

Decision No. 48420

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of DIRECT DELIVERY SYSTEM, LTD.) Application No. 30240
for authority to assess less than) (5th Supplemental)
minimum rates.)

In the Matter of the Application)
of DIRECT DELIVERY SYSTEM, LTD.) Application No. 30460
for authority to assess less than) (5th Supplemental)
minimum rates.)

Appearances

- H. J. Bischoff, for applicant.
- F. Z. Wakefield, for The Great Lakes Carbon Corporation, interested party.
- R. A. Lubich and Leonard Diamond, for the staff of the Public Utilities Commission of California.

SUPPLEMENTAL OPINION

Applicant has been authorized heretofore to assess lesser rates than the established minimum in connection with transportation of soda ash and diatomaceous earth which it performs for The Great Lakes Carbon Corporation. The soda ash is transported from Westend to Walteria and the diatomaceous earth is transported from a quarry near Lompoc to Walteria. The authority will expire with May 15, 1953 unless sooner changed, cancelled or extended by order of the Commission. By supplemental applications, filed in these proceedings on January 31, 1953, applicant seeks extension of the authority, with some revision of the charges, for an additional year.

Public hearing of the supplemental applications, as amended, was held before Examiner Bryant at Los Angeles on March 10, 1953. Evidence was submitted by applicant's president and by the western traffic manager of The Great Lakes Carbon Corporation. The matters are ready for decision.

The traffic herein involved is transported in bulk in vehicle trains each consisting of a heavy-duty tractor drawing a semi-trailer and a trailer. The carrying vehicles have open tops and drop bottoms.

The movement of soda ash from Westend to Walteria amounts to only about ten loads a month, averaging about 47,000 pounds per load. Applicant is authorized to assess as minimum for this haul a rate of 33 cents per 100 pounds, minimum weight 41,000 pounds. It proposes to continue the 33-cent rate, increasing the minimum weight to 43,000 pounds. Applicant handles this traffic through the medium of an independent-contractor subhauler, who uses his vehicle train at other times for the movement of cement traffic not herein involved.

The movement of diatomaceous earth from the quarry near Lompoc to Walteria requires the use of four vehicle trains, each making two round trips daily, seven days a week. During 1952 the loads averaged about 42,000 pounds, and totaled 90,373,760 pounds. The following table shows the present authorized rates and those proposed for the future:

Rates Authorized By Decision No. 48313		Rates Proposed for Future Year	
Minimum Weight (Pounds)	Rate (Per Ton)	Minimum Weight (Pounds)	Rate (Per Ton)
43,000	4.84	42,000	4.86
43,500	4.78	42,500	4.80
44,000	4.73	43,000	4.75
44,500	4.68	43,500	4.69
45,000	4.63	44,000	4.64
45,500	4.58	44,500	4.58
		45,000	4.53

Applicant's president submitted cost estimates developed by reducing variable and fixed expenses to unit costs per vehicle mile, and adding thereto, as a percentage of gross revenue, provisions for insurance, operating taxes, supervision and net earnings.^{1/} ✓
The proposed rates are those which, according to the estimates, would return an operating ratio of about 93 per cent after adequate provision for all items of operating expense. These rates have been agreed upon between applicant and the shipper. The shipper's western traffic manager testified in support of the sought authority. ✓
No one opposed granting of the supplemental applications.

By prior decisions in these proceedings the Commission has found that, because of various favorable operating circumstances under which this transportation is performed, lesser rates than the applicable minimum rates are reasonable. The present record is convincing that the rates now proposed for the future year would meet all items of operating expense and leave adequate net earnings. Upon careful consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds that the rates sought in Application No. 30240, 5th Supplemental, as amended, and in Application No. 30460, 5th Supplemental, as amended, have been shown to be reasonable within the meaning of Section 3666 of the Public Utilities Code. The applications will be granted.

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, ✓

^{1/} By prior decisions in these proceedings applicant was cautioned that in seeking rate relief under Section 3666 it should not base its cost estimates upon payments to subhaulers or inter-company rentals. By the estimates herein it appears that applicant's president has heeded the admonition and corrected the earlier deficiencies.

IT IS HEREBY ORDERED that Direct Delivery System, Ltd. be and it is hereby authorized to transport soda ash and crude diatomaceous earth for The Great Lakes Carbon Corporation at rates less than the established minimum rates applicable to such transportation, which transportation is more specifically described in Appendix "A" attached hereto, but at rates not less than those set forth in said Appendix "A".

IT IS HEREBY ORDERED that the authority herein granted shall supersede that granted by Decision No. 48313 dated February 24, 1953, in these proceedings.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire with April 30, 1954, unless sooner changed, cancelled or extended by order of the Commission.

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

Dated at San Francisco, California, this 7th day of March, 1953.

[Signature]
President.
Justice F. Caswell
Harold L. Lieb
Robert E. White
Commissioners.

Commissioner KENNETH POITIER, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX "A" TO DECISION 48422

Rates to be observed as minimum by Direct Delivery System, Ltd. for transportation as described which it performs for The Great Lakes Carbon Corporation

	<u>Rate</u>
Soda ash, in bulk, transported from Westend to Waleria, minimum weight 43,000 pounds	\$.33 per 100 pounds
Crude diatomaceous earth, in bulk, transported from a quarry approximately nine miles southeast of the city of Lompoc to Waleria	
Minimum weight, 42,000 pounds	\$4.86 per ton
Minimum weight, 42,500 pounds	4.80 per ton
Minimum weight, 43,000 pounds	4.75 per ton
Minimum weight, 43,500 pounds	4.69 per ton
Minimum weight, 44,000 pounds	4.64 per ton
Minimum weight, 44,500 pounds	4.58 per ton
Minimum weight, 45,000 pounds	4.53 per ton

(End of appendix)