

Decision No. 30090

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
RAY STEPHEN for relief under Section)
11 of the Highway Carriers' Act (Chapter)
223, Statutes of 1935) and for relief)
under City Carriers' Act (Chapter 312,)
Statutes of 1935) from the minimum rates)
on refined petroleum products trans-)
ported for Consolidated Supply Company,)
a subsidiary of Western Dairy Products,)
Inc., such rates being heretofore es-)
tablished by this Commission in Decision)
No. 29267 in Case No. 4079 and in Deci-)
sion No. 29349 in Case No. 4191.)

ORIGINAL

Application No. 21028

Earl Glen Whitehead, for applicant.
Wallace K. Downey, for Pacific Tank Lines and
Pacific Freight Lines and Keystone Express
System.
James E. Lyons, for Southern Pacific Co.
G.E. Duffy and George Hurst, for Atchison, Topeka
and Santa Fe Railway Co.
E. Bissinger, for Pacific Electric Railway Co.
H.H. Sanborn, for Tank Truck Operators Ass'n.

BY THE COMMISSION:

O P I N I O N

By this application Ray Stephen, an individual operating as a highway contract carrier and city carrier, seeks authority under Section 11 of the Highway Carriers' Act and Section 10 of the City Carriers' Act to charge less than the minimum rates established by Decisions Nos. 29267 and 29349 as amended, in Cases Nos. 4079 and 4191, respectively, for the transportation of gasoline by tank truck between points in Los Angeles and adjacent territory.

Public hearings were had at Los Angeles before Commissioner Ware and Examiner Hunter.

For the past two years applicant has transported approximately 120,000 gallons of gasoline per month under contract with Consolidated Supply Company from its storage plant located at 1900 West Slauson Avenue, Los Angeles, to various distributing stations

of Western Dairy Products Inc.¹ Sufficient gasoline must be available at these stations to service a fleet of milk delivery trucks maintained by the latter company. It is not essential, however, that the tanks be filled to capacity or that full truckloads be discharged at each station. In fact the storage capacity of two of the tanks will not permit such distribution. Applicant arranges his own operating schedule and as a result of the uniform requirements of each station and regularity of movement throughout the year, performs this transportation with one small tank truck. He drives the vehicle himself and does not maintain an office nor hire employees of any kind.

Applicant called attention to the fact that the established rates for this transportation are based upon a minimum of 3,000 gallons, whereas the carrying capacity of his vehicle is only 1,030 gallons and the storage capacity of two of the distributing stations is less than 1,000 gallons. He alleged that if he is required to assess the established rates subject to the established minimum quantity, the total charge for distribution will exceed the margin between the tank-car price at the storage plant and the tank-truck price of the gasoline delivered at the distributing stations. Under these circumstances it is said that the gasoline will be distributed direct from the refinery or will be transported by the shipper, and in either case the traffic will be lost to applicant.

According to applicant the elimination of overhead and labor expense and the fact that this transportation service can be operated

¹ Of the total distribution, 45,000 gallons were transported in an intraplant shuttle service involving a haul of only 500 feet. The balance of the movement over the public highways is said to be divided approximately as follows:

<u>Gallons</u>	<u>Location of Distributing Stations</u>	<u>Distance from Bulk Plant</u>
22000	Los Angeles (Beverly Hills)	10 miles
8000	Los Angeles (21st Street)	5 miles
2000	Los Angeles (17th Street)	6 miles
17000	Glendale	13 miles
13000	Alhambra	13 miles
6500	Santa Monica	15 miles
6500	Long Beach	19 miles

with one vehicle permits an economical operation. The full cost of performing the service exclusive of the Slauson plant shuttle haul is said to be approximately \$264.00 per month. This includes operating expenses of \$84.00, a 4% percent return on an investment of \$1402.00, and a monthly wage for applicant of \$175.00. In lieu of rates established by the Commission applicant proposes to assess a schedule of any-quantity distance rates, which he stated will produce an estimated monthly revenue of \$280.00 exclusive of revenue from the intraplant shuttle service.

The record shows that the proposed rates are satisfactory to the interested shipper. No objection to the granting of the application was made by any one provided the sought rates be restricted to apply only from the storage plant of Consolidated Supply Company to the distributing stations specified herein.

Upon this record rates of the volume of those proposed appear reasonable for the particular transportation involved. Inasmuch however, as the transportation is confined to defined points, there does not seem to be any justification for a general mileage scale. Rates of the volume of those proposed will therefore be authorized on a point-to-point basis.

Upon consideration of all the facts of record, it is concluded that rates of the volume here proposed are reasonable for the intercity transportation service rendered. To this extent the application will be granted. Inasmuch as minimum rates have not as yet been established for intracity transportation of gasoline by tank truck no relief under Section 10 of the City Carriers' Act is required at this time.

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The proposed rates in cents per 100 pounds are as follows:

Under 10 miles	5
10 miles and under 15 miles	5½
15 miles and under 20 miles	6

ORDER

This application having been duly heard and submitted, and based upon the conclusions and findings set forth in this preceding opinion,

IT IS HEREBY ORDERED that Ray Stephen be and he is hereby authorized to transport gasoline by tank truck for the Consolidated Supply Company from its gasoline storage plant located at 1900 West Slauson Avenue, Los Angeles, to distributing stations of Western Dairy Products, Inc., located at Glendale, Alhambra, Santa Monica and Long Beach, at rates less than those established in and by Decisions Nos. 29267 and 29349 as amended, in Cases 4079 and 4191 respectively, but not less than $5\frac{1}{2}$ cents per 100 pounds to the Glendale and Alhambra stations and 6 cents per 100 pounds to the Santa Monica and Long Beach stations.

This order shall become effective on the date hereof.

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

W. H. ...
...

Ray & Riley
Commissioners.