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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of BULK FREIGHTWAYS,)
a corporation, and a highway carrier)
other than a highway common carrier,)
to perform transportation and acces-)
sorial services in the movement of)
phosphate of soda, NOIBN, in bulk,)
from South Gate to Long Beach, at)
rates less than the established)
minimum rates.)

Application No. 45970
(Filed November 18, 1963)

Karl K. Roos, Knapp, Gill, Hilbert & Stevens,
and Edward N. Edgeworth, for applicant.

Edward Albrecht, for Procter & Gamble Manufacturing
Company, and Anthony A. Farbizio, for Stauffer
Chemical Company, interested parties.

Leonard Diamond and Fred P. Hughes, for the
Commission staff.

O P I N I O N

Applicant is a radial highway common carrier, highway contract carrier and city carrier. It seeks authority under Section 3666 of the Public Utilities Code to assess a rate less than the established minimum rate for the transportation of phosphate of soda, NOIBN, for the account of Procter & Gamble Manufacturing Company. The transportation is to be performed in bulk in pneumatic hopper trucking equipment from the plant of Stauffer Chemical Company, 4570 Ardine Street, South Gate, to the plant of Procter & Gamble, at 1601 West Seventh Street, Long Beach. Applicant proposes to assess a rate of 7 cents per 100 pounds, subject to a minimum weight of 48,000 pounds or multiples thereof depending upon the number of loads handled each day. The applicable minimum rate is 11½ cents per 100 pounds, minimum weight 115,000 pounds, constructed by combining the rail carload rate between the points in question and the unloading charge provided in Item

No. 240 of Minimum Rate Tariff No. 2. For loading and unloading time in excess of one hour, applicant proposes to assess a charge of \$6.50 per hour. This is the accessorial charge specified in Item No. 145 of Minimum Rate Tariff No. 2. Under that tariff, however, only time in excess of eight minutes per ton for loading or for unloading is subject to the accessorial charge.

Public hearing was held before Examiner Malloy in Los Angeles on January 7, 1964, and the matter was submitted. Procter & Gamble Manufacturing Company and Stauffer Chemical Company support the application. No one appeared in opposition. The Commission's Transportation Division staff assisted in development of the record.

Evidence was presented by applicant's assistant manager who is also applicant's secretary-treasurer. The witness testified that applicant intends to purchase a light-duty diesel tractor for this haul, which will be used with a 2-axle pneumatic hopper semi-trailer having a capacity in excess of 50,000 pounds. The witness presented exhibits designed to show that applicant can profitably perform the transportation at the sought rate and that applicant is financially able to acquire the necessary equipment. This showing consisted of balance sheets as of December 31, 1962 and September 30, 1963; income statements for the 12-month period ending December 31, 1962 and the 9-month period ending September 30, 1963; and a statement showing the estimated revenues and expenses of performing the proposed transportation service at the sought rate. The income statements showed that applicant's operations were performed at a profit in the periods covered by such reports.

Applicant's revenue and expense study showed the development of costs and revenues when one, two, three and four loads of 50,000 pounds each are transported in a single day. Applicant's witness testified that there are peaks and valleys in the shipper's

requirements for the phosphate of soda, which is used in the manufacture of granular detergents. The witness stated that it is expected that these requirements will vary from a low of 900 tons per month to a peak of 2,200 tons per month, and will average three loads per day of 50,000 pounds per load. From one to four loads per day will be transported, depending upon the daily requirements of the shipper. Costs vary in accordance with the number of loads transported per day. The cost estimates indicated that the operations would be profitable for one through four loads per day, if 50,000 pounds are transported in each load. However, if minimum loads of 48,000 pounds are transported, the estimated cost would exceed the revenue under certain conditions. The witness testified that the amount loaded in the equipment can be accurately gauged as the shipments are loaded while the vehicle rests upon a scale, and that it is always planned to load the equipment to 50,000 pounds. Facilities for loading and unloading will be available to the carrier 24 hours per day.

Evidence was also adduced by traffic personnel of Stauffer Chemical Company and Procter & Gamble Manufacturing Company. Stauffer's witness testified that special bulk silo equipment recently was constructed at its Ardine Street plant to accommodate the loading of phosphate of soda in pneumatic hopper truck equipment. This facility is available to applicant any time during the day. The witness for Procter & Gamble explained the advantages to that company of pneumatic hopper truck transportation of phosphate of soda, and testified as to the alterations to its receiving facilities which will be made to accommodate pneumatic hopper truck delivery of the commodity. This witness stated that present movement is by rail. Truck delivery assertedly will reduce transit time, will reduce the amount of inactive inventory and will reduce Procter & Gamble's unloading costs. In addition, the pneumatic unloading by

truck will eliminate the compaction in transit found with rail delivery of the material. The witness testified that he would find no objection to a proposed rate based upon a minimum weight of 50,000 pounds per load, inasmuch as this amount can be loaded in the equipment to be used and the receiving facilities can accommodate well in excess of this amount at one time and such facilities are open to the carrier at all times during the day.

We have said that in proceedings brought under Section 3666 of the Public Utilities Code, authority to charge a rate less than the established minimum rates will be granted only upon a showing that the revenue under the proposed rate will exceed the full cost of the transportation involved. (Application of Mitchell Bros. Truck Lines, 61 Cal. PUC 422, 424.)

Upon consideration of the evidence, we find and conclude:

1. The proposed rate of 7 cents per 100 pounds subject to a minimum weight of 48,000 pounds in certain instances would not exceed the estimated full costs of providing the transportation service. Such rate and minimum weight will not be a reasonable rate for the transportation service to be performed.

2. A rate of 7 cents per 100 pounds, subject to a minimum weight of 50,000, pounds per load in all instances would exceed the estimated full costs of providing the transportation service and would provide a profit to the carrier. Such rate and minimum weight will be a reasonable rate for the transportation service proposed to be performed by applicant.

The Commission concludes that applicant should be authorized to assess a rate less than the established minimum rate for the transportation service in question, but not less than the rate found to be reasonable in finding 2 above. Inasmuch as the circumstances surrounding the transportation service may change at any time the authority will be limited to a period of one year.

O R D E R

IT IS ORDERED that:

1. Bulk Freightways, a corporation, is authorized to assess rates less than the applicable minimum rates for the transportation of phosphate of soda, NOIBN, for Procter & Gamble Manufacturing Company, but not less than the rates set forth in Appendix A attached hereto and by this reference made a part hereof.

2. The authority granted herein will expire with March 15, 1965, unless sooner canceled, modified or extended by order of the Commission.

3. Except to the extent granted herein, Application No. 45970 is hereby denied.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 18th day of February, 1964.

Hollman Le Brun
President

George A. Grover
Commissioner

Frederic B. Hallock
Commissioner

APPENDIX A

Bulk Freightways, a corporation, is authorized to transport PHOSPHATE OF SODA, NOIBN, in bulk in pneumatic hopper trucking equipment for Procter & Gamble Manufacturing Company, as follows:

From: Stauffer Chemical Company, 4570 Ardine Street, South Gate.

To: Procter & Gamble Manufacturing Company, 1501 West Seventh Street, Wilmington.

Rate: 7 cents per 100 pounds, minimum weight 50,000 pounds per load.

Demurrage: (1) Loading time shall be computed from the arrival of the vehicle at point of origin until completion of loading.
(2) Unloading time shall be computed from arrival of the vehicle at point of destination until completion of unloading.
(3) Time in excess of one hour for loading or one hour for unloading shall be subject to a charge of \$6.50 per hour. Fractions of an hour shall be determined in accordance with the following table:

Less than 8 minutes	- omit
8 minutes, but less than 23 minutes	- 1/4 hour
23 minutes, but less than 38 minutes	- 1/2 hour
38 minutes, but less than 53 minutes	- 3/4 hour
53 minutes or more	- 1 hour

In all other respects the transportation in question shall be subject to the provisions of Minimum Rate Tariff No. 2.

(End of Appendix A)