

ORIGINAL

Decision No. 58417

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. 130

C. E. Jacobson and John D. Hudson for
Wilhold Products Company, petitioner.

William C. White, for The Borden
Chemical Company, interested party.

Fred Ardema, for Webb Products Company,
interested party.

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

O P I N I O N

Petitioner, Wilhold Products Company, Los Angeles, is a manufacturer of glue and related compounds. It ships approximately a million pounds of its products annually to various destinations in California. Its principal customers are wholesalers of building supplies and others serving the building industry.

By its petition in this proceeding, Wilhold seeks the establishment of a reduced classification rating of fourth class for less-truckload shipments of liquid glue in packages other than barrels. The rating which applies at present is third class. The

sought rating is the same as the rating applicable to less-truckload shipments of dry glue, and of liquid glue in barrels.

Public hearing on the petition was held before Examiner C. S. Abernathy at Los Angeles on January 28, 1959. Evidence in support of the petition was presented by Wilhold's secretary-treasurer, by a traffic consultant, and by employees of two other manufacturers of liquid glue. A representative of the California Trucking Association, Inc., participated in the hearing as an interested party.

This action stems from practices which Wilhold follows in the packaging and shipping of its products. The liquid glues are packed in shipping cartons ranging from 1½ to 25 pounds per carton, in pails of about 50 pounds gross weight, and in drums or barrels weighing more than 500 pounds. The dry glues are packed in shipping cartons ranging from 10 to 27 pounds per carton. In practice, Wilhold does not tender its products for transportation in all of the sizes of the cartons indicated. Where a shipment includes a number of the smaller cartons, either of liquid glue, dry glue, or an assortment of both, such cartons are packed for transportation in one or more larger containers. This practice is followed for purposes of convenience of Wilhold and of its customers. Moreover, it permits the delivery of the cartons at destination in an unsoiled condition and their subsequent use as display cartons in the resale of Wilhold's products. However, it has the effect of increasing petitioner's costs of transportation. Where cartons of liquid glue and cartons of dry glue are both packed for shipment in the same container the applicable transportation charges for the entire quantity so packed are those computed at the basis of the higher rated article in the container, namely, on the basis of the third class rating applicable

to the liquid glue. Establishment of the fourth class rating for liquid glue as petitioner proposes would permit the movement of liquid and dry glue in mixed shipments at fourth class rates. Also, it would result in a reduction in petitioner's costs incurred from the transportation of straight shipments of liquid glue.

Wilhold's liquid glues are compounded from a vinyl acetate base. They are sold in competition with similar glues, with glues compounded from an animal base, with mucilages, with pastes, and with various kinds of dry glues. Assertedly, the competition of the dry glues is substantial. Assertedly, moreover, the transportation characteristics of Wilhold's liquid glues are much the same, in essential respects, as the transportation of dry glues and of certain cement mixing compounds, cleaning compounds, caulking compounds, and paints, all of which are subject to a rating of fourth class. According to figures presented through petitioner's secretary-treasurer, the density of Wilhold's liquid glue (other than that in pails and drums or barrels) ranges from 22 to 45 pounds per cubic foot;¹ the density of Wilhold's dry glue ranges from 28 to 39 pounds per cubic foot; and the densities of the other compared articles range from 29 to 89 pounds per cubic foot. The value of Wilhold's liquid glue approximates 30 cents a gallon. From a claim standpoint, petitioner's products are transported with very little damage due to the fact that in the packaging of its liquid glue, Wilhold makes extensive use of flexible polyethylene containers, which are not readily damaged.

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It appears that the density of liquid glue, as packed in pails, drums or barrels is about twice the densities of liquid glue which is packed in the containers involved herein.

Under petitioner's proposals in this matter, the fourth class less-truckload rating which is sought would apply to: Glue, liquid, not otherwise indexed by name, in glass, plastic, or steel containers, in barrels or boxes. The reduction in rating that would be effected would apply not only in connection with petitioner's shipments but in connection with shipments of other shippers of liquid glues as described. Where a proposal involves the establishment of a revised classification rating for a group of products, it is axiomatic that the propriety of the sought rating should be established by a showing that is representative of the group. The showing in this instance relates almost wholly to petitioner's operations and to transportation characteristics of petitioner's products. No showing was made of transportation characteristics of liquid glue compounded from other than a vinyl acetate base. Accordingly, there are not grounds for concluding the sought rating would be reasonable for application to such other glues. Neither was there showing that would support a conclusion that a rating of fourth class may reasonably be established for liquid glue without a corresponding reduction in the third class rating which applies to competing mucilages and pastes.

Aside from these inadequacies in petitioner's showing, the record in other respects does not support authorization of the sought rating. The data which Wilhold presented to show the densities of its products do not reflect the company's practice of packing several cartons in larger containers. Accordingly, they may not be accepted as representative of the densities of petitioner's shipments as tendered for transportation. The densities as reported are within

the normal range of the densities of commodities subject to a third class rating. With reference to petitioner's showing that certain items of corresponding densities are subject to a fourth class rating, it does not follow from this fact alone that establishment of the sought rating is warranted. Petitioner referred to the element of competition of its liquid glues with dry glues. However, it does not appear that the higher rating which applies to the liquid glues has been unduly prejudicial to the marketing of liquid glue. Petitioner emphasized its use of polyethylene containers as being a factor that has contributed materially to a reduction in claims for damage in comparison with claims arising out of the transportation of liquid glue in glass containers. However, petitioner's proposals contemplate that the use of glass containers for liquid glue will be continued. From a claims standpoint a reduction in the rating for liquid glue has not been substantiated.

Upon consideration of the facts and circumstances of record, the Commission is of the opinion and finds that the sought rating for liquid glue has not been shown to be reasonable or justified. The petition will be denied.

O R D E R

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

IT IS HEREBY ORDERED that Petition No. 130 in this proceeding be, and it hereby is, denied.

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

Dated at San Francisco, California, this 12th day of May, 1959.

Carl L. Fox
President
Walter J. ...
Walter J. ...
Theodore J. ...
Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.