

ORIGINAL

Decision No. 59073

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Consolidated Freightways, Inc., a corporation, for authority to charge less than minimum rates for the transportation of bulk calcined petroleum coke from Wilmington, California to Long Beach Harbor, Long Beach, California.

Application No. 40959

Howard C. Alphson, for Consolidated Freightways, Inc., applicant.

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

F. Z. Wakefield, for Great Lakes Carbon Corporation, interested party.

A. R. Day, for the Commission's staff.

O P I N I O N

Applicant, Consolidated Freightways, Inc., seeks authority as a highway contract carrier to transport calcined petroleum coke from Wilmington to Long Beach for the Great Lakes Carbon Corporation for a rate that is less than that which applies as minimum under minimum rate orders of the Commission.

Public hearing on the application was held before Examiner C. S. Abernathy at Los Angeles on May 7, 1959. Evidence was presented by applicant through its division accountant and through the traffic manager of Great Lakes Carbon Corporation. Representatives of the California Trucking Associations, Inc., and of the Commission's

staff participated in the examination of the witnesses. The record was completed on June 15, 1959, with the submission by applicant of certain late-filed exhibits.

The Great Lakes Carbon Corporation is, amongst other things, a processor and distributor of petroleum ccke. It ships calcined petroleum coke from a coke calcining plant at Wilmington to the Port of Long Beach for export by vessel. The export movements are irregular, according to orders received and arrivals at Long Beach of vessels that are bound for ports of call to which the coke shipments are destined. The vessel movements of coke from Long Beach range from two to four a month. The tonnage which is represented in the movements ranges from 2,000 to 9,000 tons per vessel.

Heretofore, the coke shipments from Wilmington to Long Beach have moved via rail at a rate of 90 cents a ton. This rate is the minimum rate under the alternative provisions of Item No. 200, Minimum Rate Tariff No. 2. Assertedly the rate is unreasonably high for the specific transportation involved. Applicant and the Great Lakes Carbon Corporation have negotiated a rate of 46 cents a ton, for which applicant proposes to provide the transportation in the future. This is the rate for which applicant seeks authority herein.

Applicant represents that the proposed rate will be adequately compensatory. According to data which were submitted with the application, estimated net revenues from the services (before provision for income taxes) will be more than 7 percent of the gross revenues. The data were developed on the basis of certain time checks, estimates, and analyses of applicant's costs of operation.

As has been stated previously, the transportation of coke from Wilmington to Long Beach is an irregular service. When a vessel is to be loaded, the operations require the use of nine tractor, semi-trailer and trailer combinations. In between vessel loadings -- about half of the working time per month -- the vehicles would be idle if not used for other purposes. Applicant's operating program herein contemplates that the transportation of coke from Wilmington to Long Beach can be coordinated with other contract carriage which applicant performs and which consists of the transportation of soda ash in the Mojave Desert area, the transportation of talc from Los Angeles to Kaiser, and the transportation of crude coke from Torrance to Wilmington. Assertedly, applicant can meet its contractual obligations with respect to these services with the same vehicles that are required for the transportation of coke to Long Beach when such vehicles are not being used in said transportation. It may be that the various services can be satisfactorily coordinated as indicated.

The cost data is not entirely complete with respect to certain costs which are related to vehicle annual use factor. These costs, it appears, reflect a vehicle use factor which applicant attains from its combined services from the type of vehicles involved. Aside from any question concerning the propriety of developing costs for a specific transportation service upon nonrelated services, the costs evidently do not give effect to such change in average vehicle use factor as may result from expected additions to applicant's fleet. On this record it appears that the vehicle use factor would be lowered with a consequent increase in certain of the related costs.

As a general comment it should be pointed out that none of the data upon which applicant relies in this matter were developed upon the basis of actual performance of the transportation involved.

Whether or to what extent the showing would be modified in the light of actual experience cannot be determined at this time. It appears, however, that applicant has made reliable estimates of the time required to perform the service, total mileage involved and to these factors has applied its cost of operation as determined from records for this type of equipment. We find and conclude that the circumstances justify a finding that the proposed rate is reasonable for the transportation to which it would apply. The application should be granted. Because the conditions under which the service is performed may change at any time, the authority will be made to expire at the end of one year unless sooner changed, canceled or extended by order of the Commission.

O R D E R

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

IT IS ORDERED:

(1) That the above-numbered application in this proceeding is hereby granted.

(2) That the authority herein granted shall expire October 19, 1960, unless sooner canceled, changed or extended by order of the Commission.

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

Dated at San Francisco, California, this 29th day of September, 1959.

Everett R. Leage
President
W. E. [illegible]
W. [illegible]
W. [illegible]

Theodore H. J. [illegible]
Commissioner, being
necessarily absent, did not participate
in the disposition of this proceeding.