

**ORIGINAL**

Decision No. 57830

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation into )  
 the rates, rules and regulations, charges, )  
 allowances and practices of all common )  
 carriers, highway carriers and city car- )  
 riers relating to the transportation of )  
 any and all commodities between and )  
 within all points and places in the State )  
 of California (including, but not limited )  
 to, transportation for which rates are )  
 provided in Minimum Rate Tariff No. 2). )

Case No. 5432 /  
 Petition for Modification  
 No. 123 /

Norman R. Moon and Joseph Sampietro, for  
 petitioner.  
C. F. Sullivan, Arlo D. Poe and J. C. Kaspar,  
 for California Trucking Associations, Inc.,  
 interested party.  
J. W. Mallory, for the Commission's staff.

O P I N I O N

By this petition Pres-to-Logs Distributors of California, Inc., seeks the establishment, in the Commission's Minimum Rate Tariff No. 2, of a Class E exception rating, minimum weight 36,000 pounds, on "Pres-to-Logs". The proposed rating would apply on carload shipments moving between points in this State under the class rates named in the above-mentioned tariff.

"Pres-to-Logs" is the manufacturer's name for a product which this Commission, in Decision No. 56510 dated April 15, 1958, in Case No. 5432, found to be properly described, for transportation purposes, as "wood briquettes". The presently applicable rating is Class D, minimum weight 40,000 pounds, as provided in Item No. 180 of Pacific Southcoast Exception Sheet No. 1-S.<sup>1</sup>

---

It developed at the hearing in this matter that petitioner has no objection to the use of the description "wood briquettes" in lieu of "Pres-to-Logs" in connection with the proposed Class E rating.

Public hearing of the petition was held before Examiner Carter R. Bishop at San Francisco on November 5, 1958. A representative of California Trucking Associations, Inc., and a member of the Commission's Rate Branch staff assisted in the development of the record.

"Pres-to-Logs", the evidence shows, are manufactured from dry sawdust or a mixture of dry sawdust and wood shavings, the latter having been previously ground to uniform sizes. The sawdust, or the mixture of sawdust and shavings, is subjected to great pressure, under which it is formed into cylindrical objects approximately 4 inches in diameter and 12½ inches in length, and weighing individually approximately eight pounds. In the manufacturing process, no foreign matter is added as a binder, as the volatile matter in the shavings is sufficient for that purpose.

Pres-to-Logs are sold as a fuel in competition with similar products marketed under other trade names, and with other types of fuel, particularly firewood. Petitioner, the record shows, manufactures Pres-to-Logs at its plant in West Sacramento, and distributes the product from that point and from Sacramento to various points in California.<sup>2</sup> Petitioner shipped in 1957 a total of 17,448 tons. The company's president estimated that 75 to 80 percent of this movement was via highway common carriers and permit carriers, the balance of the shipments moving via rail.<sup>3</sup>

---

<sup>2</sup> Petitioner also has a small movement of Pres-to-Logs from Scotia to California points.

<sup>3</sup> According to the president, distribution of petitioner's Pres-to-Logs is divided, as to destination areas, approximately as follows: to San Francisco Bay area, 50 percent; to Los Angeles area, 40 percent; to balance of State, 10 percent.

A freight traffic consultant, testifying on behalf of petitioner, introduced a series of exhibits purporting to justify the sought classification rating. Among these was an exhibit in which the densities, in pounds per cubic foot, and the wholesale prices of Pres-to-Logs were compared with the densities and values of fuel wood and other commodities on which the presently applicable carload rating for movement between points in California is Class E or lower.<sup>4</sup>

According to the exhibit, the density of Pres-to-Logs is 60 pounds per cubic foot, except for the small carton containing two of the "logs" and an ignitor, the density of which is 54½ pounds per cubic foot. Seven of the compared commodities have densities greater than 60 pounds, while the remaining seven have densities of 60 pounds or less. The density of fuel wood is shown as 32.4 pounds per cubic foot.

The values per ton of Pres-to-Logs shown in the exhibit are \$17.50, \$22.50 and \$29.00, for the bundles of six logs, the cartons of four logs and the cartons of two logs, respectively. The values per ton shown for most of the compared commodities are in excess of the above figures. Only two commodities in the list, clay drain tile and gypsum, reflect values lower than \$17.50 per ton. The value shown for fuel wood is \$42.30. However, the record discloses that this figure is based on a retail price, whereas all of the other values given in the exhibit, including those of Pres-to-Logs, are predicated on wholesale prices, F.O.B., wholesaler's shipping point. Incidentally, the values shown for wood chips, a raw material from which Pres-to-Logs are manufactured, namely, \$40 to \$45 per ton, greatly exceed those stated for the finished product.

---

<sup>4</sup>The compared commodities are: Bones, hoofs, horns, clay and hollow building tile, weed killing compound, dry fertilizer compound, refuse fruit peel, gypsum, insecticides, slaked lime, floor sweeping compound, wood shavings, and fuel wood.

The above-mentioned density and value for fuel wood, the consultant testified, were predicated on the weight, dimensions and price of a single package of that commodity, which he had purchased at a retail store.

The record indicates that the transportation characteristics of Pres-to-Logs are, in some respects, favorable. The commodity is merchandised both in bundles and in cartons of uniform size. In both shipping forms loading of highway equipment at petitioner's factory is performed with lift trucks and pallets. However, the cartons and bundles are then removed from the pallets and are moved about on the truck by means of rollers. The record is silent as to the handling from and to rail cars. The witness testified that Pres-to-Logs take up less space than fuel wood and that they are handled much more rapidly and easily than is fuel wood. However, he had no actual knowledge as to whether the latter commodity in truckload quantities generally moves in packages or in bulk<sup>5</sup> or how it is handled to and from the carrier's vehicle. The record is silent as to the transportation characteristics of any of the other commodities which petitioner compared with Pres-to-Logs.

Pres-to-Logs, the record reveals, are susceptible to disintegration from moisture; accordingly, when shipped in bundles on flat bed equipment they must be protected from the weather. This is necessary even in summer, because of the action of the dew on the loads, which are held overnight on the trucks.

Petitioner's claim experience with Pres-to-Logs has been highly favorable.

The consultant introduced exhibits also in which the sought Class E rates were compared with presently published carload commodity rates on wood briquettes from producing points in Oregon and California to consuming centers in the latter State. The resulting per-ton-mile

---

<sup>5</sup> The fuel wood which the witness had observed, as prepared for retail sale, was packaged, either in bundles or in cartons.

and per-car-mile revenue figures were also set forth. Such comparisons, however, appear to be of little value in the determination of a reasonable classification rating for Pres-to-Logs (wood briquettes).

The consultant expressed the view that the present Class D rating on wood briquettes was initially published without the necessary authority from this Commission. He pointed out that the rating in question was originally published effective January 29, 1915, in Pacific Freight Tariff Bureau Exception Sheet No. 1-D and that such publication was indicated in the exception sheet as resulting in a reduction. The consultant asserted that, on the contrary, the establishment of the Class D rating resulted in an increase, on the theory that the applicable rating on wood briquettes prior to the above-mentioned date was Class E, being the rating on fuel wood, applied by analogy. Assertedly, during the period in question, as at the present time, the governing Western Classification contained no ratings specifically applicable to wood briquettes. The consultant then concluded that under the principle stated in the so-called "Carnation" case (50 Cal. P.U.C. 345) the aforementioned Class D rating was and is void and of no effect.

The record herein provides no sound basis for a determination of the rating on wood briquettes applicable prior to January 29, 1915, whether by a specific classification description or by the rule of analogy. In the absence of such factual information, the statement in Exception Sheet No. 1-D that the publication of the Class D rating resulted in a reduction will be accepted as correct.

The witnesses for petitioner emphasized the competitive factor involved in marketing Pres-to-Logs. While the record shows that petitioner's Pres-to-Logs compete with fuel wood, it appears that the greater part of the competition comes from other producers and distributors of Pres-to-Logs and from manufacturers of similar products which carry other trade names but which are properly

described for transportation purposes as "wood briquettes". Some of these competitors are located in California, while others are in the Pacific Northwest.

In the event of its establishment the sought Class E rating would also be available to competing producers of wood briquettes in California and petitioner's competitive position with respect to those producers would remain unchanged.<sup>6</sup>

### Conclusions

The evidence of record which tends to support the propriety of the sought relief appears to be confined to the comparisons, as to density and value, of Pres-to-Logs with other commodities having a truckload rating of Class E or lower. While most of the latter commodities reflected higher values than those shown for Pres-to-Logs, the densities of about half of these were greater than those of Pres-to-Logs.

Moreover, the fact that the value of record for fuel wood is a retail figure at point of consumption while those of Pres-to-Logs are based on wholesale prices at point of production makes impossible a comparison of the values of these two commodities. Additionally, the density and value shown for fuel wood, as previously stated, were derived from the weight, dimensions, and retail price of a single package. The figures thus developed cannot be safely relied upon as representative averages for firewood in general.

Also, as hereinbefore stated, the record is devoid of evidence regarding the transportation characteristics of any of the compared commodities, including firewood. Thus, there is no basis for determining to what extent, if any, the transportation characteristics of Pres-to-Logs are more favorable.

---

<sup>6</sup> In this connection, it is pointed out that petitioner now enjoys carload rail commodity rates on wood briquettes from Sacramento to the major market areas of the State. These rates, however, do not include split delivery service. The greater portion of petitioner's shipments moving via highway carriers move at class rates and are accorded split delivery service thereunder.

Again, the record shows that Pres-to-Logs are a finished product manufactured from a Class E commodity, wood shavings. It is well established that the finished product may be given a higher rating than that of the raw material from which it is manufactured.

Upon careful consideration of all the evidence we are of the opinion and hereby find that the sought relief has not been justified. The petition will be denied.

O R D E R

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

IT IS ORDERED that Petition for Modification No. 123 in Case No. 5432 be and it is hereby denied.

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

Dated at San Francisco, California, this 6<sup>th</sup> day of January, 1959.

E. Lynn Fox  
President

W. H. [unclear]

W. H. [unclear]

Therese [unclear]

Commissioners