

Decision No. _____

61892

ORIGINAL

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 car-)
riers 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. 39

Berol & Geernaert by Edward M. Berol,
for Acme Transportation, Inc.,
petitioner.
Phillip J. Ryan, for Union Oil Co.;
J. C. Kaspar, A. D. Poe, J. X. Quintrall,
for California Trucking Associations,
Inc.; interested parties.
John R. Laurie and Grant L. Malquist, for
the Commission's staff.

O P I N I O N

By petition filed December 20, 1960, Acme Transportation, Inc., a highway common carrier of petroleum products in bulk, seeks authority to publish and maintain a rate of six cents per 100 pounds for the transportation of residual fuel oil, also known as standard bunker fuel, from Martinez to a point approximately one mile east of Pittsburg. The presently effective minimum rate for such transportation, which is maintained by petitioner, is nine cents per 100 pounds.¹

Public hearing was held February 23, 1961, before Examiner J. E. Thompson at San Francisco.

The proposed rate is being sought by applicant in order to retain traffic presently transported for the Ethyl Corporation. The latter company has a plant located near Loveridge Road approximately

¹ Western Motor Tariff Bureau, Inc. Tariff No. 3-D, Cal. P.U.C. No.25, Index 1610.

one mile east of Pittsburg where it manufactures motor fuel anti-knock compound. In its operation it uses 87,000 barrels of bunker fuel per year. It has storage facilities for 4,000 barrels which is the equivalent of about 25 truckloads.

Applicant presented estimates of the cost per truckload, assuming deadhead mileage and also assuming an operation without deadhead mileage. The former provides the higher cost and the estimates are as follows:

Acme Transportation, Inc.

Estimate of cost of Transporting
Fuel Oil from Martinez to Pittsburg
(Assuming Deadhead to and from Truck Terminals)

Round-trip Time (hours)		3.29
Round-trip Distance (miles)		40.5
Payload (pounds per trip)		48,050
Revenue per Trip @ \$.06 cwt.		\$28.83
Direct cost per Trip	\$20.20	
Indirect Expense (16.2%)	3.91	
Operating Taxes and Insurance	<u>1.25</u>	
Total Cost Before Income Taxes		<u>25.36</u>
Net per Trip		\$ 3.47
Operating Ratio Before Income Taxes		88.0%

The estimates of the full cost without deadhead mileage is \$22.09 with a net income per trip of \$6.74 for an operating ratio of 76.5 percent. According to the testimony, the actual results should be somewhere between those estimates because applicant intends to dispatch vehicles on that haul in conjunction with other transportation so as to reduce deadhead mileage. In that connection, applicant proposes that the rate be subject to these conditions:

1. That shipper and consignee must make their premises available to enable the carrier to perform service on a 24-hour basis; and
2. That a minimum of 10 full truck and trailer load shipments must be tendered to carrier at one time.

Assertedly, this will enable the dispatching of equipment to fit in with other business so as to provide for optimum utilization of carrier equipment and personnel.

Ethyl Corporation presented the results of a study which compares the cost to it of service performed by applicant and the cost to it of performing service with leased equipment which is presently available. According to the study, the cost of transportation of 3,468,000 gallons of fuel oil, which is approximately the amount which will be required by Ethyl Corporation by March 1, 1962, when its contract with its supplier expires, is as follows:

By Applicant @ 9 cents cwt. \$24,189

By Applicant @ 6 cents cwt. 16,126

By Ethyl Corporation with leased trucks 16,334

According to the assistant purchasing agent of Ethyl Corporation, the company is of the opinion that it can transport the bunker fuel it requires with leased trucks at a lower cost than estimated above and is prepared to do so if the applicant is not granted the authority sought herein.

The Commission's staff and California Trucking Associations, Inc., did not present evidence but actively participated in the proceeding by cross-examining applicant's witnesses. No one opposed the granting of the authority sought. California Trucking Associations, Inc., asked that the authority be limited so as to apply only to the type of operations described as conducted for the Ethyl Corporation and that it be scheduled to expire March 1, 1962, which is the expiration date of the contract Ethyl Corporation has

with its supplier. Applicant stated it would accept such limitations and, pursuant to agreement by the parties and by leave granted by the presiding officer, applicant submitted after the hearing a description of the point of destination which further limits the scope of the application of the proposed rate to the type of operations considered in the cost estimates.

Upon consideration of all of the facts and circumstances, we are of the opinion and find that the proposed rate is reasonable and is justified by transportation conditions.

O R D E R

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

IT IS ORDERED:

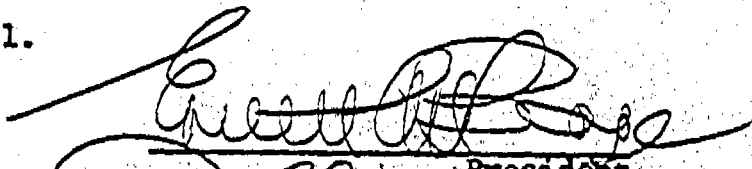


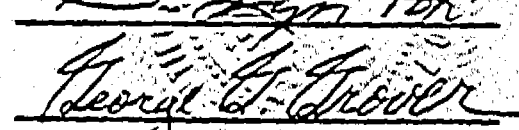
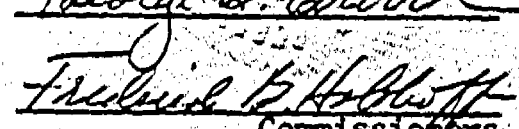
1. That Acme Transportation, Inc., is authorized to establish, on not less than five days' notice to the Commission and to the public, a rate of six cents per 100 pounds for the transportation of residual fuel oil (standard bunker fuel) from Martinez to points within one mile of the intersection of Loveridge Road and The Atchison, Topeka and Santa Fe Railway Company main line tracks, said intersection being in the vicinity of Pittsburg, subject to the following conditions:

- (a) The weight of the shipment shall be computed at 7.75 pounds per gallon.
- (b) The consignor and consignee must make their premises available to enable carrier to perform service on a 24-hour basis.
- (c) A minimum of 10 full truck and trailer load shipments must be tendered to carrier at one time.
- (d) Rate shall not be subject to an allowance for delivery after hours as provided in Item 115 of Western Tariff Bureau, Inc., Tariff No. 3-D.

2. That the authority granted herein shall expire if not exercised within sixty days after the effective date of this order, and, in any event, shall expire March 1, 1962, unless sooner canceled, modified or extended by order of the Commission.

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

Dated at San Francisco, California, this 25th
day of April, 1961.


President




Commissioners