

ORIGINALDecision No. 51955

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation)
 into the rates, rules, regulations,)
 charges, allowances and practices)
 of all common carriers, highway)
 carriers and city carriers relating)
 to the transportation of general)
 commodities (commodities for which)
 rates are provided in Minimum Rate)
 Tariff No. 2).

Case No. 5432
(Petition No. 30)

Phil Jacobson, for petitioner.
Arlo D. Poe and J. C. Kaspar, for
 California Trucking Associations,
 interested party.
J. T. Phelps, for the Commission staff.

O P I N I O N

J. L. Beeler, publishing Agent for carriers¹ parties to Southwestern Motor Tariff Bureau, Local and Proportional Freight Tariff No. 6, Cal. P.U.C. No. 14, petitions for modification of the collection of charges rule, Item No. 250, paragraph (B), which reads in part as follows: "carriers ... may extend credit ... for a period of 7 days"

The proposed "collection of charges" rule reads in part as follows:

"(B) Upon taking precautions deemed by them to be sufficient to assure payment of charges within the credit period herein specified, carriers may relinquish possession of freight in advance of the payment of the charges thereon and may extend credit in the amount of such charges to those who undertake to pay them, such persons herein being called shippers, to midnight of the 20th day of the month, following the last day of the calendar month in which the transportation was performed."

¹ The carriers are: Airway Trucking Company, Asbury Transportation Co., D. A. Brown Trucking Company, Carey Truck Line, Chesley Transportation Co., Inc., Crail Transportation Co., Daigh & Stewart Truck Co., Fortier Transportation Company, Carl Ingalls Trucking Company, Lacey Trucking Company, Rush Swoape Trucking Co., Inc.

Authority is sought to amend said "collection of charges" rule only as to shipments moving under the provisions of Items Nos. 138, 365, 720 and Section 7 of said tariff. The modified rule would be in a new item, No. 240, in the tariff.

A public hearing was held in Los Angeles before Examiner Mark V. Chiesa. Oral and documentary evidence having been adduced the matter was submitted for decision.

The carriers, parties to said tariff, are the principal haulers of oil-well drilling equipment in the State of California. Ten witnesses representing five carriers² and five oil-well drillers³ testified in support of the application and J. L. Beeler, the agent, also testified. The five carrier witnesses testified that it is impossible to collect a substantial percentage of the freight bills within the time allowed by the present rule. The evidence shows that the driller-shippers need additional time because in the normal course of their well-drilling operations and accounting practice freight bills are first verified as to accuracy through the drilling foreman, "tool pusher" or other employee at the well site or field office before a purchase order is issued or payment made, and that very often the time required for verification of delivery tickets or bills and for payment exceeds seven days. The principal reason for the delayed payments is that many oil-well sites are in remote areas and that the person responsible for checking or verifying the carrier's delivery tickets for accuracy is usually preoccupied with

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The carriers are Lacey Trucking Company, Daigh & Stewart Truck Co., D. A. Brown Trucking Company, Rush Swoape Trucking Co., Inc., and Crail Transportation Co.

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Oil drillers are Richfield Oil Corporation, Loffland Brothers, Gene Reid Drilling, Inc., John S. Hagestad Drilling Company (and three other affiliation drilling companies), and Kellogg Drilling Company.

the well-drilling job. On many occasions the driller-shipper is an out-of-state firm or has certain established bookkeeping or accounting procedures which result in unavoidable delays. There is substantial evidence of record to support petitioner's position that a large percentage of the original freight bills which are presented do not coincide with the shipper's records; that it is common practice to check freight bills with delivery tickets; that in the oil-well hauling business freight bills cannot, in most cases, be forwarded, checked for accuracy (audited), and payment returned within the time allowed by the present rule.

The Commission staff opposed the granting of the petition on the principal ground that granting of the sought authority would adversely affect many other carriers holding themselves out to transport the same commodities between the same points. A staff rate expert introduced evidence concerning the related rules and services of other carriers.

Item No. 138 of the tariff herein involved pertains to "the transportation of shipments consisting of Construction Equipment and Materials, and Farm Equipment" as authorized by respective authority of the carriers. Although the circumstances and difficulties pertaining to the time required for the payment of freight bills for such transportation services are said to be similar to those experienced in the transportation of oil-well equipment, it does not appear that a change in respect to this transportation is proper.

Item No. 720 and Section 7 are the rules, rates and regulations incidental to the hourly rates for "oil-well or gas-well outfits and supplies, and for service of stringing pipe," and the application of rates when the transportation requires "Low-bed Equipment." The rule appears to be justified and necessary for this type of transportation service. It would permit payment of freight

bills on the same day each month for all services performed in the preceding month. The present seven-day billing rule would be retained. In the event other carriers sought the benefit of the modified rule they would also be required to meet all other applicable rates, rules and regulations of the particular tariff. Very few, if any, carriers would or could avail themselves of the extended credit rule because of the restrictive provisions of said tariff, particularly rates which are as much as 20 per cent higher than in the minimum rate order. The "Alternative Rule" of Minimum Rate Tariff No. 2 is usually applied to meet a lower rate published by common carriers.

The objection to the proposed rule that higher rates might become necessary because of need for additional working capital is not supported by any evidence of record. The carriers seeking to apply the rule are the largest and principal trucking firms conducting this type of transportation in the State. On the other hand, the evidence shows that a large percentage of the freight bills would be subject to adjustment and that payment prior to verification is not only contrary to the shippers' established business practice, but that it would burden them with an unnecessary additional expense. Nearly all the witnesses testified that in many instances it is impossible to meet the requirements of the present collection rule. It seems unjust to hold the carriers responsible for what appears to be an unavoidable failure on the part of the shippers. The petition will be granted except as to Item No. 138, and with appropriate restrictions when applicable to Item No. 365.

O R D E R

A public hearing having been held, the Commission being fully advised in the premises, and good cause appearing,

IT IS ORDERED:

(1) That J. L. Beeler, Agent for the Southwestern Motor Tariff Bureau, be and he hereby is, authorized to publish and file, on not less than five days' notice to the Commission and to the public, in his Local and Proportional Freight Tariff No. 6, Cal. P.U.C. No. 14, Item No. 240 as proposed in Petition No. 30 in this proceeding, except that it shall contain the following restriction instead of that proposed:

"(Applies only in connection with shipments subject to (1) Rates in Item No. 720 series or Section No. 7; or (2) Item No. 365 series when any of the following items also apply: Items Nos. 144, 146, 148 or 205 series.)"

(2) That the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

(3) That in all other respects Petition 30, in this proceeding, be and it hereby is, denied.

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

Dated at San Francisco, California, this 13th day of SEPTEMBER, 1955.

[Signature]
President
[Signature]
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Commissioners