

ORIGINAL

Decision No. 46018

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

Appearances

Edward M. Berol, for Tank Truck Operators Association,
petitioner,

W. J. Knoell, for Elmer Ahl and for Tank Truck Operators
Tariff Bureau, interested party,

Norman Haley and Charles H. Jacobsen, for Transportation
Department, Public Utilities Commission
of the State of California.

SUPPLEMENTAL OPINION

The Tank Truck Operators Association, by petition, seeks increases in minimum rates heretofore established for the transportation of petroleum crude oil in tank vehicles within and between certain areas in southern California designated as Groups 6 and 13.¹ It alleges that there have been substantial increases in the cost of performing the service since the minimum rates were last adjusted on January 15, 1948 (Decision No. 41027 of December 17, 1947, in Case No. 4808, 47 Cal. P.U.C. 602).

The matter was submitted at a public hearing held before Examiner Bryant at Los Angeles on April 20, 1951.

¹ The minimum rates are set forth in City Carriers' Tariff No. 5-Highway Carriers' Tariff No. 6, which is Appendix "C" to Decision No. 32608 as amended in Cases Nos. 4246 and 4434. Group 6 lies in Los Angeles County southerly and westerly of a line running from Santa Monica through Hollywood and Whittier to Huntington Beach. Group 13 is located a short distance east of Group 6, in the northern corner of Orange County.

A study of the current cost of performing the service was introduced in exhibit form by a consulting transportation engineer engaged by petitioner. The witness testified that there are only eight for-hire carriers regularly engaged in transporting crude oil within the areas herein involved. Three of these he eliminated from his study because their revenues were derived largely from activities not pertinent to the present proceeding.² The remaining five he believed to be representative because, according to his estimate, they transport more than 85 per cent of the crude oil handled within the area by for-hire carriers. He submitted a profit-and-loss statement for these five operators for the calendar year 1950. Four of the companies suffered a net loss for the year, and the fifth earned a net income reflecting an operating ratio of 95 per cent, before income taxes. The average operating ratio for the five carriers was approximately 104 per cent.

The consultant testified that during the year 1950 and the first part of 1951 the carriers have experienced increases in wage rates and in the cost of tires, fuel, lubricants and other items of operating expense, and that these increases were not fully reflected in the carriers' expenses for 1950. In order to show current operating conditions he estimated the amounts by which the 1950 expenses should be adjusted to reflect subsequent increases. His resulting figures, for the five carriers as a group, are as follows:

Operating Revenues	\$ 577,139
Operating Expenses	<u>627,718</u>
Operating Loss	\$ 50,579
Operating Ratio	108.76%

² One of these companies is engaged principally in transporting road oil and asphalt; another in transporting petroleum products which it buys and sells on a brokerage basis; and the third in operating a refinery.

From these results the witness calculated that an increase of 16.95 per cent in the revenues would be necessary if the carriers were to enjoy an operating ratio, before income taxes, of 93 per cent, which he believed to be reasonable. The corresponding operating ratio after income taxes would approximate 97 per cent.

The consultant's exhibit consists also of a "synthetic" development of estimated costs based upon performance experience records of carriers transporting other petroleum products in identical equipment between other points. This portion of the exhibit develops estimated running expenses per mile, indirect expenses and insurance costs related to each power unit, equipment costs, and fixed costs per year and per hour. From these data he estimated the cost of transporting crude oil for various lengths of haul within the areas herein involved, based upon known round-trip time factors.

The witness proposed increased minimum rates on two different bases. Under the first plan the rates between sub-groups would be related closely to average distances between mid-points in each area. For this purpose he developed rates directly from the costs which he had determined by his "synthetic" method. These rates, he said, would remove inequities in the existing rates which assertedly are not reasonably related to the average lengths of haul. The alternate rate proposal, which he believed to be less desirable, was a uniform percentage increase of 16.95 per cent in the existing minimum rates. This percentage was the one which he had developed, as explained hereinabove, from his "analytical" study of carriers performing the service.³ The consultant testified that

³ Under either plan the rates would be adjusted to the nearest one-quarter cent.

either basis of rates would return approximately the same amount of gross revenue.

Other witnesses were the general managers of two principal carriers included in the consultant's study, and an accountant representing a third such carrier. These witnesses corroborated the testimony of the consultant to the extent that the facts were within their knowledge, and testified also that they believed a rate increase as proposed by the consultant to be essential. They said that their companies could not continue to operate for long at the present rates under existing conditions, and asserted that unless an increase were forthcoming they would have to withdraw from the crude-oil movements herein involved and engage in other lines of activity. The witnesses declared that in their judgment the rates recommended by the consultant were not sufficiently high to cause diversion of the tonnage to proprietary vehicles.

No other parties offered evidence, and no one opposed establishment of the sought minimum rates.

It is clear from the record that the existing minimum rates are below the costs currently being experienced by carriers specializing in the transportation of petroleum crude oil within and between Groups 6 and 13. It is evident also that increased revenues are necessary if adequate and dependable service is to be maintained. The rate basis sought by the association, under which charges would be related generally to the length of haul, would provide reasonable and nondiscriminatory rates for the transportation services herein involved.

Upon consideration of all the facts and circumstances of record we are of the opinion and hereby find that the proposed increases have been justified. City Carriers' Tariff No. 5 - Highway Carriers' Tariff No. 6 will be amended accordingly.

Item No.	SECTION NO. 1	RULES AND REGULATIONS (Continued)
		STOPPING IN TRANSIT
90-B Cancels 90-A		Shipments, other than split delivery shipments, shall be subject to an additional charge of \$5.40 for each stop in transit to partially unload. Charges will be collected on the weight of the entire shipment from point of origin to the highest rated point of delivery.
		PUMPING
*100-C Cancels 100-B		<p>Rates provided in this tariff do not include pumping service when rendered with carrier's equipment. When pumping service is performed by the carrier, a charge of .90 of one cent per 100 pounds will be made. (See Exception.)</p> <p>EXCEPTION.—When pumping is performed in connection with the transportation of petroleum crude oil under rates provided in Item No. 210 series, a charge of \diamond (1) 1.16 cents per 100 pounds will be made when service is under Column "A" rates and \diamond (1) .58 of one cent per 100 pounds when service is under Column "B" rates; when under rate in Item No. 230 series, a charge of .45 of one cent per 100 pounds will be made.</p> <p>(1) Not subject to provisions of Supplement No. 3.</p>
		ALTERNATIVE APPLICATION OF COMMON CARRIER RATES
110-B Cancels 110-A		<p>Common carrier rates may be applied in lieu of the rates provided in this tariff, when such common carrier rates produce a lower aggregate charge for the same transportation from the same point of origin to the same point of destination than results from the application of the rates herein provided. (See Notes 1 and 2.)</p> <p>NOTE 1.—When the common carrier rate used is subject to minimum weight different from the minimum weight determined in accordance with the provisions of Item No. 80 series, the lesser minimum weight may be observed.</p> <p>NOTE 2.—When the common carrier rate used is based upon a weight per gallon different from that provided in Item No. 70 series, such different weight shall be observed.</p>
		ALTERNATIVE APPLICATION OF COMBINATIONS WITH COMMON CARRIER RATES
120-B Cancels 120-A		<p>When lower aggregate charges result, rates provided in this tariff may be used in combination with common carrier rates for the same transportation as follows:</p> <p>(a) When point of origin is located beyond railroad or an established depot and point of destination is located at railroad or an established depot, add to the common carrier rate applying from any team track or established depot to point of destination the rate provided in this tariff for the distance from point of origin to the team track or depot from which the common carrier rate used applies. (See Notes 1, 2 and 3.)</p> <p>(b) When point of origin is located at railroad or an established depot and point of destination is located beyond railroad or an established depot, add to the common carrier rate applying from point of origin to any team track or established depot the rate provided in this tariff for the distance from the team track or depot to which the common carrier rate used applies to point of destination. (See Notes 1, 2 and 3.)</p> <p>(c) When both point of origin and point of destination are located beyond railroad or an established depot, add to the common carrier rate applying between any railroads or established depots the rate provided in this tariff for the distance from point of origin to the team track or depot from which the common carrier rate used applies, plus the rate provided in this tariff for the distance from the team track or depot to which the common carrier rate used applies to point of destination. (See Notes 1, 2 and 3.)</p>

NOTE 1.—If the route from point of origin to the team track or the established depot, or from the team track or established depot to point of destination, is within the corporate limits of a single incorporated city, the rates provided in this tariff for transportation for distances of 5 miles or less, or rates established for transportation by carriers as defined in the City Carriers' Act (Chapter 312, Statutes of 1935, as amended), whichever are the lower, shall apply from point of origin to team track or established depot or from team track or established depot to point of destination as the case may be.

NOTE 2.—When the common carrier rate used is subject to minimum weight different from the minimum weight determined in accordance with the provisions of Item No. 80 series, the lesser minimum weight may be observed in connection with such common carrier rate.

NOTE 3.—When the common carrier rate used is based upon a weight per gallon different from that provided in Item No. 70 series, such different weight shall be observed in connection with such common carrier rate.

* Change }
◇ Increase } Decision No. 46018 .

EFFECTIVE SEPTEMBER 4, 1951

Issued by the Public Utilities Commission of the State of California,
San Francisco, California.

Correction No. 74

RATES ON THIS PAGE ARE NOT SUBJECT TO
PROVISIONS OF SUPPLEMENT NO. 3

Second Revised Page ... 14

Cancels

First Revised Page ... 14

CITY CARRIERS' TARIFF NO. 5

HIGHWAY CARRIERS' TARIFF NO. 6

Item No.	SECTION NO. 2	RATES (Continued) In cents per 100 pounds													
*210-B Cancels 210-A	PETROLEUM CRUDE OIL as described in Item No. 30 series.														
	Column "A" rates apply for transportation when consignor's facilities do not permit loading, or consignee's facilities do not permit delivery, 24 hours per day.														
	Column "B" rates apply only for transportation when consignor's facilities permit loading, and consignee's facilities permit delivery, 24 hours per day.														
	See Item No. 220 series for description of Sub-Groups.														
	AND	BETWEEN SUB-GROUPS													
		6-A		6-B		6-C		6-D		6-E		6-F		6-G	
		Column A	Column B	Column A	Column B	Column A	Column B	Column A	Column B	Column A	Column B	Column A	Column B	Column A	Column B
	Sub-Group														
	6-A	2½	02½												
	6-B	03½	02½	2½	02½										
	6-C	05½	04½	04½	03½	2½	02½								
	6-D	07	05½	05½	04½	03½	2½	2½	02½						
	6-E	05	04½	04½	03½	03½	03	04½	04	2½	02½				
6-F	03½	02½	03½	02½	04½	03½	05½	04½	03½	2½	2½	02½			
6-G	04½	03½	03½	02½	03½	02½	04½	04	04½	03½	04½	03½	2½	02½	
Group 13	07½	06	06½	05½	04½	03½	04½	03½	04½	03½	05½	04½	06	05	
* Change) 0 Reduction) Decision No. 4601S 0 Increase)															
EFFECTIVE SEPTEMBER 4, 1951															
Issued by the Public Utilities Commission of the State of California, San Francisco, California.															
Correction No. 75															

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 Decision No. 32608, as amended in Cases Nos. 4246, 4434 and 4808, be and it is hereby further amended by incorporating in City Carriers' Tariff No. 5 - Highway Carriers' Tariff No. 6 (Appendix "C" of said decision, as amended), Fifth Revised Page 10 cancels Fourth Revised Page 10 and Second Revised Page 14 cancels First Revised Page 14, attached hereto and by this reference made a part hereof, to become effective September 4, 1951.

IT IS HEREBY FURTHER ORDERED that tariff publications required or authorized to be made by common carriers as a result of the order herein may be made effective on not less than five (5) days' notice to the Commission and to the public.

In all other respects the aforesaid Decision No. 32608, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 31st day of July, 1951.

R. J. Anderson
Arthur J. Cassin
Harold P. Lusk
Frederick H. Lattin
Robert L. H. Lusk
Commissioners