

Decision No. 41920

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
Direct Delivery System, Ltd. for ) Application No. 25585  
authority to assess less than minimum ) (3rd Supplemental)  
rates. )

**ORIGINAL**

Appearances

H. J. Bischoff, for applicant.

W. P. Tuller and L. E. Olson, for The Great  
Lakes Carbon Corporation, Dicalite  
Division, as interested party.

O P I N I O N

By prior decisions in this proceeding applicant has been authorized to assess less than the established minimum rates for the transportation of diatomaceous earth for The Dicalite Company (now a division of The Great Lakes Carbon Corporation) from its plant located adjacent to the City of Torrance to points within the city limits. By its third supplemental application Direct Delivery System, Ltd. seeks extension and enlargement of the authority heretofore granted so as to permit it to transport, during the ensuing year, both diatomaceous earth and empty bags in either direction between the above-indicated points at less than the established minimum rates.

Public hearing of the third supplemental application was had before Examiner Abernathy at Los Angeles on July 19, 1948.

Applicant alleges that the transportation service involved herein is substantially the same as that which has been considered in earlier phases of this proceeding. Shipments of diatomaceous earth in bags on pallets are transported in a shuttle-type of operation. One tractor and three semitrailers are regularly used for the service, with a second tractor being held as reserve equipment.

While one semitrailer is being loaded at point of origin, another is being unloaded at destination and the third trailer is in transit. The shipper loads and unloads the vehicles and prepares the shipping documents. Enlargement of the authority heretofore granted is sought to enable applicant to meet an additional transportation need of the shipper. Granting of the enlarged authority assertedly would permit increased efficiency in applicant's operations since shipments would be transported in both directions, resulting in an improved load factor.

An officer of applicant company submitted evidence relating to the costs of performing the transportation service. He testified that such costs are less than those of transportation services generally. In addition to the fact that the shipper assumes the loading, unloading and billing costs, only one driver is required for the whole operation. But little supervision is necessary. Insurance costs are relatively low because of favorable operating experience. Applicant is able to use old, fully-depreciated vehicles which are not suitable for usual transportation services. The witness introduced a financial exhibit to show operating costs expected for the year 1948 under applicant's proposal. As set forth in the exhibit, the anticipated gross operating revenues are \$10,209; the operating expenses are \$9,539; and the net operating revenues (before allowance for income taxes) are \$670.<sup>1</sup> The witness said that the expense figures in the exhibit were based upon current costs, but did not reflect an improvement in operating practices which has been recently effected.

The traffic director of The Great Lakes Carbon Corporation testified in support of the application, stating that the sought rates and the transportation service are needed in order that the company which he represents can meet competition of others engaged in

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<sup>1</sup> The resulting operating ratio would be 93.4 per cent.

the same line of business. He said that the volume of traffic which will be made available to the Direct Delivery System, Ltd., during 1948, will probably exceed applicant's estimate because of an anticipated increase in production at the company's plant near Torrance. He also stated that it was the company's purpose to cooperate with applicant as much as possible.

No one appeared in opposition to granting of the application.

The evidence of record in this proceeding clearly shows that the transportation service which applicant is performing for the Dicalite Division of The Great Lakes Carbon Corporation is a specialized service which is more restricted in scope than the transportation services for which minimum rates have been heretofore established. The evidence is convincing that the sought rates will return the costs of service and leave a reasonable allowance for profit. Upon consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds as a fact that the rates proposed in this third supplemental application will be reasonable for the transportation herein involved. The application will be granted.

#### O R D E R

Public hearing having been hold in the above entitled supplemental application, and based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that

1. Direct Delivery System, Ltd. be and it is hereby authorized to assess and collect for the transportation for which rates are provided in Appendix "A" attached hereto and by this reference made a part hereof, rates and charges less than the minimum rates and charges heretofore established by the Commission, but in no event less than those provided in said Appendix "A."

2. The authority herein granted shall be in lieu of and in substitution of that granted by Decisions Nos. 40453 of June 24, 1947, and 41729 of June 15, 1948, in this proceeding.

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

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 3<sup>rd</sup> day of August, 1948.

R. F. Johnson

James H. Russell

Harold A. Kula

Herbert P. Potter  
Commissioners

APPENDIX "A"

ITEM NO. 10 - APPLICATION OF RATES

(a) Rates provided in this appendix apply only to shipments of diatomaceous earth, in sacks, and of empty sacks transported between the plant of The Great Lake Carbon Corporation, Dicalite Division, located adjacent to the southerly city limits of Torrance, and points within the City of Torrance.

(b) Transportation charges and minimum weight shall be computed upon the basis of the actual weight of the diatomaceous earth and sacks. No additional charge shall be made for the transportation, in either direction, of pallets.

(c) The rates do not include loading or unloading of carrier's equipment.

ITEM NO. 20 - RATES

(a) Diatomaceous Earth, in sacks: 41 cents per ton of 2,000 pounds, subject to a minimum weight of 50,000 pounds per day that carrier's equipment is operated.

(b) Empty Sacks: 41 cents per ton of 2,000 pounds.

(End of Appendix)