

Decision No. 43071

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of DIRECT DELIVERY SYSTEM, LTD. ) Application No. 30240  
for authority to assess less than )  
the minimum rates. )

Appearances

H. J. Bischoff, for applicant.

Arlo D. Poe, for Motor Truck Association of Southern California, interested party.

L. E. Olson, for Great Lakes Carbon Corporation, interested party.

O P I N I O N

Direct Delivery System, Ltd., is a California corporation transporting property under a permit authorizing operations as a highway contract carrier. By this application it seeks authority to assess rates less than those applicable as minima for certain transportation performed for the Great Lakes Carbon Corporation.

Public hearing of the application was had before Examiner Abernathy at Los Angeles on May 18, 1949.

The service involved herein is the transportation of soda ash from West End to WALTERIA.<sup>1</sup> The commodity is transported in bulk in a vehicle combination consisting of a closed hopper-type trailer and semi-trailer, drawn by a diesel-powered tractor. Loads range from 41,000 to 43,000 pounds. The vehicles are loaded and discharged by gravity, and the facilities at origin and destination

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<sup>1</sup> Soda ash is a commercial anhydrous sodium carbonate. West End is located on Searles Lake in northwestern San Bernardino County. WALTERIA, where a manufacturing plant of the Great Lakes Carbon Corporation is situated, is located immediately south of the city of Torrance, in Los Angeles County.

are open 24 hours daily. The movement is expected to continue for a period of approximately 18 months.

The applicable minimum rate is 37 cents per 100 pounds, minimum weight 36,000 pounds, this being the 5th class rate for distances over 200 but not over 220 constructive miles.<sup>2</sup> Applicant proposes, and herein seeks authority to assess, a rate of 30½ cents per 100 pounds, minimum weight 41,000 pounds.

Applicant's president submitted an exhibit in which he developed the estimated cost of performing the service. According to the exhibit, the operating cost, including both variable and fixed expenses, but exclusive of supervision, overhead, gross-receipts charges and profit, is 25.17 cents per 100 pounds.<sup>3</sup> The witness estimated that the supervision and other excluded expenses would approximate 10.5 per cent of the gross revenue, or 3.225 cents of the proposed rate of 30½ cents per 100 pounds. On this basis there would remain from the proposed rate approximately 2.135 cents for income taxes and profit,<sup>4</sup> representing an operating ratio, before taxes, of about 93 per cent.

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The applicable minimum rates are provided in Highway Carriers' Tariff No. 2 (Appendix "D" to Decision No. 31606, as amended, in Case No. 4246).

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The witness developed costs per mile of 17.60 cents for operation of the diesel tractor, 3.23 cents for the semi-trailer, and 4.10 cents for the trailer, making a total cost of 24.93 cents per mile for operation of the three vehicles. The cost per 100 pounds is based upon an average load of 42,000 pounds, and a round-trip distance of 424 constructive miles. Depreciation expense was computed on the estimated service life of the equipment, including an allowance for interest at 4 per cent for the entire period.

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If all of the loads were at the minimum weight of 41,000 pounds, rather than at the anticipated average of 42,000 pounds, it appears that the operating ratio would approximate 94.4 per cent.

A representative of the Motor Truck Association of Southern California participated in cross-examination of the witness. No one opposed the granting of this application.

The record in this proceeding shows that applicant is performing a specialized transportation service for which the established minimum class rates were not particularly designed. It operates under favorable conditions, utilizing special vehicle equipment which permits rapid loading and unloading and the movement of a substantial weight on each trip. The evidence is convincing that the proposed rate will be fully compensatory.

Upon careful consideration of all of the facts and circumstances of record, the Commission concludes and finds as a fact that the rate proposed in this proceeding is reasonable within the meaning of Section 11 of the Highway Carriers' Act. The application will be granted.

O R D E R

The above-entitled application having been heard and submitted, full consideration of the matters and things involved having been had, and based upon the conclusions and findings in the preceding opinion,

IT IS HEREBY ORDERED that Direct Delivery System, Ltd. be and it is hereby authorized to transport soda ash in bulk in the special equipment referred to in the above opinion for the Great

Lakes Carbon Corporation from West End to that company's manufacturing plant at WALTERIA, at a rate of not less than 30½ cents per 100 pounds, minimum weight 41,000 pounds.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire with October 31, 1950.

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

Dated at San Francisco, California, this 28<sup>th</sup> day of June, 1949.

R. B. Anderson  
Justus F. Craven  
James H. Lippell  
Harold Kula  
Pennington (Patterson)  
Commissioners