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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Western Motor Tariff Bureau, Inc.,)
a Corporation, on behalf of certain)
of its member carriers to depart)
from specified provisions of)
General Order No. 84-D of the)
California Public Utilities Commission.)

Application No. 45784
(Filed September 18, 1963)

Russell & Schureman, by Theodore Russell, W. J. Knoell,
for applicant.
W. A. Dillon, J. C. Kaspar and A. D. Poe, for California
Trucking Association; Robert D. Gibson for Tidewater
Oil Company; and R. T. Hunt, by Robert L. McCue for
Richfield Oil Corporation; interested parties.
John F. Specht, for the Commission staff.

O P I N I O N

By this application Western Motor Tariff Bureau, Inc., on behalf of all highway common carriers and petroleum irregular route carriers parties to its Tariffs Nos. 3-D, 30-A and 33-B, seeks authority to depart from the provisions of paragraph 7(g) of General Order No. 84-D.^{1/} Applicant also seeks the same authority prospectively for any carrier which may undertake to handle C.O.D. shipments under the foregoing tariffs in the future.

The sought relief relates specifically to the transportation of petroleum and petroleum products in bulk in tank highway vehicles by the carriers herein involved.

General Order No. 84-D prescribes rules for the handling of C.O.D. (Collect on Delivery) shipments and for the collection, accounting and remittance of C.O.D. moneys. It was superseded by

1/ The full descriptions of the tariffs in question are: Western Motor Tariff Bureau, Inc., Agent, Local Freight and Express Tariff No. 3-D, Cal. P.U.C. No. 25 (Elmer Ahl, Agent, series); Western Motor Tariff Bureau, Inc., Agent, Local Freight Tariff No. 30-A, Cal. P.U.C. No. 26 (Elmer Ahl, Agent, series); and Western Motor Tariff Bureau, Inc., Agent, Local Freight Tariff No. 33-B, Cal. P.U.C. No. 27 (Elmer Ahl, Agent, series)

General Order No. 84-E, effective February 1, 1964. As General Order No. 84-E makes no change in General Order No. 84-D which is material to the issues in this proceeding, the application will be considered as an amended application seeking relief from General Order No. 84-E.^{2/}

This matter was heard before Examiner Lane in Los Angeles on November 19, 1963 on which date it was submitted for decision. Evidence in support of the application was adduced through applicant's tariff publishing officer and a rate analyst for each of two oil companies. A representative of California Trucking Association and a member of the Commission staff assisted in development of the record. No one appeared in opposition to the granting of this application.

Paragraph 7(g) of General Order No. 84-E provides that every highway common carrier and petroleum irregular route carrier, among others, shall not "make a C.O.D. shipment part of a split delivery shipment."^{3/}

According to the record, about 90 percent of the highway common carriers and petroleum irregular route carriers transporting bulk petroleum products in tank trucks are parties to the tariffs heretofore described. These carriers handle all but a relatively small portion of the highway carrier for-hire transportation of bulk petroleum. Assertedly, it has been a long established practice in connection with the distribution of petroleum products to retail service stations to make C.O.D. shipments part of split-delivery

^{2/} General Order No. 84-E was adopted by the Commission by Decision No. 66552, dated December 27, 1963, in Case No. 7402.

^{3/} When the shippers so elect, hourly, daily, weekly and monthly Vehicle Unit Volume Tender Rates may be applied on much of the traffic involved herein. Under these rates, carriers may make C.O.D. shipments part of split-delivery shipments.

shipments. Because of restricted storage capacities at many retail service stations and the increasing size of tank truck equipment, it is a common and necessary part of the transportation service to make split-delivery shipments.^{4/} C.O.D. collections are required in this service because of credit restrictions placed against various consignees by the shippers.

According to the tariff publishing officer, the nature of the transportation restricts the number of split deliveries on a shipment. The number of split deliveries made on such shipments seldom exceeds ten with the average between three and four per shipment. He also said that no time is lost in handling C.O.D. collections on such shipments as all unloading is by gravity and the driver has time available to make collections while the petroleum is being unloaded.

The tariff publishing officer asserted that authority to make C.O.D. shipments part of split-delivery shipments was essential to the for-hire transportation of bulk petroleum. He said that producers of petroleum products operate large fleets of tank vehicles with which the for-hire carrier must compete. Combined C.O.D. split-delivery shipments are handled as a matter of course by proprietary equipment. For-hire carriers must be in a position to give the same service as the competing proprietary equipment if they are to continue to enjoy this traffic. The tariff publishing officer said that inability of for-hire carriers to handle combined C.O.D. split-delivery shipments will virtually foreclose them from much of the bulk petroleum traffic they now enjoy.

^{4/} The record indicates that the carrying capacity of equipment steadily is being increased as improvements in design and other technological advances are made. Assertedly, it is not feasible to increase the storage capacities of service stations to keep abreast of the improvement in tank truck equipment.

The oil company witnesses supported the application. They said that C.O.D. collections are involved in connection with between 60 and 75 percent of the deliveries to service stations which normally are or would be components of split-delivery shipments. The prohibition against making C.O.D. shipments part of split-delivery shipments under weight rates increases costs to shippers of for-hire carrier service because of the minimum charge per shipment provisions or because of the additional work to the shipper involved in eliminating C.O.D. consignments from split-delivery shipments.^{5/} In either case, the witnesses said, the inability of for-hire carriers to provide combined C.O.D. split-delivery service renders the use of their services by shippers uneconomical on service station traffic.

The evidence shows that the collection of C.O.D. moneys in connection with split-delivery shipments has been a long-established practice in connection with the transportation and marketing of petroleum products in bulk in tank truck equipment. The evidence further shows that the prohibition in paragraph 7(g) of General Order No. 84-E against this practice in connection with the transportation in question will seriously hamper for-hire highway carriers in retaining this traffic. The Commission finds that the sought relief, including the sought relief for carriers who may in the future hold themselves out to transport C.O.D. shipments under the tariffs in question, is justified.

The Commission concludes that the application should be granted.

The grant of authority herein does not relieve any carrier from compliance with the other provisions of General Order No. 84-E.

^{5/} Under rates stated in cents per 100 pounds, the minimum per shipment charge is based on the charge at the applicable rate and a quantity approximating the capacity of the tank truck equipment.

ORDER

IT IS ORDERED that Application No. 45784, as amended,
is hereby granted.

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

Dated at San Francisco, California, this 12th
day of FEBRUARY, 1964.

William A. Bennett
President
John P. Quinn
George H. Brown
George H. Brown
Fredrick B. Hallock
Commissioners