

ORIGINAL

Decision No. 47519

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of DIRECT DELIVERY SYSTEM, LTD. ) Application No. 33160  
for authority to assess less than )  
minimum rates. )

Appearances

H. J. Bischoff, for applicant.

F. J. Wakefield, for The Great Lakes Carbon Corporation, interested party.

OPINION ON REHEARING

Direct Delivery System, Ltd., a highway contract carrier, seeks authority to assess a lesser rate than the applicable minimum for certain transportation which it performs for The Great Lakes Carbon Corporation. Following a public hearing of the matters involved, the authority was denied on the grounds that it had not been shown to be reasonable.<sup>1</sup> Applicant petitioned for rehearing of its proposal. The petition was granted and a rehearing of the application was held before Examiner Abernathy at Los Angeles on July 14, 1952. The application is ready for decision on a substantially expanded record.

The transportation consists of the movement of crude diatomaceous earth for a distance of about nine miles from a quarry of The Great Lakes Carbon Corporation to a processing plant of that company in Lompec. Waste materials resulting from the processing of

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<sup>1</sup> Decision No. 47155, dated May 13, 1952, in Application No. 33160.

the crude earth are transported in the return direction. Applicant utilizes motor vehicle trains consisting of a tractor, semitrailer, and trailer. The semitrailers and trailers are of open-top, drop bottom construction so as to permit the loading and unloading of the material with a minimum amount of handling. About 20 tons of diatomaceous earth or 4 tons of waste material are transported at a time.

The applicable minimum rate for this transportation is 66 cents a ton. Applicant originally requested authority to assess a rate of 37 cents a ton but at the rehearing the company's president asked that a rate of 39 cents a ton be authorized instead. He said that the higher rate is necessary to compensate for an increase in the wage rate for drivers which has become effective since the original hearing. According to a cost exhibit which he submitted, the rate of 39 cents a ton would return the cost of the service plus an allowance for profit, before income taxes, as indicated by an operating ratio of 93 percent. The witness stated that the costs would be somewhat higher than shown were it not for economies and operating advantages which have been attained as a result of integration of the service with another transportation service which his company is performing for The Great Lakes Carbon Corporation. This service consists of the transportation of crude diatomaceous earth from the quarry near Lompoc to a processing plant at WALTERIA, Los Angeles County. He testified that the integration of the two operations permits economies in vehicle maintenance and repair, enables his company to meet peak demands for service more easily, and results in greater usage of equipment.

The western traffic manager of The Great Lakes Carbon Corporation testified that a rate of 39 cents a ton is the maximum amount that his company is prepared to pay for the service and that as an alternative to paying a higher rate it would perform the transportation with its own vehicles. He asked that the sought rate be authorized as quickly as possible inasmuch as his company feels that the present rate of 66 cents a ton is unreasonably high for the service and results in a substantial penalty in the form of excessive charges.

Notices of the hearings in this matter were sent by the Commission's secretary to persons and organizations believed to be interested. No one opposed the granting of the application.

The record is clear that the transportation service involved herein is a specialized service for which a lesser rate than that which is applicable as minimum is justified. Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds that the sought rate of 39 cents a ton for the service is reasonable. The application, as amended, will be granted. Because circumstances may change, the authority will be limited in duration and in accordance with applicant's request will be made to expire with November 17, 1952.<sup>2</sup> In order that applicant may adjust its charges as promptly as possible to the basis herein found reasonable, the order herein will be made effective ten days after the date thereof.

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<sup>2</sup> Applicant's service of transporting diatomaceous earth from the quarry near Lompoc to Waleria is being performed under special rate authority which will expire with November 17, 1952 (Decision No. 47239, dated June 5, 1952, in Application No. 30460). In order that the service involved in the instant proceeding be more fully considered in its relationship to the service to Waleria, applicant's president asked that the duration of the rate authority which may be granted be made to coincide with that granted by Decision No. 47239.

O R D E R

Rehearing of the above-entitled application having been held, all of the evidence of record having been considered carefully, and good cause appearing,

IT IS HEREBY ORDERED that Direct Delivery System, Ltd. be and it is hereby authorized to transport crude diatomaceous earth and waste material from the processing of said earth in bulk in open-top, drop-bottom vehicles for The Great Lakes Carbon Corporation between the latter company's quarry, which is located approximately nine miles southeast of the city limits of Lompoc, and its processing plant in Lompoc, and intermediate points, at rates less than the established minimum rates for such transportation but not less than the following:

For the transportation of crude diatomaceous earth:

39 cents a ton, minimum weight per shipment 40,000 pounds.

For the transportation of waste material:

39 cents a ton, minimum weight per shipment 4,000 pounds.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire with November 17, 1952, unless sooner canceled, changed, or extended by order of the Commission.

The effective date of this order shall be ten (10) days after the date hereof.

Dated at San Francisco, California, this 28th day of

July, 1952.

R. T. Zimmerman  
President  
Justin F. Adams  
Harold Hills  
Samuel D. Potter  
D. E. McNeill  
Commissioners