

ORIGINAL

Decision No. 43192

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
DIRECT DELIVERY SYSTEM, LTD.)
for authority to assess less than)
minimum rates.)

Application No. 25585
8th Supplemental

In the Matter of the Application of)
DIRECT DELIVERY SYSTEM, LTD.)
for authority to assess less than)
minimum rates.)

Application No. 30240
4th Supplemental

In the Matter of the Application of)
DIRECT DELIVERY SYSTEM, LTD.)
for authority to assess less than)
minimum rates.)

Application No. 30460
4th Supplemental

In the Matter of the Application of)
DIRECT DELIVERY SYSTEM, LTD.)
for authority to assess less than)
minimum rates.)

Application No. 33160
1st Supplemental

Appearances

- H. J. Bischoff, for applicant.
- F. J. Wakefield, for The Great Lakes Carbon Corporation, interested party.

SUPPLEMENTAL OPINION AND ORDER

Applicant has been permitted heretofore to deviate from the established minimum rates in connection with transportation of soda ash, diatomaceous earth, waste materials and empty sacks which it performs for The Great Lakes Carbon Corporation. The present authorizations will expire with January 31, 1953. Extension of said authorizations, with certain modifications, to August 1, 1953, is now sought. The rates which are currently authorized and the rates which are sought are set forth in Appendices "A" and "B" respectively, attached hereto.

Public hearings of the applications were held before Examiner Abernathy at Los Angeles on November 13 and 21, 1952. Evidence was submitted by applicant's supervisor of operations and by the traffic manager of The Great Lakes Carbon Corporation.

The evidence which was submitted by applicant's supervisor of operations consists principally of a summary of the expenses incurred in performing the services involved herein. Except with respect to the services in the vicinity of Lompoc, the expense data represent applicant's actual operating experience during the first eight months of 1952. Adjustments were included in the figures to show what the expenses would have been had present wage rates been in effect throughout the period. The service in the Lompoc area was not begun until April, 1952, and data corresponding to those pertaining to the other operations therefore were not available. The figures which were submitted for this service represent an average of applicant's costs and of those of Southern California Freight Lines. Assertedly, the costs of the service in the Lompoc area would not be less than the average shown. Having thus made a computation of the expenses or costs applicable to each of the four operations, the supervisor included an allowance for profit as indicated by an operating ratio of 93 percent. Upon the basis of the resultant figures he calculated the rates which are sought herein.¹

The western traffic manager for The Great Lakes Carbon Corporation testified to the effect that his company's transportation requirements for the coming year will continue at about the same level

¹ In some respects the sought rates are less than those which apply at present. The present rates, which became effective November 18 and 19, 1952, are higher than the rates applicable theretofore. They were authorized temporarily upon applicant's representations that they were necessary to compensate for increases in operating costs. At the hearings herein applicant amended its proposals to the basis herein indicated, alleging that its recently developed cost studies show that certain of the rates are higher than necessary to be reasonably profitable.

as that for the past year. He said that the production of diatomaceous earth has not kept pace with demand. He expected that as a consequence his company's plants would continue to be operated at capacity or near capacity throughout 1953.

No one appeared in opposition to granting of the application.

It appears from the record in the present phase of these proceedings that the rates which applicant proposes to assess for the transportation of diatomaceous earth and empty sacks between the plant of The Great Lakes Carbon Corporation, located adjacent to the city of Torrance, and points within that city, and for the transportation of diatomaceous earth and waste material between the quarry and plant of The Great Lakes Carbon Corporation in the Lompoc area would be adequately compensatory. However, that the rates which are proposed for the other of applicant's services involved herein would be compensatory was not established. All of the soda ash which applicant transported from Westend to WALTERIA during the first eight months of 1952 was moved by means of subhaulers. The record shows that a substantial part of the diatomaceous earth which was transported to WALTERIA from the shipper's quarry near Lompoc moved either by subhaulers or in vehicles leased from Southern California Freight Lines. In connection with subhauling and with leasing of equipment the Commission pointed out in a previous decision in these proceedings that "applicant should establish that the payments to subhaulers and the intercompany rentals are reasonably consistent with the costs of the service or the costs applicable to the rented equipment." (Decision No. 47239, dated June 5, 1952, in third supplemental

Applications Nos. 30240 and 30460).² Notwithstanding this admonition applicant did not provide the specified cost information. As a consequence the record is insufficient for a finding of reasonableness with respect to the rates in question.

Upon careful consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds that the rates which are sought in Application No. 25585, 8th Supplemental, as amended, and in Application No. 33160, 1st Supplemental, as amended, have been shown to be reasonable within the meaning of Section 3666 of the Public Utilities Code. These applications will be granted. In other respects applicant's rate proposals have not been shown to be reasonable and they will be denied.

The authority herein granted will be made effective on February 1, 1953, in order that there will be no lapse of applicant's present authority with respect to the transportation involved.

O R D E R

Public hearings of the above-entitled supplemental applications, as amended, having been held, the evidence received therein having been considered carefully, and good cause appearing,

IT IS HEREBY ORDERED that pursuant to Application No. 25585, 8th supplemental, and Application No. 33160, 1st supplemental, Direct Delivery System, Ltd. be and it is hereby authorized to transport diatomaceous earth, empty sacks and waste materials from the processing of crude diatomaceous earth for The Great Lakes Carbon

² The record indicates that applicant's payments to its subhaulers are at the same rate as the costs which applicant attains from full usage of its own equipment. However, the record also indicates that full usage of equipment is attained by applicant through the utilization of services of subhaulers to meet peak transportation demands. Under the circumstances it seems improbable that the subhaulers obtain corresponding usage from their own equipment, or operate at the same costs, as applicant.

Corporation at rates less than the applicable minimum rates but at rates not less than those set forth for said transportation in Appendix "B" attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that the authority which is sought herein by Direct Delivery System, Ltd. in Application No. 30240, 4th Supplemental, and in Application No. 30460, 4th Supplemental, be and it is hereby denied.

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

This order shall become effective February 1, 1953.

Dated at San Francisco, California, this 19th day of January, 1953.

R. J. [Signature]
President
Justin J. [Signature]
Harold [Signature]
[Signature]
[Signature]
Commissioners

Appendix "A" to Decision No. 48192

Authorized rates, currently applicable, for transportation services herein specified which are performed by Direct Delivery System, Ltd. for The Great Lakes Carbon Corporation.

Authorized Rates
(in cents per ton)

Diatomaceous earth, in sacks, and empty sacks, transported between the plant of The Great Lakes Carbon Corporation, located adjacent to the southerly city limits of Torrance, and points within that city.

Diatomaceous earth, in sacks, minimum weight 50,000 pounds per day that carrier's equipment is operated	50
Empty sacks	50

Note: Rates do not include loading or unloading of carrier's equipment. Transportation charges and minimum weight shall be computed upon basis of actual weight of diatomaceous earth and sacks. No additional charge shall be made for the transportation of pallets.

(Decision No. 47869, dated October 28, 1952, in Application No. 25585)

Soda ash, in bulk, transported from Westend to Waltheria, minimum weight, 41,000 pounds	33*
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* Cents per 100 pounds
(Decision No. 47869, dated October 28, 1952, in Application No. 30240)

Diatomaceous earth, in bulk, transported from a quarry approximately nine miles southeast of the city of Lompoc to Waltheria

Minimum weight, 43,000 pounds	484
Minimum weight, 43,500 pounds	478
Minimum weight, 44,000 pounds	473
Minimum weight, 44,500 pounds	468
Minimum weight, 45,000 pounds	463
Minimum weight, 45,500 pounds	458

(Decision No. 47869, dated October 28, 1952, in Application No. 30460)

Appendix "A" to Decision No. 48192

(Continued)

Authorized Rates
(in cents per ton)

Crude diatomaceous earth and waste material from the processing of crude diatomaceous earth, in bulk, transported between a quarry approximately nine miles southeast of the city of Lompoc and a plant of The Great Lakes Carbon Corporation in said city.

Crude diatomaceous earth, Minimum weight, 40,000 pounds	41
Waste material, Minimum weight, 4,000 pounds	41

(Decision No. 47869, dated October 28, 1952,
in Application No. 33160)

Appendix "B" to Decision No. 48192

Sought rates for transportation services herein specified which are performed by Direct Delivery System, Ltd. for The Great Lakes Carbon Corporation.

<u>Application No.</u>	<u>Transportation Service</u>	<u>Sought Rates (in cents per ton)</u>
25585, 8th Supplemental	Diatomaceous earth, in sacks, and empty sacks, transported between the plant of The Great Lakes Carbon Corporation, located adjacent to the southerly city limits of Torrance, and points within that city.	
	Diatomaceous earth, in sacks, minimum weight 50,000 pounds per day that carrier's equipment is operated..... Empty sacks	44 44
	Note: Rates do not include loading or unloading of carrier's equipment. Transportation charges and minimum weight shall be computed upon basis of actual weight of diatomaceous earth and sacks. No additional charge shall be made for the transportation of pallets.	
30240, 4th Supplemental	Soda ash, in bulk, transported from Westend to WALTERIA, minimum weight, 42,000 pounds	33*
	* Cents per 100 pounds	
30460, 4th Supplemental	Diatomaceous earth, in bulk, transported from a quarry approximately nine miles southeast of the city of Lompoc to WALTERIA, minimum weight, 43,000 pounds..	479
33160, 1st Supplemental	Crude diatomaceous earth and waste material from the processing of crude diatomaceous earth, in bulk, transported between a quarry approximately nine miles southeast of the city of Lompoc and a plant of The Great Lakes Carbon Corporation in said city.	
	Crude diatomaceous earth, Minimum weight, 40,000 pounds	44
	Waste material, Minimum weight, 4,000 pounds	44