

ORIGINAL

Decision No. 30106

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment of
maximum or minimum, or maximum and
minimum rates, rules and regulations
of all Radial Highway Common Carriers,
and Highway Contract Carriers, opera-
ting motor vehicles over the public
highways of the State of California,
pursuant to Chapter 223, Statutes of
1935, for the transportation for com-
pensation or hire of any and all com-
modities, and accessorial services
incident to such transportation.

Case No. 4088
(Part "C")

In the Matter of the Investigation and
Establishment of rates, charges, classi-
fications, rules, regulations, contracts
and practices, or any thereof, of Common
Carriers of all commodities necessary or
incidental to the establishment, opera-
tion, maintenance or dismantling of oil,
gas, and water wells, pipe lines, oil
refineries, and cracking or casing head
plants.

Case No. 4107

ADDITIONAL APPEARANCES

A.L. Whittle, for Sunset Railway Company
F.A. Koors, for Union Oil Company
Roscoe Arnold, for Carl Ingalls, Inc.

The appearances listed above were entered during the further hearings in Part "C" of Case No. 4088 and in Case No. 4107. For other appearances in these proceedings see Decision No. 30025, dated August 9, 1937, in Part "R" of Case No. 4088.

BY THE COMMISSION:

SECOND SUPPLEMENTAL OPINION

By Decision No. 29313, dated November 30, 1936, and supplemental orders thereto in the above entitled proceedings, the Commission established minimum rates, rules and regulations for radial highway common carriers and highway contract carriers, and reasonable and sufficient rates for common carriers, for transporta-

tion of commodities necessary or incidental to the establishment, operation, maintenance or dismantling of oil, gas, and water wells, pipe lines, oil refineries and cracking or casing head plants, between points in California, Salinas, Fresno and south.¹

Thereafter, upon the representations of Lang Transportation Corporation, Belyea Truck Company, Oil Fields Trucking Company and other interested parties that the rail terminal rates for the transportation of the same commodities in the same territory were unreasonably low and depressed and not justified by the competitive charges of other carriers or the cost of other means of transportation, and that Decision No. 29313 should be amended to adjust the rail terminal rates and modified in certain other particulars, further hearings were had in these proceedings before Examiner Howard G. Freas at Los Angeles.

A proposed report was issued by Examiner Freas and a few interested parties filed exceptions thereto.² The Commission's conclusions differ only slightly from those proposed by the examiner.

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Rates were established on the following basis:

- (a) Specific rates were set forth for the transportation of shipments consisting of commodities described in Item No. 10 of Appendix A to Decision No. 29313, when originating at or destined to points located in Los Angeles or Orange Counties.
- (b) A basing rate of .0025 cents per mile was provided, to be added to the specific rates in constructing rates from or to unnamed points, on shipments originating at or destined to points in Los Angeles or Orange Counties.
- (c) The lowest common carrier rate then in effect was established as minimum for the transportation of commodities not described in Item No. 10 of said Appendix A, but which are necessary or incidental to the establishment, maintenance, operation or dismantling of oil, gas and water wells, etc.

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Crane Co. asked that "valves" be added in Item No. 5, Appendix A-1.

Union Oil Co. suggested that Santa Fe Springs be added with Torrance as a headline point, that specific rates be set forth to other major fields, that the distance rule be clarified, and that both

The history and interpretation of the regulatory legislation under which these proceedings were conceived was discussed in detail in Case No. 4079, Re: Petroleum Products, 40 C.R.C. 221. It was therein stated (at page 237):

"Recurring to the California legislative measures of 1935, they clearly present a mandate that unequivocally compels this Commission to fix a fair level of just, non-discriminatory, reasonable and sufficient rates, applicable alike to every common and highway carrier and thereby conclude this chaotic era of ruinous, cutthroat competition, through which the rails and trucks have been destructively warring. Manifestly, the necessity for restoration of order throughout the freight rate structures of California impelled this firm stroke of legislation.

"In obedience thereto, and in definite recognition that public interest requires adequate, economic and enduring transportation facilities, the Commission now assumes the task of fixing rates on a fair and reasonable basis for every carrier."

At the further hearings petitioners and other carrier and shipper interests proposed certain adjustments in the pickup and delivery rates established by Decision No. 29313, supra. Charles D. Gifford, consultant specializing in petroleum and valuation engineering, testified that in his opinion the established basing rates of .0025 cents per mile is excessive and discriminatory. He stated that the limits of oil fields are definite and certain in the minds of the trade and that it would be practical to name rates specifically to designated fields. He suggested that rates between Los Angeles and fields north of Bakersfield, Taft and Maricopa be computed beyond the latter points according to a distance scale graduated in 10-mile blocks.

2 (continued)

split pickup and split delivery of single shipments be authorized.

Southern Pacific Co. proposed modifications of the mixed shipment rule, distance rule, and commodity descriptions, addition of other fields as sideline points, substitution of classification rules for loading and unloading, provision for absorption of the cost of extra handling within a single industrial yard, and an upward revision of the absorption scales.

Lang Transportation Co., et al., suggested the optional use of weight or measurement for large tanks, special rates for boilers in excess of 5 tons, establishment of minimum rates for transportation from rail heads to fields and substitution of proportional rates for the deduction basis in Item No. 65.

Various carriers and shippers asked that the commodity descriptions in Item 10 of Appendix A of Decision No. 29313, supra, be broadened to cover all articles which customarily move to the oil fields in mixed shipments. They sought to have included tank steel,³ rivets, hand tools, atmospheric water cooling towers, lubricating oils and greases, acetylene gas, wire rope, casing shoes, boilers and engines, pumps and "heavy weight material" (a composition shipped in sacks and used to weight down a drill). They suggested, also, that the provisions of Note 6, Item 1, Page 268 of Western Classification No. 66, C.R.C. No. 611 of L. F. Potter, Alternate Agent, be incorporated as a part of the group description.⁴ Certain carriers opposed any further broadening of the group, claiming it would tend to break down their class rate structure. As an alternative, these carriers recommended that a scale of class rates be established to apply on the contraband articles.

Rail carriers suggested that the pick-up and delivery limits of each point be specifically defined, that the railroad depots be designated as the points from which distances should be

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By Decision No. 29560, dated February 19, 1937, in these proceedings the Commission authorized application of the Appendix A rates to tank steel where such rates are lower than the common carrier rates.

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Asbury Truck Company suggested the following note, patterned after Note 6, Item 1, page 268 of the Western Classification:

"The following equipment or appliances, forming a part of Oil, Water or Gas Well Outfits and Supplies, will, if shipped in mixed (carloads) (truck and trailer loads minimum) with such Oil, Water or Gas Well Outfits and Supplies, be taken at the (C.L.) (T.L.) rating and (C.L.) (T.L.) minimum weight applicable on such Oil, Water or Gas Well Outfits and Supplies:

Air Compressors; Anvils; Belts; Blacksmith's Rotary Blowers; Boilers, including Fire Brick and Fire Clay for setting; Boiler Parts, Boiler Fronts and Grate Bars; Electric Generators; Engines; Pipe or Pipe Fittings and Valves; Power Pumps; Pull Rods; Rope; Smokestacks; Sucker Rods; Tanks, Oil and Gas Separating, automatic; Working Barrels (Pump Cylinders); Steam Boiler Trucks or Running Gears, K.D.; one box Mechanics' Tools, second-hand (used), not exceeding 1,000 pounds in weight."

computed and that routes over which the rates apply be indicated. They believed, also, that the application of the more distant rate at unnamed intermediate points should not be permitted in the territory between Coalinga and Lemoore on the north and Maricopa, Taft and Bakersfield on the south, but that specific rates should be named to each township. They stated that these clarifications would enable them to determine whether or not the rail rates plus the truck charges beyond the rail terminals are on a parity with the through truck rates.

In support of the assertion that the current rail terminal rates were unreasonably low and depressed, studies setting forth the history since 1924, of carload rates on the commodities involved, were introduced by competing highway carriers. These studies illustrate that the present rail rates are the result of a series of sharp reductions and are from 23 per cent. to 30 per cent. of the rates in effect on January 30, 1924, between points between which there is an actual movement. Particularly severe reductions have been made since November 1, 1931, as is shown in the following table:

(Rates are stated in cents per 100 pounds)

From Los Angeles	Carload Rail Rate prior to Nov. 1, 1931 (Min. 40,000 lbs.)	Current Rail Carload Rate (Min. 40,000 lbs.)	Pickup and Delivery Rate Prescribed in Dec. 29 1931 (Min. 30,000 lbs.)
TO:			
Fresno	35	20	35
Coalinga	35	20	35
Lemoore	35	20	35
Tulare	35	18	30
Exeter	35	19	33
Porterville	30	18	30
Bakersfield	25	15	24
Taft	35	15	24
San Luis Obispo	(1) 42½	17	22
Paso Robles	(1) 58	18	35

(1) Minimum weight - 36,000 pounds.

Rate comparisons were presented showing that the rail terminal rates for the transportation of the commodities involved in

these proceedings bear a percentage relationship to the Class A rate of as low as 21.4 per cent. in some instances. Comparisons with rail terminal rates on other commodities such as sulphuric acid, plumbers' goods and canned olives, and with rates found reasonable by this Commission for the transportation of refined petroleum products in tank cars, were offered.

Rail carriers admitted that their current terminal rates were depressed. They asserted, however, that such rates were initiated during the period of unregulated highway competition and represented the effort of the railroads to regain and hold their traffic against the disastrous rate cutting policies of their competitors. They contended that depressed rates were still justified and necessary to enable the railroads to participate in this traffic. In support of this contention they introduced railroad time schedules and pointed out that highway carriers were able to accord a speedier transportation, available on short notice at all times, and to perform the accessorial services of loading, unloading, and pick-up and delivery which rail carriers did not undertake to render in connection with carload service. Several persons experienced in the trucking business testified as to the amount of their going rates for transportation beyond the rail track facilities. This testimony was not supported by cost data but did include a description of road conditions beyond the rail heads which indicates that in times of poor weather, at least, transportation to off-highway points is extremely difficult and is consequently very expensive. The rail carriers emphasized particularly that the present rail terminal rates were predicated on average conditions and that while the differential between terminal rates and pick-up and delivery rates might appear unjustified in particular hypothetical examples, such differential might well be requir-

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In Consolidated Southwestern Cases, 123 I.C.C. 203, the Interstate Commerce Commission prescribed the Class A rate to apply on Oil Well Outfits and Supplies.

ed to meet highway competition to the point of greatest actual movement. They pointed out that rail carload rates in some instances are subject to a minimum weight of 40,000 pounds, whereas highway carrier rates have been established on a minimum weight of 30,000 pounds, and stressed the disadvantage attached to the maintenance of a higher minimum weight. They made no attempt to show what relationship should exist between rates based on different minimum weights.

HIGHWAY CARRIER RATES

In the resume of proposed modifications of Decision No. 29313, mention was made of suggestions relating to the broadening of the group described in Item 10 of Appendix A of said decision. It is of course impracticable to group at one rate all commodities ordinarily used in a certain type of project. Such a practice would destroy rate relationships based on transportation characteristics and developed over a period of many years. On the other hand, the lack of a suitable provision for mixtures results in abnormally high charges in some instances. It is believed that the situation may be relieved at this time by authorizing the mixture of contraband articles at their separate rates, but allowing the weight of such contraband to be used to make up the minimum weight for articles on which the group rate applies. On this record, however, the group should be broadened to a limited extent. If there are other commodities upon which the group rates should be applied they may be brought to the Commission's attention by appropriate petition with supporting evidence in justification thereof.

It is evident also that the use of a basing rate beyond incorporated cities creates discriminatory situations to some extent in that the volume of the rate to oil fields equidistant from the point of origin will vary according to their proximity to such incorporated cities. It appears advisable to provide specific rates to some of the established fields, the boundaries of which can be

ascertained with some degree of exactness.

The rates heretofore prescribed for highway carriers were predicated upon a group average. It now appears that the group set forth includes articles with a wide range of transportation characteristics, some of which if moving in straight shipments might well require a different basis of charge. In the past it has been the practice of common carriers to provide both class rates and commodity rates with an alternative provision permitting the application of whichever rate produces the lowest charge. A similar application should be provided in connection with highway carrier rates and with the establishment of reasonable and sufficient rates for common carriers. In the absence of a scale of class rates for highway carriers, alternative use of the present common carrier class rate scale should be permitted.

RAIL TERMINAL CARLOAD RATES

For the purpose of this discussion, shipments for which rail carriers are in active competition with highway carriers may be divided into three types, each of which presents a different competitive situation and will be considered separately.

1. Point of Origin and Point of Destination Located on Rail Track Facilities

When both the point of origin and point of destination of a shipment are located on rail track facilities the rail switching service is substantially equivalent to store-door service. However, highway carriers ordinarily perform loading and unloading. For such shipments a differential to cover the cost of loading and unloading should place the railroads on a fair competitive basis. The record indicates that the cost of loading or unloading a rail car is approximately 2 cents per one hundred pounds, hence between rail head points the differential between the rail carload rate and the highway carr-

iers' rate should approximate 4 cents.⁶ In some instances it is the practice of shippers to load and consignees to unload the equipment of highway carriers, thus equalizing, to some extent, the service performed by each type of carrier, and in such instances the highway carriers should be permitted to meet the rail rates.⁷

2. Point of Origin or Point of Destination (but not both)
Located Off-Rail

When shipments originate at or are destined to points not located on rail track facilities the railroads may not be expected to share in the traffic unless they are permitted to maintain rates sufficiently low to compensate for the cost of transporting beyond the rail head and for the cost of loading or unloading the rail car. It is apparent that the former cost must increase with the distance beyond the rail head until a point is reached where it becomes unprofitable for the railroads to seek to offset their physical disadvantage by the maintenance of a rate differential.

The record on further hearing contains little evidence of the cost of transporting beyond the rail head. In proceedings of this nature the mere statements of truckmen as to what they would charge for performing such service, are of little probative value. The fixing of a proper differential, based on the cost of transporting beyond the rail head, is of the utmost importance to the rail carriers and the highway carriers alike, and it is unfortunate that the parties have not seen fit to provide more detailed information. Certainly the testimony of truckmen should be supported by cost records or operating cost data. In the absence of such evidence the studies introduced in the original hearing in these proceedings

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Rates are stated herein in cents per 100 pounds.

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Section 10, Highway Carriers' Act, provides in part: "**** In event the Commission establishes minimum rates for transportation services by highway carriers, such rates shall not exceed the rates of common carriers for the transportation of the same kind of property between the same points."

have been adopted as a basis for determining costs.⁸ When considered in connection with testimony concerning road conditions presented at the further hearing, these studies indicate that the minimum reasonable cost of transportation by highway carriers for distances up to 5 miles is not less than 5 cents per one hundred pounds and that this cost may be increased where tractors or other special equipment is required. It does not appear, however, that such cost will exceed 7 cents per one hundred pounds, including the cost of transfer from truck to rail car or from rail car to truck. Consequently, on this type of traffic the railroads will not require a differential in excess of 9 cents (7 cents plus 2 cents loading or unloading). Beyond the 5-mile zone the cost scale increases at approximately the same rate as the increment prescribed in connection with highway carriers' rates, hence the 9-cent differential should compensate in all instances when the rail head point is traversed by the through route of the highway carriers. Where the rail head point is not located on the direct highway route to destination, however, a further differential may be required. For example, from southern California points to fields south of Coalinga, the highway carriers' rate is graded beyond Taft, not to exceed the Coalinga rate. On shipments handled by rail through Coalinga the cost beyond the rail head would increase and the through highway carriers' rate would decrease in direct ratio to distance. Such a situation may be equalized by providing a cost scale graduated on mileage, and allowing the rail carriers to assess the difference between the through highway carriers' rate and the cost of transporting beyond the rail head.

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Exhibits C-2, C-10, C-13, C-14 and C-18 (Supplemental).

3. Where Neither Point of Origin nor Point of Destination
is Located on Rail Track Facilities.

Where neither the point of origin nor point of destination is located on rail track facilities similar problems to those discussed under the preceding heading are presented. If the railroads are to attract a portion of the traffic they must maintain rates which will offset the cost of transporting from origin to rail head and from rail head to destination, including transfers from truck to car and from car to truck. At least one of these operations is ordinarily performed within the limits of a city or developed area in which road conditions are not difficult, hence it would not appear that the combined off-rail cost for distances not to exceed 5 miles on each end of the rail haul would exceed 12 cents (7 cents plus 5 cents) per one hundred pounds. No further allowance to shipper or consignee for performing loading or unloading would be required to equalize competitive conditions in this situation, inasmuch as the off-rail truck costs would include the costs of transfers between trucks and rail cars. As explained under the preceding heading, further differential would be required where the rail-truck route was circuitous.

RATE DEDUCTIONS

The foregoing discussion demonstrates that the maintenance by railroads of depressed rates to meet highway competition at off-rail points gives them an undue advantage between points served directly by rail track facilities, and that no single differential can be devised to meet the three competitive situations adequately. The desired result may be attained, however, by providing a mileage scale of "allowances" or "deductions", based on truck costs, to be deducted from the through highway carriers' rates in determining rail

charges on shipments having an off-rail origin or destination.⁹ This plan would be similar in many respects to divisional arrangements now in effect in connection with joint rail rates, in which the revenue of a particular carrier varies according to the length of the haul performed beyond its lines by another carrier.¹⁰ While it is true that these arrangements have, in the past, been limited to joint rates between common carriers, they illustrate that the theory of varying rail charges according to the distance traversed beyond the lines of the rail carriers is not entirely novel.

This basis of deductions would fix no limit upon the rail carriers' field of competition. It would, in effect, indicate the extent to which rail carriers should be permitted to go in reducing rates to meet competition at off-rail points and would reserve to the carriers the maximum of discretion in electing at which points they will compete for off-rail traffic. In view of the depressed status of the rail rates, however, it does not appear that further reductions should be authorized on the present record, hence the rail rates now in effect should be fixed as a minimum in applying the deductions.

In view of the facts that the present rail carload rates were admittedly depressed by unregulated truck competition and that

⁹ Case No. 4079, supra, at page 251 provides: "It is quite true that in establishing rates for highway carriers, it is the duty of the Commission under Section 10 of the Highway Carriers' Act to give due and reasonable consideration to the cost of truck service beyond the regularly established termini of common carriers. As we construe this section, when a highway carrier performs some service beyond the termini of common carriers, such additional charges may be fixed for highway transportation to the point beyond the common carrier terminal, so that the rates of the common carrier to its terminal and the cost of moving the traffic beyond to the ultimate destination will be, as nearly as possible, equal to the through rate of the highway carrier, in order to fairly equalize the competitive conditions."

¹⁰ It is common practice to divide joint rates on the basis of a mileage pro-rate with the local rates of each participating carrier as maximum.

the general level of rail rates in effect prior to the advent of such competition, as well as the level of comparable scales prescribed by the Interstate Commerce Commission, was well above the minimum rates established by this Commission for highway carriers, it appears that the railroads should be required to increase their terminal to terminal carload rates to the level of the rates established for similar service by highway carriers, without prejudice to the publication of such basis of proportional rates, absorptions or allowances as will enable them to compete with the highway carriers for off-rail traffic on fairly equal terms.

There is set forth in Section 4 of Appendix A-1 hereto a plan which, it is believed, will provide a reasonable equality of competitive opportunity. That plan, in effect, permits the rail carriers to assess charges on shipments having an off-rail origin or destination upon the basis of the through highway carrier rate less the cost of transportation beyond the rail facility points. It is recognized that the suggested plan presents certain publication difficulties which would be insurmountable, perhaps, if the railroads were required to publish rates between all off-rail points. However, the record shows that the majority of the oil well supply shippers in the Los Angeles territory are served by rail spurs. Moreover, highway carrier rates to many of the San Joaquin Valley fields have been set forth specifically. Under these circumstances, it appears that publication of the "allowance" provisions in connection with points between which an actual movement may be anticipated would be entirely practical.

No rules for policing off-rail movements have been set forth. The railroads should be able to develop a suitable set of regulations, similar perhaps to those now published in connection

with proportional rates and transit privileges.

The railroads should not be required to publish the "Section 4 plan" in its entirety. They should be authorized to maintain whatever basis or arrangement they consider proper, so long as the total charges accruing thereunder are not less than those accruing under the Section 4 plan.

FINDINGS

Upon consideration of all the facts of record, the Commission is of the opinion and finds:

(1) That Decision No. 29313 of November 30, 1936, as amended, should be modified to the extent indicated in Appendix A-1 hereto.

(2) That existing rates of common carriers by railroad for transportation between points located on rail track facilities which are lower in volume or effect than the rates provided in Section 3 of Appendix A-1 hereto are unreasonable and insufficient.

(3) That rates, rules and regulations set forth in Section 3 of Appendix A-1 herein are reasonable and sufficient rates for transportation by common carriers by railroad between points located on rail track facilities.

(4) That for the purpose of meeting actual competitive transportation rates of competing carriers, common carriers by railroad will for the future be justified in maintaining rates, rules and regulations lower in volume and effect than those set forth in Section 3 of Appendix A-1 hereto, but no lower in volume or effect than the rates, rules and regulations provided in Section 4 of said appendix.

(5) That the rates, rules and regulations set forth in Appendix A of said Decision No. 29313, as amended by Appendix A-1 hereto, will provide an equality of transportation rates between all competing agencies of transportation.

O R D E R

Public hearings having been held in the above entitled proceedings and based upon the evidence received at the hearings and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Appendix A of Decision No. 29313 dated November 30, 1936, in the above entitled proceedings, be and it is hereby amended as shown in Appendix A-1 attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that the rates, rules and regulations set forth in Appendix A of said Decision No. 29313, dated November 30, 1936, as amended by Appendix A-1 of this order, be and they are hereby established and approved effective thirty (30) days from the effective date hereof, as the just, reasonable and non-discriminatory minimum rates to be charged, collected and observed by any and all radial highway common carriers and highway contract carriers (as defined in Chapter 223, Statutes of 1935) for the transportation of the commodities and between the points for which rates are provided in said appendices.

IT IS HEREBY FURTHER ORDERED that all common carriers (as defined in the Public Utilities Act) be and they are hereby ordered and directed to establish on or before thirty (30) days from the effective date of this order, on not less than five (5) days' notice to the Commission and to the public, rates, rules and regulations no lower in volume and effect than those set forth in Section 1 of Appendix A of said Decision No. 29313, as amended by Appendix A-1 of this order.

IT IS HEREBY FURTHER ORDERED that all common carriers by railroad (as defined in the Public Utilities Act) be and they are

hereby ordered and directed to establish on or before thirty (30) days from the effective date of this order, on not less than five (5) days' notice to the Commission and to the public, rates, rules and regulations no lower in volume or effect than those set forth in Section 3 of Appendix A of said Decision No. 29313, as amended by Appendix A-1 of this order, which rates, rules and regulations are hereby found to be reasonable and sufficient, provided that for the purpose of meeting the actual competitive rates of other carriers and the cost of other forms of transportation said common carriers by railroad may establish rates, rules and regulations no lower in volume or effect than those set forth in Section 4 of said Appendix A, as amended by said Appendix A-1.

IT IS HEREBY FURTHER ORDERED that all respondents in these proceedings be and they are hereby ordered to cease and desist on or before thirty (30) days from the effective date of this order and thereafter abstain from charging, collecting or observing rates, rules and regulations lower in volume or effect than those set forth for such respondents in Appendix A of said Decision No. 29313, as amended by Appendix A-1 of this order.

IT IS HEREBY FURTHER ORDERED that the rates, rules and regulations herein established and approved shall cancel and supersede the rates, rules and regulations established in and by Decision No. 29560 dated February 19, 1937, in these proceedings.


IT IS HEREBY FURTHER ORDERED that in all other respects said Decision No. 29313, dated November 30, 1936, as amended, shall remain in full force and effect.


IT IS HEREBY FURTHER ORDERED that the Commission shall and it does hereby retain jurisdiction in these proceedings for the pur-

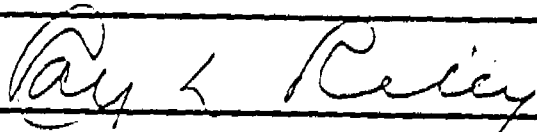
pose of entering such further order or orders as may from time to time appear proper in the light of other or further evidence received herein.

This order shall become effective twenty (20) days from the date hereof.

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







Commissioners.

APPENDIX A-1

Amendments to Appendix A of Decision No. 29313, dated
November 30, 1936.

1. Amend title page to read as follows:

Naming Just, Reasonable and Non-discriminatory Minimum Store Door Rates for Radial Highway Common Carriers and Highway Contract Carriers and Reasonable and Sufficient Store Door and Carload Terminal Rates for Common Carriers for the transportation of Oil, Water or Gas Well Outfits and Supplies and Other Articles as described herein, Between Points in California as shown herein.

2. Add the following rules, under the heading "Rules and Regulations":

Mixed Shipments

When a shipment includes articles not described in Item No. 10, the weight of such contraband articles may be used to make up the minimum weight provided for articles described in Item No. 10, but only when rates no lower than the lowest common carrier rate applicable for the transportation of such contraband articles in separate shipments is applied to such contraband articles. If no common carrier rate is in effect, then rates no lower than the rates applicable to articles described in Item No. 10 shall be assessed on the contraband.

Application of Common Carrier Class Rates

In the event the application of the common carrier class rates for the same transportation of the same shipment of property from and to the same points results in a lower charge than the charge resulting from the application of the rates provided in Sections 1 or 2 of this Appendix, such lower charge shall apply.

Distances

Distances shall be computed in accordance with Decision No. 30000 of August 9, 1937, in Part "X" of Case No. 4088.

3. Change heading of Item No. 10 to read:

"Oil, Water or Gas Well Outfits and Supplies, and Other Articles, viz.:"

4. Add to Item No. 10 the following commodities:

Compounds, oil well drilling mud,
Casing Shoes,
Towers, atmospheric water cooling,
Valves, iron or brass,
Iron or Steel, plate or sheet,
Tanks, iron or steel, knocked down

5. Add to Item No. 10 the following note:

Note 1. - (Applies only in connection with rates subject to a minimum weight of 30,000 pounds or greater).

--The following equipment or appliances, forming a part of Oil, Water or Gas Well Outfits and Supplies, will, if shipped in mixed shipments with such Oil, Water or Gas Well Outfits and Supplies,

be taken at the rate and minimum weight applicable on such Oil, Water or Gas Well Outfits and Supplies:

Air Compressors; Anvils; Belts; Blacksmiths' Rotary Blowers; Boilers, including Fire Brick and Fire Clay for setting; Boiler Parts; Boiler Fronts; Electric Generators; Engines; Power Pumps; Pull Rods; Rope; Smokestacks; Tanks, Oil and Gas Separating, Automatic; Steam Boiler Trucks or Running Gears, K.D.; one box Mechanics' Tools, second-hand (used), not exceeding 1,000 pounds in weight.

6. Change heading of Item No. 20 to read:

"Oil, Water or Gas Well Outfits and Supplies and Other Articles, as described in Item No. 10."

7. Add to Item No. 20 the following rates:

(Rates are in cents per 100 pounds)
Between Points located within the city limits of:

	Los Angeles (1)	Los Angeles (2)
	Vernon	Torrance
	Huntington Park	Long Beach
		Signal Hill
		Santa Fe Springs

AND:	Minimum weight in pounds			Minimum weight in pounds		
	4,000	12,000	30,000	4,000	12,000	30,000
Balridge	58	38	28	60	40	30
Blackwell Corner	60	40	29	62	42	31
Buttonwillow Field	55	37	27	57	39	29
Coalinga Field	69	48	35	71	50	37
Devil's Den	62	42	31	64	44	33
Elk Hills Field	53	35	25	55	37	27
Edison Field	53	35	25	55	37	27
Fellows	53	35	25	55	37	27
Fruitvale	50	33	24	52	35	26
Greeley	53	35	25	55	37	27
Huron	69	48	35	71	50	37
Kettleman Hills	67	46	34	69	48	36
Kern River	50	33	24	52	35	26
Kern Front	53	35	25	55	37	27
Lost Hills Field	60	40	29	62	42	31
McKittrick Field	52	35	26	54	37	28
Midway-Sunset Field	50	33	24	52	35	26
Mt. View Field	50	33	24	52	35	26
Mt. Poso	53	35	25	55	37	27
North Balridge	58	38	28	60	40	30
Orcutt Field	55	36	27	57	39	28
Round Mountain	53	35	25	55	37	27
Santa Maria Field	55	36	27	57	39	28
Semi Tropic Field	57	39	28	59	41	30
Ten Section	50	33	24	52	35	26
Wasco	52	35	26	54	37	28

For explanation of References (1) and (2) see Appendix A of Decision No. 29313.

8. Add Santa Fe Springs to Item No. 20, as a headline point taking rates applying from and to Signal Hill.
9. Add the following sections:

SECTION 3

NAMING REASONABLE AND SUFFICIENT CARLOAD RATES FOR COMMON CARRIERS BY RAILROAD

(Applies only between points located in Los Angeles and Orange Counties on the one hand and points located in California, Salinas, Fresno and south thereof, on the other hand).

ITEM NO. 45 - BASIS FOR COMPUTING RATES

The reasonable and sufficient rates for common carriers by railroad for transportation, between points located on rail track facilities, of the articles described in Item No. 10, in quantities of 30,000 pounds or more (or when charges are assessed on a minimum weight of 30,000 pounds or greater), shall be 4 cents per 100 pounds less than the minimum rates established for the transportation in pick-up and delivery service (including loading and unloading) by highway carriers of the same articles between the same points, but in no event shall the resulting rates be lower in volume or effect than the carload rail rates in effect on the day this order becomes effective. Where loading or unloading is performed by the railroad carrier an additional charge of 2 cents per one hundred pounds shall be assessed for each such service performed.

SECTION 4

NAMING CARLOAD RATES FOR COMMON CARRIERS BY RAILROAD FOR TRANSPORTATION OF SHIPMENTS HAVING ORIGIN OR DESTINATION OR BOTH ORIGIN AND DESTINATION BEYOND RAIL-HEADS

(Applies only between points located in Los Angeles and Orange Counties on the one hand and points located in California, Salinas, Fresno and south thereof, on the other hand).

ITEM NO. 50 - APPLICATION

The rates provided in this section apply to the transportation by common carriers by railroad, between points located on rail track facilities, of the articles described in Item No. 10, in quantities of 30,000 pounds or more (or when charges are assessed on a minimum weight of 30,000 pounds or greater), and are subject only to rules and regulations specifically provided in this section, or rules and regulations of general application maintained by such common carriers.

ITEM NO. 55 - ORIGIN OR DESTINATION (BUT NOT BOTH) ON RAIL TRACK FACILITIES

Where shipments are brought to or taken from the terminal of the railroad carrier by highway vehicle, the rates of common carriers by railroad for the transportation between the rail terminals shall be determined as follows:

(1) Ascertain the through rate established for transportation of the same shipment by highway carrier from the initial point of origin to the ultimate destination.

(2) Deduct from such rate not more than the amount shown in Column A of Item No. 65, based on the distance beyond the rail terminal.

ITEM NO. 60 - NEITHER ORIGIN NOR DESTINATION ON RAIL TRACK FACILITIES

Where shipments are brought to and taken from the terminals of the railroad carrier by highway vehicles, the rates of common carriers by railroad for the transportation between the rail terminals shall be determined as follows:

(1) Ascertain the through rate established for transportation of the same shipment by highway carrier from the initial point of origin to the ultimate destination.

(2) Deduct from such rate not more than the amount shown in Column B of Item No. 65, based on the combined distance beyond the rail terminals.

ITEM NO. 65 - DEDUCTIONS

IN CENTS PER 100 POUNDS

	Column A	Column B
Not over 5 miles	9	12
Over 5 but not over 10 miles	10	13
" 10 " " " 15 "	11	14½
" 15 " " " 20 "	11½	15
" 20 " " " 25 "	12	15½
" 25 " " " 30 "	13	17
" 30 " " " 40 "	14	18½
" 40 " " " 50 "	15½	20½
" 50 " " " 60 "	16½	22½
" 60 " " " 70 "	18	23½
" 70 " " " 80 "	19½	25½
" 80 " " " 90 "	20½	27
" 90 " " " 100 "	22	28½
Over 100 miles	22 cents plus one cent per ten (10) miles or fraction thereof over 100 miles.	28½ cents plus one cent per ten (10) miles or fraction thereof over 100 miles.

ITEM NO. 70 - CURRENT RATES AS MINIMUM

In no event shall the rates of common carriers by railroad, prescribed under this section, be less than the lowest common carrier rates in effect on the date this order becomes effective.

ITEM NO. 75 - DISTANCES

The following distances shall be used in applying deductions in Item No. 65. Where distances are not set forth specifically, the shortest actual distance by public highway, measured from the rail depot, shall be used.

DISTANCES - IN MILES

	Bakers- field	Button- Willow	Coal- inga	Fell- ows	Fruit- vale	Huron	McKitt- rick	Mari- copa	Taft	Wasco
Bakersfield		27	106	41	4	116	41	46	39	26
Balridge	43	16	63	22	40	73	12	36	28	37
N. Balridge	50	23	56	29	47	66	19	43	35	31
Blackwall's Corner	57	30	49	36	57	59	26	50	42	31
Buttonwillow	27		79	24	24	89	14	38	30	26
Coalinga	106	79		85	106	18	75	99	91	80
Devils Don	70	43	36	49	70	46	39	63	55	44
Elk Hills Field	31	14	93	21	26	103		23	15	32
Edison Field	15	39	118	44	16	128	44	49	42	38
Fellows	41	24	85		38	95	10	14	6	50
Fruitvale	4	24	106	38		116	38	51	43	26
Greeley	13	16	95	33	10	105	31	35	27	19
Huron	116	89	18	95	116		85	109	101	90
Kettleman Hills	95	68	22	74	95	15	68	88	80	69
Kern River	8	35	114	49	12	124	49	54	47	34
Kern Front	10	37	116	51	14	126	51	56	49	36
Lost Hills Field	50	30	56	36	50	66	26	50	42	24
McKittrick	41	14	75	10	38	85		24	16	40
Maricopa	46	38	99	14	51	109	24		8	64
Mt. View Field	12	38	117	40	15	127	40	45	38	37
Mt. Poso	21	43		57	20		57	63	55	
Round Mountain	16	43	122	57	20	132	57	62	55	42
Semitropic Field	38	17	72	41	38	82	31	55	47	12
Taft	39	30	91	6	43	101	16	8		56
Ten Section	17	24	103	25	16	113		32	24	27
Wasco	26	26	80	50	26	90	40	64	56	