

ORIGINAL

Decision No. 50539

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LAMB TRANSPORTATION)
COMPANY for authority to charge)
less than minimum rates for the)
transportation of Soda Ash from)
Bartlett, Trona and Westend to)
Boron, California.)

Application No. 39442

Wyman C. Knapp, for Lamb Transportation
Company, applicant.

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

Grant L. Malquist and Ralph S. Staunton, for the
staff of the Public Utilities Commission
of the State of California.

O P I N I O N

By this application Lamb Transportation Company seeks authority to transport soda ash in bulk for the United States Borax and Chemical Corporation from Bartlett, Trona and Westend to Boron at rates that are less than the rates which apply as minimum for the service under the provisions of Minimum Rate Tariff No. 2.

Public hearing on the application was held before Examiner C. S. Abernathy at Los Angeles on February 10, 1958. Evidence was presented by the traffic manager of United States Borax and Chemical Corporation and by applicant's accounting manager. Representatives of the California Trucking Associations, Inc. and of the Commission's staff participated in the development of the record.

The record shows that in May, 1957, United States Borax and Chemical Corporation opened a new plant for the refining of borax at Boron; that it uses soda ash in its refining processes; that its present rate of consumption of soda ash is approximately 1,000 tons a month; that this soda ash is obtained from sources of supply at Bartlett, Trona, and Westend; that applicant Lamb Transportation Company has been performing the transportation involved since the opening of the new plant; that for this service applicant initially assessed distance rates corresponding to the distance rates prescribed in Minimum Rate Tariff No. 2; that the charges under said rates were deemed excessive by the borax company; that as a consequence applicant has been assessing monthly unit rates set forth in Minimum Rate Tariff No. 2; that the use of the unit rates has resulted in a reduction in charges to a level acceptable to the borax company but that the form of the unit rates is not satisfactory; and that the borax company requires rates stated in cents per 100 pounds for reasons allied to the computation of the costs of its products.

The rates which applicant seek to assess for the transportation of soda ash for the borax company are as follows:

23 cents per 100 pounds, Bartlett to Boron
15 cents per 100 pounds, Trona to Boron
15 cents per 100 pounds, Westend to Boron

These rates are based upon a minimum weight of 50,000 pounds. In contrast, the minimum distance rates are as follows:

38 cents per 100 pounds, Bartlett to Boron
27 cents per 100 pounds, Trona to Boron
27 cents per 100 pounds, Westend to Boron

Minimum weight40,000 pounds.

According to applicant's accounting manager, the transportation at the sought rates will be profitable because the conditions under which the service is performed permit the attainment of a high degree of operating efficiency. Loading and unloading of the vehicles is accomplished by gravity or by gravity in conjunction with mechanical means. Traffic conditions permit operation of the vehicles at maximum legal speeds over virtually the entire route. Another important factor is that the service as a whole is essentially one of maintaining a stockpile of soda ash. This fact permits a flexibility in operations which is advantageous to applicant. With respect to level of the profits under the sought rates, the accounting witness submitted data to show that the sought rates would return earnings (before income taxes) as indicated by operating ratios of 90.6, 89.2 and 85.2 percent on the transportation from Bartlett, Trona and Westend, respectively. As a further indication that the sought rates would be reasonable, the witness stated that the revenues from the sought rates would be somewhat greater than those that are being earned under the monthly unit rates which are being assessed at present. He presented figures to show, moreover, that the sought rates would return revenues ranging from 16 to 22 cents per mile more than would accrue from comparable transportation of bulk cement at the minimum rates which apply to said transportation.

Granting of the application was not opposed.

On the record here presented the Commission is of the opinion and finds that the sought rates have been shown to be reasonable within the meaning of Section 3666 of the Public Utilities

Code.^{1/} The application will be granted. Inasmuch as the conditions which justify the granting of the authority may change at any time, the authority will be limited in duration to one year.

Applicant holds permits authorizing operations as a highway contract carrier and as a radial highway common carrier. The authority herein granted will apply to applicant's operations as a contract carrier. Applicant's operating authority as a common carrier will be limited accordingly in order that there will be no conflict between its contract carrier and common carrier operations.^{2/}

O R D E R

Based on the evidence of record and upon the conclusions and findings contained in the preceding opinion,

IT IS HEREBY ORDERED that:

1. Lamb Transportation Company be and it hereby is authorized to transport soda ash in bulk for the United States Borax and Chemical Corporation from Bartlett, Trona and Westend to Boron at rates which are less than the distance rates applicable under the provisions of Minimum Rate No. 2 but which are not less than the following rates:

^{1/} Section 3666, Public Utilities Code:

If any highway carrier other than a common carrier desires to perform any transportation or accessorial service at a lesser rate than the minimum established rates, the commission shall, upon a finding that the proposed rate is reasonable, authorize the lesser rate.

^{2/} Section 3542, Public Utilities Code:

No person or corporation shall engage or be permitted by the commission to engage in the transportation of property on any public highway, both as a common carrier and as a highway contract carrier of the same commodities between the same points

<u>From</u>	<u>To</u>	<u>Rate in Cents Per 100 Pounds</u>	<u>Minimum Weight (in pounds) Per Shipment</u>
Bartlett	Boron	23	50,000
Trona	Boron	15	50,000
Westend	Boron	15	50,000

2. 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.

3. The permit which Lamb Transportation Company holds to operate as a radial highway common carrier be and it hereby is limited to exclude the transportation of soda ash in bulk between Bartlett, Trona and Westend on the one hand and Boron on the other hand.

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

Dated at San Francisco, California,,
 this 15th day of APRIL, 1958.

[Signature]
 President

[Signature]

[Signature]

[Signature]

Theodore J. Jensen
 Commissioners