

Decision No. 192128

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Petition of J. D. Chace)	
for Relief Under Section Eleven (11) of)	
the Highway Carriers' Act and Section)	
Ten (10) of the City Carriers' Act from)	
Minimum Rates Prescribed by the Calif-)	Application No. 23323
ornia Railroad Commission for Transpor-)	
tation of Liquid Petroleum Products,)	
namely, Fuel Oil by Tank Truck Between)	
Points in the State of California.)	

BY THE COMMISSION:

OPINION AND ORDER

J. D. Chace, 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 transport fuel oil in bulk in tank trucks, for the account of Tide Water Associated Oil Company, at rates less than the established minimum rates.

According to the application Chace is manager of the San Jose Sales District of the Tide Water Associated Oil Company and is engaged also in distributing fuel oil from the San Jose distribution plant of that company to points within a radius of 14 miles of Alameda and Race Streets.¹ This application, however, embraces only that hauling performed by applicant within a 5 mile radius of the latter point.

Applicant operates in this service two tank trucks, one having a carrying capacity of 25 barrels of 42 gallons each, or 1050 gallons, and the other a carrying capacity of 20 barrels of

¹ The distribution plant of Tide Water Associated Oil Company is located at Emory and Chestnut Streets, San Jose. The intersection of Alameda and Race Streets is used as a pivotal point due to the fact that it is approximately equidistant from the various other oil companies and to the fact that prices for petroleum products in this territory are computed from that point.

42 gallons each, or 840 gallons. Deliveries are made at buildings, hotels and schools having a limited storage capacity, which renders the use of large tank truck equipment impracticable.

The effective minimum rates for the transportation hereinabove are contained in City Carriers' Tariff No. 5 and Highway Carriers' Tariff No. 6, (Appendix "C" to Decision No. 32608 of December 5, 1939, in Cases Nos. 4246 and 4434.) For distances of 10 miles or less the minimum rate is 2½ cents per 100 pounds, subject to a minimum weight based on the carrying capacity of the tank truck equipment but not less than 3,000 gallons. Applicant proposes to assess, in lieu thereof, a rate of 15 cents per barrel with no minimum weight restriction.

In support of the proposal, applicant alleges that he can operate profitably under the proposed rate; that the service involved differs from that for which minimum rates have been established in that it is identical to that performed by oil companies employing their own equipment in peddler-distribution of petroleum products within limited areas; and that Tide Water Associated Oil Company has stated that unless the rate sought is authorized, it will arrange to perform the service with its own equipment. A revenue and expense statement attached to the application discloses that for the first 10 months of 1939, applicant would have earned under the proposed rates a revenue of \$945.00 as compared with \$1,464.12 earned under the established rates. Expenses for the same period were said to total only \$326.42, it being stated that because of applicant's employment by the shipper as district manager overhead expenses are negligible.

This does not appear to be a matter in which a public hearing is necessary. The operation here involved appears to be essentially different from the usual operations upon which the established minimum rates apply, since it is performed with small

equipment and is confined to a restricted commercial and residential territory. Moreover, the operation does not appear to be competitive with other carriers. In view of these circumstances and of the expressed intention of the shipper to commence proprietary operations if higher rates are charged, the sought rate appears reasonable and the application will be granted.

The findings herein being based upon existing conditions, the authority will be limited to a period of one year.

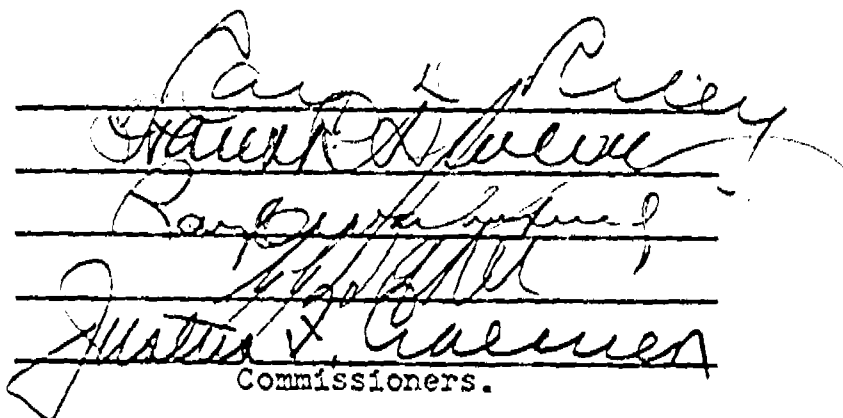
Therefore, good cause appearing,

IT IS HEREBY ORDERED that J. D. Chace, a highway contract and city carrier, be and he is hereby authorized to charge rates less than the established minimum rates for the transportation of petroleum fuel oil for Tide Water Associated Oil Company, within the City of San Jose or within a radius of five (5) highway miles of the intersection of Alameda and Race Streets, San Jose, but not less than a rate of 15 cents per barrel of 42 gallons.

The authority herein granted shall expire one (1) year from the date hereof unless sooner changed, cancelled or extended by appropriate order of the Commission.

This order shall become effective on the date hereof.

Dated at Los Angeles, California, this 26th day of March, 1940.


Commissioners.