

Decision No. 30831

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 regula- )  
tions of all Radial Highway Common )  
Carriers and Highway Contract Car- )  
riers operating motor vehicles over )  
the public highways of the State of )  
California, pursuant to Chapter 225, )  
Statutes of 1935, for the transpor- )  
tation for compensation or hire of )  
any and all commodities and acces- )  
sorial services incident to such )  
transportation. )

Case No. 4088

(Part "C")

In the Matter of the Investigation )  
and Establishment of rates, charges, )  
classifications, rules, regulations, )  
contracts and practices, or any )  
thereof, of Common Carriers of pro- )  
perty. )

Case No. 4145

(Part "I")

A. D. Poe, for Motor Truck Association of Southern  
California  
H. W. Baugh, for Southwestern Motor Tariff Bureau  
Frank Hewson, for Belyea Truck Company  
J. D. Rearden and W. E. Paul, for Union Oil Company  
of California  
S. E. Asbury and D. L. Campbell, for Asbury Truck  
Company  
R. E. Wedekind, for Southern Pacific Company  
Emerson Spear, for Pacific Wire Rope Company  
H. B. Green, for Southern Pipe & Casing Company

BY THE COMMISSION:

O P I N I O N

By Decision No. 29313, as amended, the Commission estab-  
lished minimum rates for the transportation of all commodities neces-  
sary 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 (a) Los Angeles (Manchester Avenue and Northwestern Avenue, Los Feliz Boulevard and east) Vernon and Huntington Park referred to as Group 1 points, and (b) Los Angeles (south of Manchester Avenue west of Western Avenue and Sunset Boulevard and south) Torrance, Long Beach, Signal Hill and Santa Fe Springs referred to as Group 2 points on the one hand and specifically designated points in California, Salinas, Fresno and south thereof on the other. Such rates are set forth specifically. Between points in Los Angeles and Orange Counties not embraced in Groups 1 and 2 on the one hand and points in California, Salinas, Fresno and south thereof on the other, rates are prescribed by rule. This rule provides for the addition to the rates specifically set forth of one-fourth of 1 cent per 100 pounds per mile or fraction thereof for the distance from point of origin to such specifically named point or from the specifically named point to destination or both as the case may be. The rates so made may not exceed the rates for greater hauls via the same route. For distances not to exceed 20 miles within the territory Salinas, Fresno and south, hourly rates are also provided. The commodities for which rates are established are enumerated in Item No. 10 of the appendices to the decisions.

Responsive to requests of Southern Pipe & Casing Company, Belyea Truck Company, The National Supply Company, Pacific Wire Rope Company and Union Oil Company of California that rates be published specifically from the Southern Pipe & Casing Company plant near Azusa, that the list of commodities be enlarged so as to include wire rope and that rates be provided to Rio Bravo Field, these proceedings were set for public hearing which was had before Examiner Howard G. Freas at Los Angeles, February 8, 1938.

The plant of Southern Pipe & Casing Company is located about 4 miles southwest of Azusa on Arrow Highway. It is less than

a mile from Irwindale. From this plant are shipped by highway carrier to the territory here involved substantial quantities of welded steel pipe and corrugated culvert. Since this shipping point is not named specifically, minimum rates must be constructed by adding to the Group 1 or 2 rates one-fourth of 1 cent per 100 pounds per mile, observing as maximum, rates between more distant points via the same route. This is said to be unduly discriminatory to Southern Pipe & Casing Company and preferential to competition located at points in Groups 1 and 2.

Three separate proposals for the removal of this alleged discrimination were made. The first and preferable one from Southern Pipe & Casing Company's point of view embraces the prescription of rates from Groups 1 and 2 and from its plant on a uniform mileage basis. The scale suggested is obtained by a mathematical average of the point to point rates now established. The second proposal is to include petitioner's shipping point in the Long Beach or second group and, in addition thereto, to publish specific point to point rates from petitioner's plant to points south and east of Azusa. The third proposal embraces merely the inclusion of petitioner's plant in Group 2.

No one challenged the contention that petitioner is at an undue rate disability under the present adjustment. It was pointed out, however, that the rates suggested under the first proposal give no consideration to the volume of movement, result in numerous reductions as well as a few increases and require substantial changes in common carrier tariffs. Fewer tariff changes are necessary under the second proposal.

The proposal to reestablish rates from Group 1 and 2 points is not justified on this record. While distance is important in the

establishment of minimum rates it is not the sole consideration. The rates now in effect were established upon a comprehensive record and must not be disturbed without substantial justification.

Excepting to points south and east of Azusa, the complaint is satisfied by the addition of petitioner's shipping point to the Long Beach or second group. Apparently there are certain points to the south and east where petitioner believes it is entitled to rates lower than those provided from Group 2. Taking, however, Placentia, Santa Ana and Anaheim to which specific reference was made, the rates sought are the same as or higher than those proposed from Group 1 and the present rates from Group 1 are the same as those from Group 2. Clearly then, in these instances, petitioner's position with respect to its competitors would not be altered if either its first or second proposal were adopted. While this is not true as to all points in this territory, no different rates should here be prescribed in the absence of a showing of the nature and extent of the movement. On the other hand, the inclusion of petitioner's plant in the Long Beach or second group is not opposed and has been justified on this record.

According to the testimony, wire rope is one of the most essential parts of an oil drilling rig, is subject to a lower rating in the Western Classification than about 90% of the articles included in Item 10, moves in substantial quantities, is heavy and compact and has a value approximating the average value of the items now embraced in Item 10. Its inclusion in that item not only is not opposed but is endorsed by four of the parties to this proceeding. It should be permitted.

Rio Bravo is a new oil field approximately 16 miles northwest of Bakersfield.<sup>1</sup> One well has recently been completed, another

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<sup>1</sup> It is located generally in Section 34, Township 28-S, Range 25-E, Kings County.

is in progress and a third is contemplated. It is approximately 3½ miles northwest of Greeley Field and about 12 miles south of Wasco, to both of which points rates are now specifically prescribed. The proposal is to make the rates established to and from Greeley Field applicable to and from Rio Bravo. Transportation conditions incurred in movements to and from these fields are said to be similar. The proposal was not opposed.

The location and other circumstances surrounding the movement justify the prescription of rates of the volume of those now obtaining at Greeley. This will necessitate a slight change in the distances provided in Item No. 75 of Decision No. 30106 for use in applying deductions authorized in Item No. 55 of said decision.

At the hearing it was also proposed that the inclusion in Item No. 10 of electric motors, gas traps, meters and meter boxes in mixed shipments of 30,000 pounds or greater be authorized. Aside from the statement that at least certain of these items are useful in drilling operations, little justification was advanced for their inclusion. The present provision is largely patterned after a similar item in the Western Classification and was established on an extensive record. Previous notice of this proposal was not had. It was opposed by one of the carriers present. On this record it must be denied.

Upon consideration of all the facts of record, we are of the opinion and find that Decision No. 29313, as amended, should be further amended to the extent indicated in this opinion.

#### O R D E R

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

IT IS HEREBY ORDERED that Decision No. 29313, as amended, by Decisions Nos. 29560 and 30106, be and it is hereby further amended as follows:

- (a) By adding to the headline points Los Angeles, Torrance, Long Beach, Signal Hill and Santa Fe Springs, appearing in Item No. 20, "all territory within one mile of Irwindale."
- (b) By adding "wire rope" to the list of commodities in Item No. 10.
- (c) By adding "Rio Bravo" to the list of sideline points in Item No. 20 at the same rates as are now specifically provided to and from Greeley.
- (d) By adding to Item No. 75 of Appendix A-1, in Decision No. 30106, the following distances:

	Bakersfield	14 miles
	Button Willow	15 miles
	Coolinga	93 miles
Between	Fellows	35 miles
	Fruitvale	12 miles
Rio Bravo	Huron	103 miles
	McKittrick	29 miles
and	Maricopa	37 miles
	Taft	29 miles
	Wasco	13 miles

In all other respects Decision No. 29313 in Cases Nos. 4088, Part "C", 4106 and 4107, as amended, shall remain in full force and effect.

The effective date of this order shall be March 1, 1938.

Dated at San Francisco, California, this 14<sup>th</sup> day of February, 1938.

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Commissioners.