

Decision No. 65135**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 PETROLEUM TANK LINE, a California )  
 Corporation, to charge less than the )  
 minimum rates established by the )  
 California Public Utilities )  
 Commission as authorized in Section )  
 3666 of the Public Utilities Code )  
 of the State of California. )

Application No. 44670

Milton S. Baum, for applicant.

Eric A. Mohr and John F. Specht, for the Commission staff.

O P I N I O N

Petroleum Tank Line, a corporation, operates as a highway contract carrier between points in this State.<sup>1/</sup> By this application, as amended, it seeks authority to deviate from the established minimum rates, rules and regulations, in the transportation of welding equipment and supplies for Moore's Welding Supply Company from Sacramento to Chico.

Public hearing was held before Examiner Bishop at Sacramento on October 25, 1962. With the filing of an amendment to the application on November 8, 1962, the matter was taken under submission.

Evidence in support of the proposal was presented through applicant's president, its office manager, the president of Moore's Welding Supply Company, and a transportation consultant. Representatives of the Commission's Transportation Division staff assisted in the development of the record.

1/ Applicant also operates as a highway common carrier, as a petroleum irregular route carrier, and as a radial highway common carrier.

The applicable minimum rates, stated in cents per 100 pounds, are various, depending upon the identity and quantities of the articles transported. Applicant proposes to assess, in lieu thereof, rates of \$10.50 per hour running time and \$5.50 per hour standby time during loading and unloading of equipment, under the following conditions: Applicant shall furnish the tractor with driver; shipper shall furnish and maintain the trailer and shall perform the loading of same, carrier's driver to assist only in the unloading at Chico.

The record shows that the movement in question will be from Moore's place of business in Sacramento to its branch store in Chico and that approximately one trip per week will be made. The weight of the load will range from 30,000 to 40,000 pounds and at least 90 percent of the lading will consist of oxygen and acetylene gas in cylinders, the balance to be comprised of various items embraced by the general description of "welding supplies".

Since it is proposed to observe hourly rates the weights of individual items need not be ascertained and applicant proposes to describe, on the shipping documents, the property to be transported simply as "welding equipment and supplies". This procedure, applicant's president said, will result in economies for both carrier and shipper.

Exhibits were introduced by applicant purporting to show the full cost, on a round-trip basis, of performing the transportation service in question. As revised by the amendment to the application, the exhibits reflect a full cost of \$69.89 per trip. The average revenue per trip under the proposed rates, as developed by time studies conducted by applicant, would be \$75.37. The resulting estimated operating ratio, before income taxes, is 92.73 percent.

Most of the direct expense factors used in the study were taken from the carrier's book records. Vehicle unit costs reflected, for the most part, actual experience with the particular tractor which applicant plans to use in the transportation here in issue. Percentage factors used in the expansion of the basic wage rate for payroll expense and fringe benefits and for development of estimated gross revenue expense were taken from a recent Commission staff study.

The above-mentioned tractor is a 1939 model which has for several years been fully depreciated on the carrier's books, hence no provision was made in the cost estimates for depreciation expense. This tractor covered 30,119 miles in 1961 and incurred maintenance and repair expense in that year averaging 7.08 cents per mile. This figure was used in the aforesaid cost estimate. According to the record, the vehicle is in good working order.

Indirect expense was estimated at \$6.87 per trip. This figure was calculated by taking 9.12 percent of the estimated average revenue per trip, and reflects 10.9 percent of the estimated direct cost per trip. The figure of 9.12 percent was determined by relating applicant's total indirect expense for the year 1961 to its total gross revenues for that year, embracing all of its activities. This latter figure amounted to some \$936,000, of which \$553,000 accrued from the operation of a repair shop. The balance came from carrier operations. The record indicates that the amount of indirect expense attributable to operations conducted as herein proposed is somewhat less than that associated with the average highway carrier operation.

No one opposed the granting of the application..

As hereinabove indicated, the tractor with which the service is to be performed is of advanced age, and obviously cannot be expected to continue functioning satisfactorily for an indefinite period. At any rate it may reasonably be expected that maintenance costs will be higher for succeeding years. Nevertheless, the evidence is persuasive that, under current conditions and under the circumstances under which service is to be rendered, applicant will be able to perform the transportation involved herein under the sought rates on a compensatory basis.

Upon consideration, we find that the proposed rates are reasonable. The application will be granted. The order which follows will specify the conditions to be observed in connection with the proposed rates. Also, because 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

IT IS ORDERED that:

1. Petroleum Tank Line, a corporation operating as a highway contract carrier, is authorized to transport welding equipment and welding supplies for Moore's Welding Supply Company from Sacramento to Chico at rates which deviate from the minimum rates but not less than the following:

\$10.50 per hour running time Sacramento to Chico and return.

\$ 5.50 per hour for the time the tractor is standing by for loading or unloading of the trailer.

2. The rates authorized by paragraph 1 of this order are to be applied only when the following conditions are observed in connection therewith.

- (a) Applicant shall furnish tractor and driver only.
- (b) Trailer shall be furnished and maintained by Moore's Welding and Supply Company.
- (c) Trailer shall be loaded by the aforesaid shipper.
- (d) Applicant's driver shall assist in unloading of trailer at Chico only.
- (e) Running time shall be computed from departure of carrier's equipment from carrier's terminal at Sacramento until arrival at point of destination and from point of destination until return to carrier's terminal at Sacramento.
- (f) Standby time is that which elapses while carrier's tractor remains idle by reason of loading or unloading of shipper's trailer.
- (g) Time taken by carrier's driver for meals shall not be included in the time on which the rates hereinabove authorized are assessed.
- (h) Fractions of an hour shall be computed in accordance with the following table:

<u>Over</u>	<u>But Not Over</u>	<u>Use</u>
0 Minutes	8 Minutes	Omit
8 Minutes	23 Minutes	$\frac{1}{2}$ Hour
23 Minutes	38 Minutes	$\frac{1}{2}$ Hour
38 Minutes	53 Minutes	$\frac{3}{4}$ Hour
53 Minutes	60 Minutes	1 Hour

- (i) Articles to be transported need not be itemized on the shipping documents. Each shipping document shall identify the property to be transported thereunder as "welding equipment and/or welding supplies".

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 26<sup>th</sup> day of MARCH, 1963.

George G. Trover  
President

Edith S. Mitchell

Everett W. Page

Frederick B. Hulshoff

Dalton M. Bernard  
Commissioners