

ORIGINAL

Decision No. 49721

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of E. Alford to deviate)
from the 5,000 gallon minimum for tank)
semi-trailers as set forth in Series)
80-C, Supplement No. 7, City Carrier)
Tariff No. 5, Highway Carrier Tariff)
No. 6.)

Application No. 34981

E. Alford, in propria persona.

O P I N I O N

E. Alford, an individual operating as a petroleum contract carrier, seeks authority to observe a minimum charge per shipment less than that established as minimum in connection with the movement of gasoline and black oils in tank vehicles for Signal Oil Company and Tide Water Associated Oil Company.¹

A public hearing of the application was held at Stockton on January 26, 1954, before Examiner Jacopi. The matter was submitted upon receipt of two late-filed exhibits on February 2, 1954.

The transportation involved in this proceeding consists of the movement of gasoline and black oils from the Stockton storage plant of Tide Water Associated Oil Company to its plant in Angels Camp and from Signal Oil Company's facilities in Stockton to its

¹ The black oils in question consist of fuel oil, residual and/or distillate, not suitable for illuminating purposes, and gas oil, as described in Item No. 30 series of City Carriers' Tariff No. 5 - Highway Carriers' Tariff No. 6 naming state-wide minimum rates on petroleum products in tank vehicles.

station in Arnold.² The present minimum rates for these movements are 13 cents per 100 pounds and 17.5 cents per 100 pounds, respectively, applicable on the weight of the shipment determined on the basis of estimated weights per gallon specified in the minimum-rate tariff. The transportation charges so calculated are subject to a minimum charge per shipment based upon 5,000 gallons for the type of tank vehicle used by applicant in performing the service.³ In this proceeding, applicant seeks authority to observe a minimum charge computed on 4,000 gallons.

According to applicant's testimony, he uses a tank semi-trailer motor vehicle unit having a capacity of 4,000 gallons in the service in question and he hauls from 12 to 13 loads per month to Angels Camp and about 8 loads per month to Arnold. He said that prior to August 1, 1953, the rules governing the minimum rates provided for computing the minimum charge per shipment on "the full legal carrying capacity of the tank or tanks containing the shipment" but not less than 3,000 gallons. The witness pointed out that since the aforesaid date the movements in his small semi-trailer equipment have been subject to a minimum charge based on 5,000 gallons as a result of an amendment of the state-wide minimum charge based on evidence received at extensive public hearings.⁴

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The constructive distances between the points under the Commission's Distance Table No. 4 are 65 miles from Stockton to Angels Camp and 91 miles from Stockton to Arnold. The latter point is situated on State Highway No. 4 about 27 constructive miles east of Angels Camp.

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On refined and black oils City Carriers' Tariff No. 5 - Highway Carriers' Tariff No. 6 provides in Item No. 80 series for calculation of the minimum charge on the basis of the applicable rate on 3,000 gallons for movements in tank trucks, 5,000 gallons in tank semi-trailers and 6,000 gallons in two connected tank vehicles.

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See Decision No. 48756 of June 24, 1953 (52 Cal. P.U.C. 624,633).

The witness asserted that the present minimum basis was improper for his operations. According to his testimony, it was impossible to get into and out of the Angels Camp plant with tank motor vehicle equipment larger than that used by him, especially since the relocation and regrading last year of the highway adjoining the plant. The testimony showed also that only limited storage facilities were maintained at the Arnold plant and that deliveries greater than 4,000 gallons at one time seldom could be accommodated. Assertedly, the two oil companies involved recently informed applicant that they would handle the movement with their own equipment unless he obtained authority to base the minimum charge on not more than the 4,000-gallon capacity of his equipment. The witness explained that he performed transportation services only for the two oil companies in question and that his small tank semi-trailer was designed for this service and was not readily adaptable to other for-hire operations.

A revenue and expense statement was submitted covering the movement of the traffic in question in the year 1953 under the minimum bases in effect during that time. The statement showed that the operations in 1953 resulted in net operating revenue of \$895 before provision for income taxes and that the corresponding operating ratio was 90.8 per cent. To the extent that the adjustments were in effect during the year, these book figures reflect the additional revenue derived from the increase in the minimum charge effective August 1, 1953, and from the advances in the minimum rates effective September 1, 1953. The operating expenses as shown in the statement included vehicle operating and maintenance costs, depreciation, insurance, licenses and taxes other than income taxes, general expenses, drivers' wages for applicant based on the prevailing wage scale and a return

on investment. Another statement introduced by applicant showed that, based on the 1953 movement, the revenue anticipated under the reduced basis sought herein would amount to \$10,587 in the next 12 months and that the operating expenses would be \$8,842 before provision for income taxes. The corresponding operating ratio would be 83.5 per cent. These figures included the effect of the aforesaid rate increases on an annual basis and of all known advances in expenses.

No one appeared in opposition to the granting of the application.

The evidence of record shows that applicant will be able to conduct the operations under the proposed rates and charges on a compensatory basis and that the sought basis is necessary to retain the traffic for for-hire carriage.

The Commission is of the opinion and hereby finds that the sought rates and charges have been shown to be reasonable within the meaning of Section 3666 of the Public Utilities Code. The application will be granted. Because circumstances may change, however, the authority will be made to expire at the end of one year, unless sooner canceled, changed or extended by order of the Commission. In view of the unusual circumstances involved in the transportation in question the order herein will be made effective in ten days.

O R D E R

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

IT IS HEREBY ORDERED that E. Alford, an individual operating as a petroleum contract carrier, be and he is hereby authorized to observe a minimum charge per shipment less than the established

minimum charge but not less than that based upon 4,000 gallons at the applicable minimum rate, in connection with the transportation of gasoline and black oils, as defined in Item No. 30 series of City Carriers' Tariff No. 5 - Highway Carriers' Tariff No. 6, for Tide Water Associated Oil Company from its plant in Stockton to its plant in Angels Camp and for Signal Oil Company from its plant in Stockton to its plant in Arnold, when such transportation is performed with a tank semi-trailer motor vehicle unit having a tank capacity of less than 5,000 gallons.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire one year after the effective date of this order unless sooner canceled, changed or extended by order of the Commission.

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

Dated at San Francisco, California, this 23rd day of February, 1954.

R. J. [Signature]
President
James J. [Signature]
[Signature]
[Signature]
Warne Higgins
Commissioners