

ORIGINALDecision No. 59249

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 petroleum)
 and petroleum products in bulk)
 (commodities for which rates are)
 provided in Minimum Rate Tariff)
 No. 6).)

Case No. 5436
 Petition for
 Modification No. 27

Berol and Silver by Edward M. Berol, for
Pacific Intermountain Express Co.,
 petitioner.

J. C. Kaspar, Arlo D. Poe and James X.
Quintrall, for California Trucking
 Associations, Inc., interested party.
Grant L. Malquist and John F. Specht,
 for the Commission staff.

O P I N I O N

By this petition, Pacific Intermountain Express Co. seeks authority to publish a rate lower than the minimum rate otherwise applicable for the transportation of penetration asphalt from Avon to Oleum, both points being in Contra Costa County.

Public hearing was held before Examiner William E. Turpen on September 11, 1959, at San Francisco. The matter was submitted on receipt of a late-filed exhibit on September 17, 1959.

The record shows that petitioner first started transporting penetration asphalt¹ for Union Oil Company from Avon to Oleum in March, 1959; that prior to that time the product did not move at all;

¹ Penetration asphalt is a refinery by-product which is blended with other petroleum products to make various grades of road asphalts and road oils.

that in March, petitioner's rate for this transportation was 6 cents per 100 pounds; and that petitioner's rate was increased to 7 cents per 100 pounds effective May 7, 1959.

Petitioner now seeks authority to republish the 6-cent rate, applicable to movements of penetration asphalt from Avon to Oleum when moving between petroleum oil refineries for the purpose of further blending or mixing. Petitioner proposes to make the rate subject to a minimum weight of 160,000 pounds and to the condition that shipments must be tendered in full truck and trailer load lots or semitrailer load lots based on the carrying capacity of carrier's equipment furnished. It is also requested that the rate be published to expire April 30, 1960, the date when petitioner's present labor contracts expire.

The distribution manager of Union Oil Company testified that his company does not manufacture penetration asphalt, but found it economically feasible to use it for further processing when it could be transported for 6 cents per 100 pounds. He further said that higher transportation costs for the penetration asphalt would force his company to discontinue its use.

Petitioner's director of sales and traffic for bulk commodities testified that unusually favorable operating conditions surround this movement. He said that loading and unloading facilities are available 16 hours a day, enabling one piece of equipment to make four trips in one day. This is the reason, according to the witness, for the 160,000-pound minimum weight. Scheduling of shipments enables petitioner to get the optimum use factor from its equipment.

The director of accounting, bulk commodities, for petitioner introduced and explained a study he had made of the estimated

cost of the transportation involved. The study was based on performance data gathered covering this transportation conducted during May and June of 1959. Using this information, the witness estimated revenues and expenses for this operation on an annual basis. His study showed estimated annual revenues of \$29,005, and expenses of \$27,361, resulting in a net profit of \$1,644, which produces an operating ratio of 94.33 per cent.

The record is clear that the sought reduced rate is necessary to enable the transportation here involved to continue and that petitioner can perform the transportation at a profit. Accordingly, the Commission is of the opinion and finds that the sought rate is justified by transportation conditions. The petition will be granted.

O R D E R

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

IT IS ORDERED that Pacific Intermountain Express Co. be and it is hereby authorized to publish and file, on not less than five days' notice to the Commission and to the public, a rate of six cents per 100 pounds, minimum weight 160,000 pounds, on penetration asphalt, from Avon to Oleum, subject to an expiration date of April 30, 1960, subject to the conditions that the rate will apply only when moving between petroleum oil refineries for the purpose of further blending or mixing, and that shipments must be tendered in full truck and trailer load lots or semitrailer load lots based on the carrying capacity of carrier's equipment furnished.

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

Dated at San Francisco, California, this 10th day of November, 1959.

Everett W. Page
President
John S. Dittell
William J. ...
E. ... Fox
Theodore Deener
Commissioners