

ORIGINAL

Decision No. 47001

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

H. M. Daschbach, Rudolph Illing, K. T. Carlton,
C. R. Nickerson, E. Conrad Connella,
Richard H. Murphy, A. D. Paxton, and
Frank L. Merwin, for various petitioners.

Phil Jacobson, for various respondent highway
carriers, protestants.

Russell Bevans, for Draymen's Association of
San Francisco; Frank M. Chandler, for The
Truck Owners Association of California;
Arlo D. Poe, for Motor Truck Association of
California; and L. L. Schwarz, for Pacific Gas
and Electric Company, interested parties.

SUPPLEMENTAL OPINION

By petition, Consolidated Western Steel Corporation seeks
modification of the minimum class ratings applicable to the transpor-
tation of wrought steel pipe and plate or sheet pipe (16 gauge or
thicker) named in Highway Carriers' Tariff No. 2 (Appendix "D" of
Decision No. 31606, 41 CRC 671, as amended). Supporting petitions
were filed by West Transportation, Inc., Joseph D. Sheedy, doing
business as Jos. D. Sheedy Drayage, and Paxton Truck Lines, Inc.,
respondent highway carriers, and by Kaiser Steel Corporation.

Public hearing of the petitions was held at San Francisco
and Los Angeles before Examiner Jacopi. Evidence in support of the

¹The petition of Paxton Truck Lines, Inc., supported the class rating
proposals herein except as to movements of pipe to oil well drilling
sites and movements which include the service of stringing or
distribution of the pipe along a line.

proposed ratings was introduced by witnesses for petitioners Consolidated Western Steel Corporation, Kaiser Steel Corporation and Paxton Truck Lines, Inc. No evidence was offered by the other petitioners. The traffic manager of the Pacific Gas and Electric Company also testified in support of the proposal. The authorization of the sought ratings was opposed by 16 highway carriers engaged principally in the transportation of oil, water and gas well outfits and supplies, including pipe.

Item No. 365-B of Highway Carriers' Tariff No. 2 names class ratings applicable on a substantial list of articles under the general heading "Oil, Water or Gas Well Outfits and Supplies, and Other Articles, viz." Included in the listed articles are wrought steel pipe and plate or sheet pipe (16 gauge or thicker) having inside diameter of 4 inches or greater. The class ratings made applicable to all of the articles named in the tariff item, including the pipe, are 115 percent of Class A, minimum weight 30,000 pounds, and 130 percent of Class A, minimum weight 20,000 pounds. As to the pipe involved herein, these ratings are exceptions to and supersede the Western Classification carload rating of 5th class, minimum weight 36,000 pounds, and the Exception Sheet carload rating of 5th class, minimum weight 20,000 pounds, which otherwise generally apply on wrought steel pipe and plate or sheet pipe (24 gauge or thicker), respectively, regardless of the diameter of the pipe. Petitioners request that the aforesaid Western Classification and Exception Sheet class ratings and minimum weights be made applicable on the pipe in question in lieu of those named in tariff Item No. 365-B. No change is proposed in the class ratings for shipments of pipe weighing less than 20,000 pounds.

Before considering the evidence presented in this matter, the background of the class ratings named in the aforesaid tariff item

should be reviewed. The ratings were established by Decision No. 33263 of July 3, 1940, in Case No. 4246. In the decision, the Commission said "The evidence of record points strongly toward two major conclusions. The first is that line-haul transportation of oil well supplies in truckload quantities is inherently more costly to perform than is the transportation of general merchandise; and the second is that the class rates would not be reasonably compensatory to the oil well supply carriers. The added expenses shown to be incurred in transporting oil well supplies in line haul service do not appear to be attributable entirely to the fact that movements beyond the highways over unimproved roads sometimes take place or that accessorial services are sometimes performed. They are also due to the fact that extra heavy trucks with special equipment are needed even for movements entirely over main highways, so that the load and use factors attainable by oil well supply operators are generally lower than those experienced in less specialized types of transportation. Movements are generally into rural areas, so that the volume of traffic is relatively low and the possibility of a back-haul slight. These and others of a similar nature are manifestly factors which cannot be compensated for through the medium of added or accessorial charges and which, if they are to be given recognition, must be taken into consideration in the volume of the rate itself." In the decision in question, the Commission found that the use of the regular class rates for shipments weighing less than 20,000 pounds, and that the prescription of class ratings of 130 percent of Class A and 115 percent of Class A for weight minima of 20,000 pounds and 30,000 pounds, respectively, would provide rates for oil well supply transportation, including pipe, which would be reasonable and nondiscriminatory from the standpoint of the shippers and which would adequately protect the carriers' revenues.

In the instant proceeding, the position of Consolidated Western Steel Corporation and Kaiser Steel Corporation is that the present class ratings on the pipe involved herein were predicated upon the adverse transportation conditions encountered by haulers of oil well supplies, including pipe, that most of the pipe produced by the two companies is shipped from their plants to points other than those situated in oil fields, and that the 5th class rating sought is proper for this transportation. It is alleged that conditions in the pipe business have changed since the present ratings were established in the year 1940. Assertedly, Consolidated operated the only major pipe producing plant in California at that time and producers at points in other states afforded the principal sources of supply. It was stated that now there are 12 major pipe producing plants in this State which compete with the manufacturers in other states for California pipe business.²

A witness from Consolidated's traffic department said that his company manufactures various kinds of pipe and other iron and steel articles in its plants at Berkeley, Los Angeles and South San Francisco. According to the witness, the pipe produced in the Berkeley and South San Francisco plants on which a 5th class rating is sought is used generally for gas and water lines and for other purposes and it is seldom shipped from the plants directly to job sites in the oil fields. The pipe manufactured at the Los Angeles plant, he said, was forwarded to points throughout California. The uses made of this pipe were not indicated. No data were submitted relative to the volume of the movement from the three plants. Admittedly, some of the pipe shipped from the Los Angeles plant moved under hourly rates rather than weight rates based upon the class

²The record shows that the 12 plants have an aggregate annual capacity of 1,710,000 tons of pipe. The actual amount of pipe produced by these plants was not submitted.

ratings involved herein. The witness said that he had no knowledge of the percentage of the pipe movement from the plants to pipe storage yards or warehouses that subsequently was forwarded by these purchasers to consignees situated at points in the oil fields. He stated, however, that his company was concerned in this proceeding only with the class ratings applicable on the pipe shipments from its plants to the original destinations and not with the subsequent movements in question.

The witness asserted that a 5th class rating now applied on many iron and steel articles having greater values and lower densities than the wrought, plate or sheet iron or steel pipe involved herein. He pointed out that a 5th class rating, minimum weight 20,000 pounds, was provided in the Western Classification and the Exception Sheet on corrugated pipe or culverts made of iron plate 16 gauge or thicker or of sheet iron thinner than 16 gauge and also on riveted iron or steel pipe or tubing regardless of the gauge. Assertedly, highway carriers transporting wrought, plate or sheet iron pipe for Consolidated were able to load 36,000 pounds per truck but no factual data relating thereto were offered. Comparisons of the values, weights per linear foot and other characteristics of the pipe and of the other iron and steel articles referred to by the witness were not presented.

The witness also pointed out that cast iron pressure pipe ranging from 12 feet to 18.5 feet in length recently was accorded a 5th class rating, minimum weight 36,000 pounds³, in lieu of the higher ratings named in tariff Item No. 365-B, supra. He stated that the

³Decision No. 45639 of May 1, 1951, in this proceeding, authorized the reduced rating upon evidence received at a public hearing dealing with the transportation characteristics of the pipe. The evidence also showed that cast iron pipe of any description is rarely used in the development, maintenance or repair of oil or gas wells.

wrought, plate and sheet iron or steel pipe on which a like rating is sought herein competes with cast iron pressure pipe and also with cement asbestos pipe. The latter, he said, is accorded a Class C truckload and carload rating, a rating lower than 5th class. The witness asserted that the transportation characteristics of the cast iron pressure, cement asbestos, wrought, plate and sheet pipe were similar. No factual data were offered in support of this assertion. On interstate movements of pipe from or to California ports, he said, highway carriers generally observed 5th class rates.

It was conceded by the witness that, under the alternative provisions of Highway Carriers' Tariff No. 2, highway carriers transporting pipe shipments for Consolidated between points served by rail spur track facilities were observing rail rates when such rates produced lower charges than those accruing under the truck rates named in the aforesaid tariff for the same transportation. The record indicates that in many instances the rail rates still would result in charges lower than those under the truck rates based on the reduced class rating sought herein.

A witness from Kaiser Steel Corporation's traffic department testified in support of the proposed adjustment of the class ratings on pipe. According to his testimony, various types of iron and steel articles, including the kinds of pipe involved herein, are manufactured in the Kaiser plant at Fontana. The pipe is used mainly for general industrial purposes. Plate and sheet iron or steel pipe is fabricated for Kaiser by another concern situated at Napa. This pipe is used for gas and oil transmission lines. Assertedly, the pipe manufactured at Fontana is shipped generally to points throughout California by rail and highway carriers. An exhibit offered by the witness showed that highway carriers handled Fontana pipe to 22

4

California points in the month of September 1951. Most of the shipments were delivered to pipe dealers, jobbers and consumers in the Los Angeles-Long Beach territory. Another exhibit showed that about 80 percent of the pipe shipments from Fontana during the second quarter of 1951 moved to California destinations, mainly Los Angeles and Long Beach. In the third quarter, the corresponding figure approximated 65 percent. These percentages covered the total movement by rail and truck carriers. The protestants pointed out that the exhibit did not show the proportion of the traffic handled by the two types of carriers nor the number of shipments or the amount of tonnage on which the percentages in question were based. No data were introduced relative to the movement from Napa. The witness stated that only a small portion of the pipe shipped by Kaiser moved direct to job sites in the oil fields or to pipe line locations. Assertedly, specially designed heavy motor trucks were not necessary for movements to other points. The witness said that the latter pipe shipments were handled in trucks also used for the transportation of other types of iron and steel articles.

The witness for Kaiser offered an exhibit designed to show that the average load of pipe per truck shipped from Fontana compared favorably with the average for all iron or steel articles as a group and with four selected articles forwarded from the plant. The group average weight was based upon the movement for the first 9 months of 1951 whereas the other averages were developed from the movements for a period of only one month. Under these conditions, the comparisons may not be accepted as being reasonably representative.

⁴The following points of destination were shown in the exhibit: Alhambra, Berkeley, Culver City, Elk Hills, Emeryville, Fresno, Hollydale, Long Beach, Los Angeles, Montebello, Oakland, Pomona, Sacramento, San Bernardino, San Diego, San Francisco, San Jose, San Leandro, Santa Ana, Santa Monica, Stockton and Vernon.

Another exhibit indicated that the time required for loading trucks at Kaiser's Fontana plant amounted to 6.84 minutes and 5.90 minutes per ton for two different types of pipe. For other iron or steel articles consisting of plate, sheets or strip, which are now accorded a 5th class rating, the time ranged from 6.5 minutes to 6.84 minutes per ton. Mechanical loading devices are used at the plant. It was pointed out that the minimum rates named in Highway Carriers' Tariff No. 2 generally were based upon a maximum of 20 minutes per ton for loading or unloading and that additional charges applied for time in excess thereof. No data were offered relative to the amount of time required for the unloading at the points of destination. Without the latter information, the figures submitted throw but little light upon the comparative loading and unloading characteristics of the various articles.

The witness for Kaiser offered comparisons purporting to show that the value of wrought, plate and sheet iron or steel pipe is much lower than that of a number of other articles that are accorded a 5th class rating. The value of the pipe was shown as \$145 per ton. The values of the compared other articles ranged from \$169 per ton on iron or steel roofing to \$950.40 per ton on iron or steel chains. The comparisons also indicated that the value of lubricating oils and greases exceeded that of the pipe. The value of the pipe was said to represent the average for the various sizes. The witness asserted that this value represented the selling price f.o.b. Fontana but he was unable to indicate whether it applied to all purchasers or whether different prices were offered to distributors, wholesalers or retailers. The values of the other articles that were compared therewith were taken from an exhibit introduced by a witness for another pipe manufacturer at a hearing in April 1951

involving a proposal to adjust the class ratings on cast iron pipe. The record shows that no independent investigation of the values of the articles in question was made by the witness for Kaiser. Neither did he establish that there had been no material change in the figures since the hearing in question. The densities of the various sizes of pipe and those of the other articles listed in the exhibit were not presented.

Comparisons of the revenues for minimum truckloads of 30,000 pounds of pipe under the present rates with those for minimum truckloads of 36,000 pounds under the proposed rates from Fontana to 12 points of destination were shown in an exhibit also introduced by the witness for Kaiser.⁵ As calculated by the witness, the revenues under the sought rates would be slightly lower in some instances and slightly higher in others than those under the existing rates. The record shows, however, that the average weight of the pipe actually shipped from Fontana in the month of September 1951 amounted to about 39,000 pounds per truckload. On this weight, the revenues under the proposed basis on the movements shown in the exhibit would be from 12 percent to 27 percent lower than those under the existing rates. The reductions in revenues on these movements would range from \$5.85 to \$39.05 per truckload of 39,000 pounds, depending upon the distance involved.

The president of Paxton Truck Lines, Inc., supported the establishment of the sought class ratings except on movements of pipe to oil well drilling sites and on those involving the stringing of pipe along a line. He stated that his company was engaged almost exclusively in transporting iron and steel articles, including

⁵ The present class rating of 115 percent of Class A is subject to a minimum weight of 30,000 pounds. The sought 5th class rating would be subject to a minimum weight of 36,000 pounds.

pipe, from the Fontana plant under contract with Kaiser Steel Corporation. According to his testimony, pipe having a diameter of less than 4 inches is transported from Fontana to small jobbers at various points. The larger pipe manufactured at Fontana is hauled principally to large users, such as public utilities, pipe coating plants and major oil companies. The movements from the plant usually are to points of destination not situated in the oil fields. Assertedly, the loading characteristics of pipe having a diameter of over 4 inches but not over 12 inches were as favorable as those of the smaller pipe. The witness said that pipe 12 inches in diameter is the largest size ordinarily used in the oil fields. He stated, however, that not more than 6 tons of pipe that is from 30 inches to 60 inches in diameter could be loaded on a truck and trailer. According to the witness, these larger sizes are made of thin gauge iron or steel and the weight thereof is unusually low in relation to the amount of space occupied on the trucks. He maintained that the rates on this pipe under the existing class ratings were not compensatory because of the small amount of weight per load. Assertedly, his company's loss and damage claim experience on pipe over 4 inches in diameter was more favorable than it was on small pipe such as one-half inch in diameter.

The traffic manager of Pacific Gas and Electric Company also appeared in support of the proposed class rating. According to his testimony, the company uses pipe of the types here involved for the construction, maintenance and repair of pipe lines that are employed in the distribution of gas in California. Substantial quantities of the pipe are purchased from eastern producers. This pipe moves in rail carloads from points in the East to the company's stock piles in this State under interstate rates. Pipe bought from California producers generally moves by rail to the stock piles but

truck movements sometimes are involved. Highway carriers usually are employed for the hauls from the stock piles to the job sites because the latter seldom are reached by rail. Assertedly, these movements involve substantial quantities of pipe. As an illustration, the traffic manager pointed out that the construction of a pipe line in the vicinity of San Juan required 3,620 tons of wrought steel pipe 20 inches in diameter. He submitted comparisons showing the amounts of the differences between the rates based upon the present and proposed class ratings. The witness contended that a rating higher than 5th class was not warranted on his company's pipe shipments. He introduced no evidence, however, dealing with the transportation characteristics of the pipe traffic handled by highway carriers from the stock piles to the job sites.

Sixteen respondent highway carriers engaged principally in the transportation of oil, water and gas well outfits and supplies opposed the authorization of the sought class rating on pipe. According to witnesses for the protestants, the majority of the pipe handled by their companies is transported generally to points in various oil or gas fields situated in a large territory extending from Fortuna (Humboldt County) on the north to Calexico on the south. In addition, these carriers transport pipe in truckload quantities to pipe lines or other job sites in this territory which are not situated in oil or gas fields. The stringing of the pipe along the lines often is involved in such movements. Exhibits were submitted showing that 13 of the protestants as a group transported a total of 143,843 tons of pipe having a diameter of 4 inches or more during the first nine months of 1951. About 90 percent of this amount was transported between pipe warehouses, yards or mills and oil, water or gas well and pipe line locations including stock piles and storage yards, and also between job sites situated in the

fields. The remainder was moved between supply houses and shipping, receiving or storage yards. The number of motor vehicles used in performing these transportation services by each of the carriers ranged from 60 to 100.

The witnesses for protestants asserted that the reduced rating sought was improper for the extremely adverse transportation conditions encountered by protestants in the movement of pipe. They explained in considerable detail the characteristics of pipe hauling into oil and gas well areas. Specially designed heavy motor vehicles equipped with winches and other apparatus are necessary because of the severe operating conditions. Many of the pipe storage yards, oil well drilling sites and pipe lines are located at points reached only by narrow dirt or oiled roads over mountainous terrain. On hauls into the fields near Santa Paula, in Del Valle, Del Aliso, Sepulveda, Sespe, Tapo, and Weldon Canyons and in the San Ardo-King City area, 15 degree to 20 degree grades are encountered. The assistance of heavy tractors is needed by the loaded trucks to negotiate the heavy grades. A loaded truck assisted by a tractor requires 1-3/4 hours to travel 3 miles of 15 degree grade on South Mountain, near Santa Paula. In Del Aliso Canyon, 2 1/2 hours are consumed in moving a loaded truck over a small section of a mountain road. Assertedly, it is impossible for the trucks to operate over the roads to the fields when there is the slightest amount of moisture present. In such instances, the trucks remain under load until the roads are dry. Meanwhile, the carriers temporarily are deprived of the use of the equipment. It was admitted that the tractors were furnished by and at the expense of the shippers. According to the witnesses, however, the carriers bear the additional costs resulting from the unusually slow movements under such

conditions. Relatively difficult conditions are encountered at other points in southern California. In the northern section of the State, the Fortuna oil field is reached over plank roads and winch trucks are needed to move the loaded trucks over the roads to the well sites. It was pointed out that substantial portions of the natural gas fields in the Rio Vista and the Suisun-Fairfield areas are situated on islands in the delta region. Barges transport the loaded vehicles from the mainland to the islands. Delays are encountered because the barges are able to make the crossings only during high tide. Slow movements of vehicles over the plank roads also are involved.

The adverse road conditions encountered, the witnesses for protestants said, were not entirely reflected in the constructive distances to be used in determining the applicable minimum rates. They pointed out that constructive distances are established generally between points on most highways based upon the actual mileages as increased to compensate for grades, curvatures, poor road surfaces and other adverse factors. However, for roads not specifically provided for, such as the dirt, oiled and plankroads referred to above, the distance to be used for the portion of the through haul over such roads is the actual mileage. Assertedly, the proposed reduction of the present ratings to those named on pipe generally in the Western Classification and Exception Sheet would nullify any offsetting effect of the present higher ratings on the inadequacy of the actual distances for rate determinations.

Loading and unloading operations on pipe transported by the protestants were described by the witnesses. Assertedly, these services generally are performed under difficult conditions. At yards where pipe is stored for various producers, the loading is performed with mechanical equipment maintained by the yards.

Protestants generally consider this loading method efficient. It was pointed out, however, that these yards load a substantial number of trucks per day and that the time required for loading, including waiting time, often ranges from 1½ hours to 3 hours per truck. At other yards, the loading is performed with manual labor. The unloading of the pipe at field storage yards also is performed by this method. Depending upon the size of the pipe, from 3 to 5 men are needed to load or unload at the yards in question. The pipe is rolled over skids from or onto pipe racks that are from 8 feet to 9 feet high. Assertedly, the height to which the pipe is stacked renders the manual loading or unloading operations extremely difficult and slow. It was conceded that the helpers for unloading were furnished by and at the expense of the shippers. The witnesses pointed out also that pipe yards or warehouses where the shipments originated were operated on a 5-day week basis. Assertedly, pipe that was ordered for delivery at the point of destination on Saturday or Sunday must be loaded at the yards or warehouses on Friday and the loaded trucks held elsewhere until the specified day of delivery.

Coated pipe, the witnesses said, requires unusually careful loading and unloading not involved in handling the other types of pipe transported by protestants. Coated pipe generally is used for gas or oil transmission lines. In some instances, it is used also for water lines. These movements frequently involve stringing of the pipe along the lines. The coating of asphalt compound on wrapped pipe softens during hot weather and the pipe is unloaded on sacks to prevent damage to the coating. Some coated pipe has a coating of chemical compound 2 inches thick, except that no coating is applied to an area of about 2 feet at each end of the pipe. In unloading, blocks are placed under the ends of each length of pipe so that the coated portion is not in contact with the ground. In

cold weather, the coating becomes brittle and readily cracks if the pipe is jarred in handling. The coating is soft during hot weather and is highly susceptible to damage in loading or unloading. Special equipment is needed on the trucks. The vehicles are equipped with saddles shaped to the form of the pipe for carrying the load. Depending upon the diameter of the pipe, from 24 sacks to 40 sacks filled with sawdust are used as cushions for each load. They are usable for not more than two loaded trips. The filled sacks cost about 25 cents each. Repairs to damaged somastic coating costs about \$2 per linear foot. A witness for one of the protestants said that his company was being sued for \$5,000 for alleged damage to coated pipe during the transportation service.

It was pointed out that the class rating sought herein was based upon a minimum weight of 36,000 pounds. According to the witnesses, protestants' heavy vehicles have a maximum load capacity of 36,000 pounds without violation of the weight limitation that must be observed over the public highways. It was asserted, however, that capacity loads could not be obtained on most of the pipe transported. This condition was attributed to the use of a wide variety of pipe for oil, water or gas well work and to the variations in the diameter, gauge, length and weight of the pipe. With careful loading, it was asserted, 36,000 pounds of 4-inch diameter pipe could be handled on one truck. Of the larger sizes, 12-inch and 12-3/4-inch diameter pipe ranging from 21 feet to 50 feet in length is commonly used in the oil fields. Depending upon the gauge and length of the pipe, the loads obtainable per truck range from 24,000 pounds to 33,000 pounds. In regard to coated pipe, it was pointed out that the trucks carried a total of about 2,000 pounds of additional equipment as hereinbefore stated and that the amount of coated pipe that could be loaded per truck would be reduced by that amount.

Assertedly, the rates under the sought class rating would not be compensatory under the adverse conditions with which protestants were confronted in their pipe operations. Calculations were submitted indicating that protestants' pipe revenues under the present ratings would be reduced by about 20 percent if the proposed ratings were authorized. According to a witness for one of the protestants, an operating ratio of 95.0 percent before provision for income taxes was experienced on his company's transportation of oil, water and gas well outfits and supplies, including pipe, in the first 9 months of 1951.⁶ He stated that the operations would have been conducted at a loss had the proposed rating been in effect during this period. Assertedly, the other protestants would be similarly affected. According to the witnesses, protestants have been applying on pipe rates no lower than those resulting under the present ratings with but few permissible deviations. Occasionally, the lower rail rates have been observed where authorized under the alternative provisions of Highway Carriers' Tariff No. 2. These instances were said to have been limited to situations involving keen competitive conditions. The witnesses declared that the rail rates were not compensatory for protestants' operations and that they could not afford generally to observe such rates. It was asserted also that the protestants having interstate operative rights do not apply a 5th class rating on interstate movements of pipe in California as claimed by petitioners. Evidence was presented showing that these protestants maintain in their interstate tariffs the higher class ratings and also the same level of rates established as minima for intrastate movements of the pipe involved herein.

⁶ This carrier's gross revenues amounted to \$481,739 of which about \$100,000 was derived from the transportation of the types of pipe involved herein.

The president of Paxton Truck Lines, Inc., was called also as a witness for protestants. As previously stated, this company is engaged almost exclusively in the transportation of iron and steel articles, including pipe, under contract with Kaiser Steel Corporation. According to the president's testimony, Paxton transports about 90 percent of the total iron and steel articles shipped by truck from the Kaiser plant at Fontana. Approximately 65 percent of the traffic handled by Paxton moves to points in the Los Angeles Basin Territory. The proportion thereof consisting of pipe was not known. The witness stated, however, that the majority of the type of pipe involved herein was hauled from Fontana to pipe-coating plants situated in the Los Angeles Basin Territory. He estimated that from 75 percent to 80 percent of the pipe tonnage transported by his company was destined to points served by rail spur tracks. On this traffic, Paxton is observing under the alternative provisions of Highway Carriers' Tariff No. 2 rates higher than the rail rates but lower than the minimum rates in the aforesaid tariff applicable under the existing class ratings. Assertedly, Paxton has filed an application with the Office of Price Stabilization for authority to increase the rates being assessed on the traffic in question due to advances in the cost of operation. The witness said that the increased rates, if authorized, still would be lower than the 5th class rates sought by petitioners. It was conceded that under these circumstances the proposal to reduce the present class ratings on pipe would not affect Paxton's lower rates for truck movements of this commodity to points served by rail spur tracks, which movements comprise about 75 percent to 80 percent of that carrier's pipe traffic. However, it was pointed out that rates lower than the present rates named in Highway Carriers' Tariff No. 2 would result under the sought rating on pipe shipments to points not served by rail spur tracks.

According to Paxton's president, the principal points of destination to which his company hauls pipe are in oil field areas which are situated near the main highways. On these hauls, the severe operating conditions encountered by protestants on their movements are not experienced by Paxton. This transportation is performed with equipment that is lighter and longer than that which protestants find necessary for their general operations. The lighter equipment can handle a greater load per truck. The record shows, however, that protestants also transport pipe on their heavy equipment to points situated near the main highways where favorable operating conditions prevail. Occasionally, Paxton hauls pipe to gas or oil field points where adverse road and other conditions are met. For these movements, heavy trucks similar to those operated by the protestants are used. The lighter equipment referred to cannot negotiate the turns in the mountain roads to the points in question. Paxton's president corroborated the testimony of the witnesses for the protestants regarding the severe operating conditions involved in such movements.

The president also testified regarding the loading and unloading operations on pipe. The loading of his company's trucks at the Fontana plant is performed with mechanical equipment. At the storage yards of public utilities and major oil companies the unloading of the trucks likewise is performed by mechanical means. The witness asserted that at other oil field points adverse unloading conditions were experienced comparable to those described by witnesses for the protestants.

Paxton's president asserted that he was opposed to any change in the present class ratings on pipe for movements to oil field points that were not reached directly by the main highways and also on pipe hauls involving the stringing of pipe along a line. Assertedly, the sought 5th class rating would not give appropriate recognition to the adverse conditions surrounding these pipe shipments.

Conclusions

The existing class ratings on pipe which petitioners seek to have changed are state-wide in application, with certain exceptions not here involved. In seeking to have these ratings reduced, the burden of proof that the sought rating is proper rests most heavily upon the petitioners. On movements of pipe in connection with oil or gas field and pipe line operations, it is clear from the record made that the lower rating sought in lieu of the present ratings would not give appropriate effect to the characteristics of the pipe and the conditions surrounding this particular transportation.

In regard to the movements from manufacturing plants to distributors, dealers or storage yards situated at other points, the showing made by petitioners falls far short of that ordinarily required to justify proposed changes in class ratings. As hereinabove pointed out, in some instances no factual data were presented in support of petitioners' allegations that the transportation characteristics of pipe were substantially similar to those of other iron or steel articles now accorded a 5th class rating as sought herein. In other instances, the data offered were deficient in several important respects. With one exception, the respondent highway carriers who filed supporting petitions introduced no evidence relative to the characteristics and other conditions involved in the pipe shipments handled by them. On the whole, the record affords but meager and inconclusive evidence for determining whether the present state-wide ratings are improper, as alleged by the petitioners, for the pipe movements from the manufacturing plants to other than oil or gas field points. Revisions of class ratings should be authorized only upon an affirmative showing that they are justified. Such a showing has not been made here.

The record tends to indicate that some pipe traffic moves from the Kaiser plant that involves relatively favorable loading,

unloading and operating conditions. In the event that any carrier believes that the present class ratings are improper for this particular transportation service, it is pointed out that the procedure for seeking appropriate relief is afforded under Section 3666 of the Public Utilities Code.

Upon consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds that the proposed revisions of the existing ratings and minimum weights on pipe have not been shown to be justified. The petitions will be denied.

ORDER

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

IT IS HEREBY ORDERED that the petitions filed in this proceeding by Consolidated Western Steel Corporation on August 13, 1951, West Transportation, Inc., on September 15, 1951, Kaiser Steel Corporation on September 19, 1951, Joseph D. Sheedy, doing business as Jos. D. Sheedy Drayage, on September 19, 1951, and Paxton Truck Lines, Inc., on October 8, 1951, be and they are and each of them is hereby denied.

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

Dated at San Francisco, California, this 14th day of April, 1952.

Justus F. Cassin President
Harold P. Auld
Bernett L. Potter
John E. Mitchell Commissioners