

ORIGINALDecision No. 47416

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Lamb Transportation Co. for)
authority to assess less than) Application No. 33222
minimum rates.)

Appearances

Wyman C. Knapp, for applicant.

Lester E. Olson, for The Great Lakes Carbon Corporation, interested party.

O P I N I O N

Lamb Transportation Company, a copartnership, is engaged in the transportation of property as a highway carrier. By this application it seeks authority to enter into a contract with The Great Lakes Carbon Corporation under which certain transportation of petroleum coke in bulk would be performed at rates less than the established minimum rates.¹

Public hearing was held before Examiner Bryant at Los Angeles on May 9, 1952. Late-filed exhibits were received on June 6, 1952, whereupon the matter was taken under submission.

Evidence in support of the application was offered through the testimony of two witnesses. One was a partner and general manager of Lamb, and the other was the assistant director of

¹ Lamb Transportation Company holds permits as a highway contract carrier and radial highway common carrier, and has a certificate to transport certain liquid petroleum products in tank vehicles as a highway common carrier. For convenience, the terms "Lamb" and "Great Lakes Carbon" will be used herein to designate Lamb Transportation Company and The Great Lakes Carbon Corporation, respectively.

traffic for Great Lakes Carbon. No one opposed granting of the application, and no other appearances were entered. The customary notice of hearing was given to shippers, carriers, and other interested parties.

The transportation herein involved is the movement of petroleum coke in bulk from a refinery of General Petroleum Corporation in the city of Torrance to the plant of Great Lakes Carbon in the Wilmington district of the city of Los Angeles. The highway distance between the two points, via Western Avenue and Pacific Coast Highway, is 11 miles. The movement is a regular one, since Great Lakes Carbon is a processor and distributor of petroleum coke and acquires its raw product from the Torrance refinery under a long-term contract. Great Lakes Carbon, for a number of years, has transported all of the petroleum coke in its own motor vehicles. During the year ending March 31, 1952, it moved approximately 195,000 tons. In the next twelve months, due to enlargement of the Wilmington plant, the movement is expected to exceed 300,000 tons.

The evidence shows that Great Lakes Carbon has agreed to tender all of the tonnage to Lamb at rates which have been agreed upon to the mutual satisfaction of the parties, subject to the approval of the Commission. If the rates are not authorized, Great Lakes Carbon assertedly will continue to use its own vehicles, acquiring additional equipment as may be required.

The general manager of Lamb described in detail the plan of operation. Four trailer-trains would be used, carrying an average load of 21,875 tons. Each train would consist of a diesel tractor drawing a semitrailer and a full trailer. The carrying vehicles would have open tops and air-operated hopper bottoms.

They would be loaded mechanically by employees of General Petroleum Corporation, and would be discharged automatically through the hopper bottoms. A complete round trip, including loading, weighing of the load, and unloading, would require approximately one hour and 20 minutes. Vehicle drivers would work on two shifts, thereby keeping the trailer trains in operation 16 hours daily, seven days a week. It was estimated that the vehicles would be operated at least 340 days a year, after making due allowances for plant shut-downs and interruptions due to fog or other conditions.

The rate now applicable as minimum for the transportation in question is approximately equivalent to 74 cents per ton.³ The rate herein proposed is 40.87 cents per ton for the first 300,000 tons in any 12-month period, and 37.67 cents for each ton in excess of 300,000 tons. Detailed cost studies were submitted in evidence to show that the full cost to Lamb of providing the service, including drivers' wages, vehicle operating costs, depreciation, insurance, taxes and overhead, with allowance for such intangibles as weather delays, breakdown and tire failures, but before provision for income taxes, would be 37.05 cents per ton for the first 300,000 tons and 36.21 cents per ton for additional tonnage.⁴

³ The minimum rate referred to is 3½ cents per 100 pounds, minimum weight 100,000, increased by 6 percent, as set forth in Pacific Southcoast Freight Bureau Tariff 300, Cal. P.U.C. 102 of J. P. Haynes, Agent. This is a rail rate which may be used by highway carriers for the same transportation under alternative provisions of Highway Carriers' Tariff No. 2. The applicable class rate specifically provided in the latter tariff is 6½ cents per 100 pounds, minimum weight 36,000 pounds, subject to a surcharge of nine percent. Minimum vehicle unit rates are also available but they would likewise result in charges considerably higher than would the rates herein sought.

⁴ These costs include recently increased wages, as developed in the late-filed exhibits.

Upon this basis the proposed rates would leave a margin for income taxes and profit of 3.82 cents per ton on the first 300,000 tons and 1.46 cents per ton on any additional tonnage. The equivalent operating ratios, before income taxes, would be 90.7 percent and 96.1 percent, respectively.

It is evident that the transportation service herein involved is a specialized one for which the minimum rates heretofore established are not suitable. Among other factors which distinguish this traffic are the regular and heavy movements, the two-shift operation seven days a week, and the mechanical loading and gravity unloading. Granting of the application will not result in diversion of traffic from any other for-hire transportation facility. The evidence is convincing that the sought rates will be compensatory and otherwise reasonable.

Upon careful consideration of all of the facts and circumstances of record the Commission finds as a fact that the rates hereinafter authorized will be reasonable within the meaning of Section 3666 of the Public Utilities Code. The application will be granted.⁵ Because circumstances may change, the authority will be made to expire at the end of one year, unless sooner canceled, changed or extended by appropriate order of the Commission.

O R D E R

This application having been duly heard and submitted, full consideration of the matters and things involved having been

⁵ The service herein involved will be performed in accordance with a contractual arrangement between the parties. Applicant will understand, of course, that it may not engage in the transportation of property both as a common carrier and as a highway contract carrier of the same commodities between the same points (Public Utilities Code, Sec. 3542).

had, and based upon the conclusions and findings in the preceding opinion,

IT IS HEREBY ORDERED that Lora Lamb, executrix of the estate of Clarence J. Lamb, deceased, Lora Lamb and Colin J. Boone, doing business as Lamb Transportation Co., be and they are hereby authorized to assess and collect less than the established minimum rates, but not less than 40.87 cents per ton for the first 300,000 tons transported within any twelve consecutive months and not less than 37.67 cents per ton for tonnage in excess of 300,000 tons, for the transportation of petroleum coke in bulk from the refinery of General Petroleum Corporation in the city of Torrance to the plant of The Great Lakes Carbon Corporation in the wilmington District of the city of Los Angeles.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire with July 31, 1953, unless sooner canceled, changed, or extended by order of the Commission.

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

Dated at San Francisco, California, this 30th day of June, 1952.

R. J. [Signature]
President

Harold P. Kells

Herbert [Signature]

John E. [Signature]

Commissioners

Commissioner Justin E. Craemer, being necessarily absent, did not participate in the disposition of this proceeding.