

ORIGINAL

Decision No. 56260

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 sand, rock, gravel)
and related items (commodities for)
which rates are provided in Minimum)
Rate Tariff No. 7).)

Case No. 5437
Petition No. 40

E. O. Blackman, for California Dump Truck
Owners Association, Inc., petitioner.

Arlo D. Poe, J. C. Kaspar, and James
Quintrall, for California Trucking
Associations, Inc., interested party.

R. A. Lubich and Ralph J. Staunton, for
the staff of the Public Utilities
Commission of the State of California.

O P I N I O N

This petition deals with the minimum rates which apply for the transportation of asphaltic concrete by dump truck equipment between points in the City of Los Angeles and in adjacent areas. Minimum Rate Tariff No. 7 provides zone rates, distance rates, and hourly rates for this service. The zone rates apply between defined production areas and delivery zones. The distance rates apply for transportation for which zone rates have not been prescribed. The hourly rates apply in lieu of the zone rates and distance rates when transportation under the hourly rates is requested by the shipper.

The California Dump Truck Owners Association, Inc., petitioner herein, seeks the establishment of zone rates for the transportation of asphaltic concrete from a recently-constructed plant of Empire Asphaltic Materials Corporation near Saugus to various destinations in the San Fernando Valley. Petitioner alleges that neither the distance rates nor the hourly rates are suitable for this transportation. The sought rates correspond to present zone rates for the transportation of asphaltic concrete within the San Fernando Valley area.

On January 13, 1958, subsequent to notice to persons and organizations believed to be interested, public hearing on the petition was held before Examiner C. S. Abernathy at Los Angeles. Testimony in support of the petition was submitted by the secretary of the Empire Asphaltic Materials Corporation and by petitioner's manager. A representative of the California Trucking Associations, Inc., appeared in opposition to the petition. Members of the Commission staff participated in the development of the record.

According to testimony of the witness for Empire Materials, the new plant of his company has a productive capacity of approximately 50,000 tons per month. About 85 per cent of the production will be delivered to destinations in the western portion of the San Fernando Valley. In the event that the sought rates are established, for-hire carriers will be principally used for the transportation involved; otherwise, vehicles of an affiliated company will be used. The witness said that the present minimum rates are not satisfactory because the distance rates are too high and because the use of the hourly rates requires extensive supervision over the transportation in order to avoid unwarranted delays by the carriers in making deliveries.

Petitioner's manager testified that the California Dump Truck Owners Association, Inc., supports the establishment of zone rates in this matter as a means of furthering the utilization of for-hire carriers. Also, he testified concerning data which he had developed to show the minutes required per delivery to the various delivery zones. These data were submitted as a basis for calculating zone rates corresponding to those which have heretofore been established for like service into the same zones.

The representative of the California Trucking Associations, Inc. opposed the granting of the petition on the grounds that the record does not provide cost data upon which minimum rates can be established in conformity with the provisions of Section 3662 of the Public Utilities Code.¹ He also took exception to the receipt of the data which petitioner's manager presented to show the delivery times to the various zones.

On the record here presented it does not appear that the petition in this matter may be granted. In order that the zone system of rates which applies for the transportation of asphaltic concrete within the San Fernando Valley may be properly extended to include transportation from the Saugus area, it should appear that the transportation from Saugus is performed under substantially similar conditions. However, the evidence does not disclose to what extent there is a similarity in underlying conditions between the

¹ Section 3662 of the Public Utilities Code requires that in the establishment of minimum rates the Commission "give due consideration to the cost of all of the transportation services performed."

transportation from Saugus and transportation within the San Fernando Valley. Nor does it appear that denial of the petition would be unduly prejudicial to Empire Materials, inasmuch as no showing was made that zone rates, as such, are necessary to the marketing of the company's products. Insofar as the level of the charges is concerned, the evidence shows that approximately the same charges are now available to Empire Materials as would result under the zone rates. With reference to the matter of supervision in connection with transportation under the hourly rates, the evidence is not persuasive that supervision as extensive as that indicated by the witness for Empire Materials is necessary to reasonably-efficient performance by for-hire carriers. Moreover, it is noted from testimony of that witness that the company's policy has been to sell its products f.o.b. plant. Hence, it does not seem that from the company's standpoint the close supervision of the carriers is a matter of direct concern.

Upon careful consideration of the record in this matter, the Commission finds and concludes that the establishment of zone rates, as sought, to apply for the transportation of asphaltic concrete from the Saugus area to destinations in the San Fernando Valley has not been shown to be justified or necessary to the maintenance of reasonable and non-discriminatory minimum rates for said transportation. The petition will be denied.

O R D E R

Based on the conclusions and findings set forth in the preceding opinion,

