whole investment.

On the other hand, were the minimum reduced to 3,000 gallons, the lowest rated capacity of any of the trucks now used in this service, these carriers would thus be permitted to continue serving their customers at rates identical to those charged by their competitors. This, so it was stated, would result in the stabilization of the business.

It was further contended that were the small distributor not permitted to secure his shipments through the small tank trucks at the same rate per ton mile as that applicable under the present 5800 gallon minimum, he will be obliged either to go out of business or to increase the size of his storage facilities, the latter entailing an expense which often would be prohibitive. This, of course, would work a considerable hardship to the shipper and would be clearly to his disadvantage.

Plant truck facilities are not used to any extent in the handling of this traffic. However, small refineries faced with this severe competition among themselves and with the major refineries, must meet their customers' demands which usually are for small quantities. These refineries are unwilling to pay any higher rate or "premium" for this service. Since their operations are conducted on a narrow margin of profit, they find themselves unable to pass this additional charge along to the public; they cannot absorb a higher transportation cost. Were the transportation charges

imposed by the small tank truck operators assessed on a higher ton mile basis for quantities under 5800 gallons than for those applying on shipments equal to or exceeding such minimum, then the small refineries will be forced eventually to resort to the use of proprietary trucks, or abandon their operations. Ultimately the distributors, compelled as they will be to enlarge their storage facilities if they would survive, will no longer have any incentive to draw from the small refineries through for-hire facilities.

It is clear that either the refinery or its customer, usually a service station, must absorb any difference in rates. Although some consumers situated at remote spots, such as ranchers, might possibly be induced to pay higher rates, this is not true in most cases, for the service station operators face competition of the severest sort, other service stations in the same communities often drawing their supplies from major refineries in quantities exceeding 5800 gallons. It is apparent therefore that the small service station operators are in much the same situation as the small refineries; neither is in a position to stand an increase in the transportation rate above that applicable for the larger quantities. Many of these operators find it impossible to purchase in large quantities, particularly where they are obliged, as they frequently are, to secure supplies of various grades of gasoline. Their storage facilities are too limited to permit this. Although, as we

have pointed out, these station operators could avail themselves of the lower rates by enlarging their storage facilities, many of them will find the cost prohibitive and unless relief is granted will be compelled to retire from business.

The suggestion voiced by some of the parties that the small tank truckers might successfully operate under the present 5800 gallon minimum through the expedient of accepting portions of a load, the remainder of which would be consigned to some other operator in the same community, is not practicable. The record shows that in practice split deliveries cannot be made to different stations located in the same communities, since each of them ordinarily draws its supplies from a different refinery, the minor oil company ordinarily having no more than one distributing station in each town. Furthermore, the orders cannot usually be coordinated so as to permit this.

The establishment of the rates prescribed in Case 4079 on minima lower than 5800 gallons should not be viewed as the expression of a policy to be adopted generally in the establishment of rates. Rather, such a course has been followed here primarily to alleviate the unsettled conditions now prevailing in the industry. By so doing, both the shippers and the carriers will be afforded an opportunity to consummate any changes in their business methods necessary to effectuate a more equitable distribution of the burdens incident to the sale and transportation of these commodities. In the future, it may become necessary to investigate this situation further, with a view to establishing the rates on a more nearly permanent and stable basis.



Upon consideration of the evidence herein, the Commission hereby makes the following findings of fact:

(1) That the rates, rules and regulations set forth and prescribed in Appendix "A" of Decision No. 29267 in Case No. 4079, dated November 9, 1936, as modified by changing the minimum weight, set forth in paragraph (b) of the rule providing minimum weights and minimum charges appearing on page 2 of said Appendix "A", from 5800 gallons to 3000 gallons, are justified and should be established as the just, reasonable and non-discriminatory minimum rates, rules and regulations for the transportation, in lots of less than 5800 gallons, of refined liquid petroleum products, including compounded oils having a petroleum base, as described in Supplement No. 17 to Western Classification No. 65, (Supplement No. 17 to C.R.C. No. 580 of M. A. Cummings, Agent) under the heading "Petroleum or Petroleum Products \* \* \*" (excepting that such rates will not apply on petroleum crude oil, petroleum fuel oil and petroleum gas oil), when moving in tank trucks, tank trailers or tank semi-trailers, or a combination of such highway vehicles, by all highway carriers between points in the State of California.

(2) That the said highway carriers will not for the future be justified in charging or collecting rates upon said commodities described in finding No. 1, less than those found to be just, reasonable and non-discriminatory minimum rates, for the transportation, in lots of less than 5800 gallons, of said commodities described in finding No. 1 except for the purpose of meeting the rates prescribed in Appendix "A" of said Decision No. 29267, as reasonable and sufficient rates for the transportation of said commodities by common carriers by railroad.

(3) That common carriers by railroad, respondents herein, for the future will not be justified in reducing their rates upon said commodities described in finding No. 1 herein below the rates found reasonable and sufficient in finding No. 1 of said Decision No. 29267, except for the purpose of meeting the rates set forth in Appendix "A" of said Decision No. 29267, as modified in finding No. 1 herein, and prescribed by said Appendix "A", as modified herein, as the just, reasonable and non-discriminatory minimum rates for the transportation of said commodities by highway carriers, in lots of less than 5800 gallons.

#### O R D E R

A public hearing having been had in the above entitled proceeding, evidence having been received, the matter having been submitted, and the Commission now being fully advised,

Now, therefore, based upon the evidence received at said hearing and upon the conclusions and findings set forth in the preceding opinion:

IT IS HEREBY ORDERED that the rates set forth in Item No. 2, and the rules and regulations set forth on pages 2, 3 and 4 of Appendix "A", forming a part of Decision No. 29267 in Case No. 4079, dated November 9, 1936, except as hereinafter modified, be and they are hereby approved and established effective January 24, 1937, as the just, reasonable and non-

discriminatory minimum rates, rules and regulations to be charged and collected by any and all highway carriers, as that term is defined in the Highway Carriers' Act ( Chapter 223, Statutes of 1935) for the transportation, in lots of less than 5800 gallons, between points in the State of California, of refined liquid petroleum products, including compounded oils having a petroleum base, as described in Supplement No. 17 to Western Classification No. 65, (Supplement No. 17 to C.R.C. No. 580 of M. A. Cummings, Agent) under the heading "Petroleum or Petroleum Products \* \* \*" (excepting that such rates will not apply on petroleum crude oil, petroleum fuel oil and petroleum gas oil), provided, however, that where rates prescribed therein as the reasonable and sufficient rates for the transportation by common carriers by railroad of said commodities and shown in Item No. 1 of said Appendix "A", are lower, said highway carriers may apply, demand, collect and receive such lower rates.

IT IS HEREBY FURTHER ORDERED that paragraph (b) of the rule entitled "Minimum Weight and Minimum Charges," appearing on page 2 of said Appendix "A" of Decision No. 29267, insofar as it applies to the minimum rates established herein for the transportation of said commodities, in lots of less than 5800 gallons, by highway carriers, be and it is hereby modified and amended to read as follows:

"The minimum weight for shipments in tank trucks, tank trailers, tank semi-trailers, or in any combination of such vehicles shall be the full legal carrying capacity of the tank or tanks but in no event shall the transportation charges for quantities less than 3000 gallons be less than those applicable on shipments of 3000 gallons."

IT IS HEREBY FURTHER ORDERED that all highway carriers, as that term is defined in the Highway Carriers' Act (Chapter 223, Statutes of 1935) be and they are hereby ordered to cease and desist on January 24, 1937, and thereafter abstain from charging and collecting for the transportation, in lots of less than 5800 gallons, between points in the State of California, of refined liquid petroleum products, including compounded oils having a petroleum base, as described in Supplement No. 17 to Western Classification No. 65 (Supplement No. 17 to C.R.C. No. 580 of M. A. Cummings, Agent), under the heading "Petroleum or Petroleum Products \*\*\*\*" (excepting that such rates will not apply on petroleum crude oil, petroleum fuel oil and petroleum gas oil) rates less than the minimum rates hereinabove in this order prescribed.

IT IS HEREBY FURTHER ORDERED that all common carriers by railroad, respondents herein, may whenever the minimum rates hereinabove prescribed for the transportation of said commodities, in lots of less than 5800 gallons, by highway carriers are lower than those prescribed in Item No. 2 of Appendix "A" of said Decision No. 29267, apply, demand, collect and receive such lower rates.

IT IS HEREBY FURTHER ORDERED that the effective date of this order shall be January 24, 1937.

Dated at San Francisco, California, this 7th day of January, 1937.

*Malcolm*  
*Leon O. Whitfield*  
*James R. Alery*  
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Commissioners.

# APPENDIX "A"

Table showing estimated cost per 100 pounds and per gallon for transporting liquid petroleum in lots of various sizes and for various lengths of haul. Data supplied from Ex. No. 1, Case No. 4191.

Length of Haul Miles	6,000		4,500		Increase Col. 5 over Col. 3	3,000		Increase Col. 8 over Col. 5	Increase Col. 8 over Col. 3
	Per Cwt.	Per Gal.	Per Cwt.	Per Gal.		Per Cwt.	Per Gal.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
15	\$.0405	\$.0027	\$.0440	\$.0029	\$.0002	\$.0470	\$.0031	\$.0002	\$.0004
20	.0478	.0032	.0520	.0035	.0003	.0570	.0038	.0003	.0006
30	.0575	.0038	.0630	.0042	.0004	.0660	.0045	.0003	.0007
40	.0660	.0044	.0720	.0048	.0004	.0780	.0052	.0004	.0008
50	.0750	.0050	.0810	.0054	.0004	.0897	.0060	.0006	.0010
60	.0863	.0058	.0926	.0062	.0004	.1029	.0068	.0006	.0010
70	.0976	.0065	.1042	.0069	.0004	.1161	.0078	.0009	.0013
80	.1089	.0072	.1158	.0077	.0005	.1293	.0086	.0009	.0014
90	.1202	.0080	.1274	.0085	.0005	.1425	.0095	.0010	.0015
100	.1317	.0088	.1390	.0093	.0005	.1560	.0104	.0011	.0016
125	.1605	.0107	.1689	.0112	.0005	.1894	.0126	.0014	.0019
150	.1693	.0126	.1988	.0132	.0006	.2228	.0148	.0016	.0022
175	.2181	.0146	.2287	.0152	.0006	.2562	.0171	.0019	.0025
200	.2468	.0165	.2566	.0173	.0008	.2896	.0193	.0020	.0028
250	.3045	.0203	.3184	.0212	.0009	.3563	.0238	.0026	.0035
300	.3620	.0241	.3780	.0252	.0011	.4230	.0282	.0030	.0041
350	.4196	.0280	.4378	.0292	.0012	.4897	.0326	.0034	.0046
400	.4772	.0318	.4976	.0332	.0014	.5564	.0370	.0038	.0052