

ORIGINAL

Decision No. 3447

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of)
LANG TRANSPORTATION CORPORATION,)
a corporation, for authority to)
charge less than minimum rates)
under the provisions of the)
Highway Carriers' Act.)

Application No. 24332

BY THE COMMISSION:

OPINION AND ORDER

By this application filed July 7, 1941, Lang Transportation Corporation, a highway contract carrier, seeks authority to transport fuel oil in tank truck equipment from Monterey to San Juan for Tidewater Associated Oil Company at a lesser rate than the established minimum rate. The proposed rate is 4 cents per 100 pounds; the established minimum rate, prescribed by Decision No. 32608 of December 5, 1939, as amended, in Case No. 4246, in re Rates of All Common and Highway Carriers, is 5½ cents per 100 pounds.

Applicant represents that the Pacific Portland Cement Company is about to reopen its cement mill at San Juan and that the operation of this mill will require the use of substantial quantities of fuel oil which will be supplied by Tidewater Associated Oil Company from its Monterey plant. Transportation of the amount of fuel oil necessary to meet the mill's requirements is proposed to be furnished by operating two truck and trailer units, each unit having a capacity of 5,610 gallons, four round trips per day six days per week. The contemplated operation is said to be made feasible by the availability of the loading facilities of the oil company and the unloading facilities of the cement mill twenty-four hours a day. Under average condi-

tions loading and unloading facilities are said to be available only nine or ten hours during each day. In the proposed operation, it is claimed applicant's equipment use factor would be abnormal and result in substantially lower costs than those experienced in transporting fuel oil under average conditions. Revenue and cost estimates submitted by applicant purportedly show that the full cost of the contemplated operation would be \$37,808.32 per year and that the revenues which would be derived therefrom under the proposed rate would amount to \$43,407.44 per year. It is represented that if the authority is not granted, the traffic involved will be lost to all for-hire transportation agencies, as in such event Tidewater Associated Oil Company would transport the oil in plant facility equipment.

Competing carriers have informed the Commission in writing that they are not opposed to the granting of the application.

The record shows that the transportation service in question differs materially from that usually rendered in moving fuel oil in tank truck equipment. It is clear that in the contemplated service operating expenses would be subnormal because of the practically continuous use of equipment and that deviation from the established minimum rate structure is, therefore, justified. In Decision No. 31531 of December 5, 1938, in Case No. 4249, in re Rates of Carriers Engaged in the Transportation of Petroleum Products, the Commission authorized rates below the normal minimum level for transportation of petroleum crude oil in the Los Angeles Basin area where consignee's facilities permit deliveries twenty-four hours per day. The rate here proposed does not compare unfavorably with those rates. Moreover, in the face of exceptional conditions disclosed by this record it appears that the sought rate is compensatory and that if a higher rate is required to be charged the traffic may be lost to for-hire carriage.

Under the circumstances, it appears that this is a matter in which a public hearing is not necessary and that the proposed rate is reasonable. The application will be granted. As it is possible, however, that the conditions under which this transportation is proposed to be rendered may change at any time, the authority will be limited to a one-year period unless sooner canceled, changed or extended. Therefore, good cause appearing,

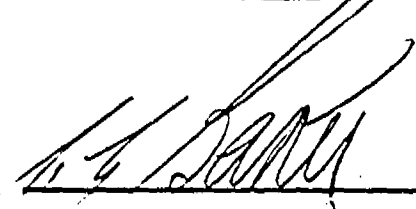
IT IS HEREBY ORDERED that Lang Transportation Corporation be and it is hereby authorized to transport fuel oil in tank truck equipment from Monterey to San Juan for Tidewater Associated Oil Company at a rate less than that established by Decision No. 32608 of December 5, 1939, as amended, in Case No. 4246, but not less than 4 cents per 100 pounds.

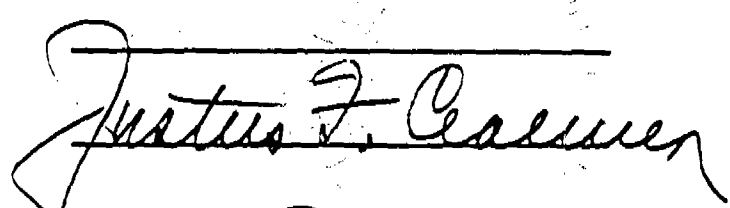
IT IS HEREBY FURTHER ORDERED that in all other respects the transportation involved in this application shall be subject to the provisions of said Decision No. 32608, as amended.


The authority herein granted shall expire one year from the effective date of this order unless sooner changed, canceled or extended by appropriate order of the Commission.

This order shall become effective on the date hereof.

Dated at San Francisco, California, this 12th day of July, 1941.







Commissioners