

ORIGINALDecision No. 64474

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 trans-)
 portation 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. 55)

Berol, Loughran and Geernaert, by Edward M. Berol,
 for Acme Transportation, Inc., petitioner.
Hughes, L. Smith, for Miles and Sons Trucking
 Service, respondent.
Donn W. Wilson, for Fibreboard Paper Products
 corporation; J. C. Kaspar, A. D. Poe and
J. X. Quintrall, for California Trucking
 Associations, Inc.; interested parties.
R. A. Lubich and Arthur F. Burns, for the
 Commission staff.

O P I N I O N

By Petition for Modification No. 55 in Case No. 5436,
 Acme Transportation, Inc., a highway common carrier of petroleum
 products in bulk, seeks authority to publish and maintain a rate of
 8½ cents per 100 pounds for the transportation of fuel oil from
 Richmond to Du Pont.^{1/} The presently effective minimum rate for such
 transportation, which is maintained by petitioner, is 10 cents per
 100 pounds.

Public hearing of the petition was held before Examiner
 Carter R. Bishop at San Francisco on September 7, 1962.

The proposed rate is being sought to retain traffic pres-
 ently transported for the aforesaid Du Pont Company. The annual

^{1/} Du Pont is about two miles east of the easterly city limits of
 Antioch. It is the location of a plant of E. I. Du Pont de
 Nemours & Company, which plant is served by rail spur track.

movement of fuel oil from Richmond to Du Pont, the record shows, amounts to more than 35,000,000 pounds per year, all of which is handled by petitioner.

According to petitioner's vice president, the operation here in issue is an unusually efficient one. Loading at Richmond and unloading at Du Pont may be performed at the carrier's convenience at any hour of the day or night, seven days per week. Additionally, unloading time has been recently reduced to about one half the normal time for bulk fuel oil, through the installation by the Du Pont Company of unusually large pipe and fittings in connection with the storage facilities at its plant. The foregoing circumstances enable the carrier, the witness stated, to enjoy a high use factor with its tank equipment.

The vice president testified concerning a study which he had made of the cost of performing the transportation in question. According to the study, the full cost per round trip between Richmond and Du Pont, at current expense levels, is \$38.97 per trip. The gross revenue per trip, under the proposed rate, predicated upon a load of 6,500 gallons at an estimated weight of 7.75 pounds per gallon, was estimated to be \$42.82. These figures reflect an estimated operating ratio of 91 percent and a rate of return of 9 percent, both before provision for income taxes.

In order to maintain the integrity of the minimum rate structure, petitioner is willing for the authorization of the sought rate to be conditioned upon the observance of the following requirements:

(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 20,000,000 pounds must be tendered to carrier during a 12-month period.

(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.

Du Pont Company's traffic supervisor testified that the plant to which the deliveries here in issue are made is used for the production of motor fuel anti-knock compound, compressed gas and allied products. The fuel oil for which the proposed transportation rate is sought is used for energy purposes. Du Pont Company, the traffic supervisor stated, is now building an additional plant at Du Pont, and when the new plant is in operation the fuel oil consumption at the Du Pont location will increase by 40 percent.

The traffic supervisor also testified that if the rate sought herein should not be authorized, his company will, almost immediately, undertake the transportation of fuel oil from Richmond to Du Pont in its own highway equipment and the traffic here in issue will be entirely lost to petitioner. He stated that Du Pont Company presently engages in a certain amount of proprietary hauling of commodities other than fuel oil from or to the plant in question. Also, he said, the company engages extensively in proprietary transportation in the eastern section of the country. Du Pont Company, moreover, has made studies to develop estimated costs of performing the haul from Richmond to Du Pont in its own equipment.^{2/}

No one opposed the granting of the petition. Representatives of the California Trucking Associations, Inc., and the Commission's staff assisted in the development of the record. The Association representative urged that, in the event of authorization, the sought rate be made subject to the conditions proposed by

^{2/} According to the record, Du Pont Company does not now have available highway equipment which would be suitable for the transportation of fuel oil.

petitioner at the hearing, as hereinabove set forth, and that the authorization be made subject to annual review.

The record is clear that petitioner will be able to perform the transportation in question on a compensatory basis under the proposed rate and that, in the event that the rate should not be authorized, the traffic here in issue will be lost to for-hire carriage. Upon consideration, we find that the proposed rate is reasonable and is justified by transportation conditions. The petition will be granted. Because the conditions under which service is performed may change at any time, the authority will be made to expire at the end of one year, unless sooner canceled, changed or extended by order of the Commission.

O R D E R

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

IT IS ORDERED that:

1. Acme Transportation, Inc., is authorized to establish a rate of $8\frac{1}{2}$ cents per 100 pounds for the transportation of fuel oil from Richmond to Du Pont, 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 shall make their premises available to enable carrier to perform service on a 24-hour basis.
- (c) A minimum of 20,000,000 pounds must be tendered to carrier during a 12-month period.
- (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. The tariff publications authorized to be made as a result of the order herein may be made effective not earlier than ten days after the effective date hereof on not less than ten days' notice to the Commission and the public.

3. The authority herein granted shall expire one year after the effective date of this order 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 30th day of OCTOBER, 1962.

Thomas H. Grover
President

[Signature]

[Signature]

[Signature]

Fredrick B. Webb
Commissioners