

Decision No. 44281

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation )  
into the rates, rules, regulations, )  
charges, allowances and practices )  
of all common carriers, highway )  
carriers and city carriers relating )  
to the transportation of property. )

Case No. 4808

ORIGINAL

Appearances

Edward M. Berol, for petitioner.  
Robert Hutcherson and E. C. Hurly, for  
Tide Water Associated Oil Company.  
E. J. Dunne for W. H. Adams, for  
Shell Oil Company.  
J. E. Hale for A. D. Carlton, for  
Standard Oil Company.

SUPPLEMENTAL OPINION

Lang Transportation Corporation, a highway common carrier, is engaged in the transportation of petroleum products in bulk, in tank truck equipment. By petition, in this proceeding, it seeks to establish on one (1) day's notice, rates for the transportation of gasoline from Monterey to Watsonville, Santa Cruz, Gilroy, Hollister, Salinas, King City and Paso Robles which are less than those established by the Commission for carriers generally.<sup>1</sup> A public hearing was had before Examiner Lake at San Francisco on May 22, 1950.

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The point of origin includes all points within a radius of 3 miles of Monterey.

The present tariff rates maintained by petitioner and those which it seeks to establish are set forth below:

		<u>Rates in Cents Per 100 Pounds</u>	
From:	Monterey	(1) <u>Present</u>	(2) <u>Proposed</u>
To:	Watsonville	.066	.06
	Santa Cruz	.099	.09
	Gilroy	.0935	.085
	Hollister	.099	.09
	Salinas	.04675	.0426
	King City	.121	.11
	Paso Robles	.22	.20

- (1) The present rates were established pursuant to Decision No. 32608, as amended, in Case No. 4808.  
 (2) The proposed rates represent a reduction of approximately 10 percent.

According to petitioner the movement for which the adjustment is sought comprises some 6,000,000 gallons of gasoline per year. It is transported from bulk storage facilities located at point of origin to distributors at points of destination. The transportation is performed by 2 units of tank equipment having a capacity of 7,000 gallons each. The adjustment herein sought is necessary, it was alleged, to preserve for petitioner traffic which it is handling for the Tide Water Associated Oil Company. The sought rates if authorized would be applied to all shippers alike.

A study was submitted by an official of the carrier showing expenses, revenues and profit covering this operation for a three-month period ending March 31, 1950. The expenses shown in this study include fixed and running expenses and expenses based upon revenues. According to the testimony of this witness, all costs that could be determined by direct assignment to this operation were so treated.

Other costs were assigned on the basis of experience encountered in system operations.<sup>2</sup> The total expense so developed amounted to \$7,519.24. Revenues under the proposed rates would have been \$8,094.46. The profit and operating ratio would have been \$575.22 and 93.89 percent, respectively, before income taxes.

According to the testimony of the traffic manager of the Tide Water Associated Oil Company, competition in the sale of petroleum products is such that his company is confronted with the necessity of reducing its operating costs wherever possible. He stated that his company had established its own transportation service in other areas and was seriously considering proprietary operation between the points here involved. He further testified that he did not believe that the reductions proposed are enough to meet the cost of proprietary operation but that they would, for the time being, permit the carrier to retain the business.<sup>3</sup>

Granting of the authority sought was not opposed.

The record shows that the proposed rates will return to petitioner the cost of providing the service and a reasonable profit. It is clear from the record that unless prompt establishment of the proposed rates is authorized the carrier is faced with the impending loss to proprietary operation of a substantial volume of gasoline traffic.

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Petitioner conducts operations throughout California, also between points in this state and points in other states. It alleged that the system costs were comparable to those encountered in the operation here in issue.

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The record shows that petitioner and other tank truck carriers are now giving consideration to adjusting rates between other points.

Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds as a fact that the proposed reduced rates sought by the petitioner in this proceeding are reasonable and justified by transportation conditions. The petition will be granted. In view of the evidence that prompt action is required if the traffic is to be preserved to petitioner, the order which follows will authorize establishment of the rates on less than statutory notice.

O R D E R

Based upon the evidence of record, and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that the rates proposed in the above referred to petition may be established within sixty (60) days after the effective date of this order, and on not less than one (1) day's notice to the Commission and to the public.

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

Dated at San Francisco, California, this 7<sup>th</sup> day of June, 1950.

R. E. Anderson  
Justice F. C. Brewer  
Wesley Powell  
Harold A. Kule  
Kenneth P. Potter  
Commissioners