

**ORIGINAL**Decision No. 68390

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of PCP TRANSPORTATION COMPANY, a  
corporation, and a highway carrier  
other than a highway common carrier,  
to perform transportation services  
for PACIFIC CLAY PRODUCTS COMPANY,  
in the movement of clay pipe and  
clay pipe fittings, broken or  
damaged, from Santa Fe Springs to  
Alberhill, California, at less than  
minimum rates.

Application No. 46923  
(Filed Aug. 25, 1964)

Karl K. Roos, for applicant.  
W. A. Dillon, J. C. Kaspar and Arlo D. Poe,  
for California Trucking Association,  
interested party.  
George L. Hunt and Robert C. Labbe, for the  
Commission staff.

O P I N I O N

This application was heard and submitted November 5, 1964 before Examiner Gagnon at Los Angeles. Copies of the application and the notice of hearing were properly served. The Commission's Transportation Division staff assisted in the development of the record. There were no protests.

The applicant, PCP Transportation Company, conducts for-hire carrier operations under Radial Highway Common Carrier Permit No. 19-52460, Contract Carrier Permit No. 19-52461 and City Carrier Permit No. 19-62462.

Pursuant to Section 3666 of the Public Utilities Code, applicant seeks authority to charge less than the established minimum rates for the transportation of clay pipe and clay pipe fittings, broken or damaged, unfit for use, for the account of

Pacific Clay Products Company, from said company's plant site at Santa Fe Springs to its plant site at Alberhill.<sup>1/</sup> Applicant proposes to assess a rate of 5 cents per 100 pounds, subject to a minimum weight of 40,000 pounds per shipment. The proposed rate is restricted to shipments which are loaded and unloaded by Pacific Clay and for which there is a subsequent outbound shipment of brick originating at Alberhill.

Alternatively, applicant sought a finding and order by the Commission declaring the transportation exempt from the established minimum rates. The request for such alternative relief was withdrawn by applicant at the hearing and no further consideration with respect thereto is necessary.

The applicant's president testified with respect to the favorable circumstances surrounding the transportation involved. It is not contemplated that any additional equipment will be required.<sup>2/</sup> Applicant's terminal at Santa Fe Springs is adjacent to Pacific Clay's plant site. Pacific Clay produces large quantities of clay pipe and clay pipe fittings for distribution throughout southern California, southern Nevada and Arizona.<sup>3/</sup> The commodity is heavy and fragile, requiring extreme care in handling. By reason of its fragile nature, a portion is inevitably chipped, broken, or damaged, either in the course of manufacture or transportation. Such pipe is unfit for use as sewer pipe and is treated as waste material or

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<sup>1/</sup> Pacific Clay Products Company hereinafter referred to as "Pacific Clay."

<sup>2/</sup> Exhibit No. 2 sets forth a list of applicant's vehicular equipment which will be available for the subject transportation.

<sup>3/</sup> Applicant's I.C.C. Highway Contract Carrier Permit No. MC-119241-Sub. 3 authorizing the transportation of brick, flue lining and sacked fire clay to points in Arizona and Nevada is set forth in Exhibit No. 1.

refuse. Heretofore, Pacific Clay has disposed of this waste material by dumping it in a pit or excavation located on the site of its Santa Fe Springs facility. Such excavation is now approaching its maximum fill capacity. At Pacific Clay's Alberhill brick plant site there is a large abandoned clay pit available as a dump for the disposal of the waste material which accumulates at the Santa Fe Springs facility at the rate of approximately 1 or 2 truckloads per day.

Applicant presently serves Pacific Clay's plant at Alberhill in the transportation of intrastate and interstate shipments of brick. The movement of brick is in such volume that applicant continually spots at least 10 trailers at the Alberhill plant. When a trailer is loaded with brick by the shipper, applicant is so notified. A tractor and empty trailer is then dispatched from Santa Fe Springs. The empty trailer is dropped at the Alberhill plant site to replace the loaded trailer. Applicant's driver then connects the tractor to the loaded trailer and proceeds to destination. After delivery of the brick, the driver returns to the carrier's terminal at Santa Fe Springs. Applicant desires to convert the shuttle movement of a tractor and empty trailer from Santa Fe Springs to Alberhill to a revenue producing service by transporting its shippers' waste material to the newly acquired pit at Alberhill, thus resolving the shippers disposal problem at a reasonable cost. Applicant alleges that the additional cost, if any, in providing the service will be de minimis as applicant must, in any event, incur the cost of moving the empty tractor-trailer unit from its terminal to Alberhill.

For the intrastate transportation of brick originating at Alberhill, applicant avers that it assess charges in excess of those

otherwise applicable under the provisions of the Commission's Minimum Rate Tariff No. 2. Applicant also states that for the interstate transportation of brick from Alberhill charges are assessed in accordance with its schedule of charges on file with and approved by the Interstate Commerce Commission. Applicant contends, therefore, that the services it performs for Pacific Clay constitutes a single operation over which the shipper has full control and that the rates for the total operation are compensatory.

In further support of the sought relief applicant makes note of the fact that there is no specific class rate applicable to the waste material in question. In Item No. 50620 of National Motor Freight Classification No. A-7 (Cal.), a class D rating, minimum 26,000 pounds, is provided for "pipe, sewer, or sewer pipe fittings, cement, clay, concrete or earthen, not reinforced, with or without rubber joints", not broken or damaged. Under the Analogy Rule of the Classification, the class D rating is also applicable to clay pipe and clay pipe fittings, broken or damaged. Minimum Rate Tariff No. 2 provides a class D distance rate of 22 cents per 100 pounds, applicable between Santa Fe Springs and Alberhill.

The Secretary-Treasurer for applicant introduced in evidence financial statements for a nine month period as of September 27, 1964, designed to show the overall financial status of applicant. Exhibit No. 4 indicates that applicant experienced an operating ratio of 90.1 for the period studied. The witness also submitted an estimate of revenue and expenses for the transportation of clay pipe and clay pipe fittings, broken or damaged, from Santa Fe Springs to Alberhill under the sought rate of 5 cents per 100 pounds (Exhibit No. 7). This estimate of result of operations under the sought rate is predicated on an analysis of applicant's operating revenues and

expenses as of September 1964, and indicated that the full cost of performing the transportation will be more than covered by the proposed rate. This is in accord with the Commission's customary holding that, in proceedings brought under Section 3666 of the Public Utilities Code, a showing that the proposed rate exceeds the full cost of performing the service is indispensable to a finding that the rate is reasonable.<sup>4/</sup>

With respect to applicant's contention that its entire services for Pacific Clay Products Company be treated as a single integrated operation, the Commission recognizes, as it does here, that frequently certain related traffic will make a significant contribution to the highly favorable circumstances surrounding the transportation for which authority is sought to charge less than the otherwise applicable minimum rates. Consideration by the Commission of such alleged favorable operating experience is usually restricted to those instances where the entire traffic is under the control of a single shipper.

Cross-examination of applicant's two witnesses was limited generally to questions for clarification. While the cost development of applicant does not conform precisely to the unit cost formulas employed in like staff cost studies, the staff did develop that applicant had given recognition to those direct and fixed cost increments essential to a finding that the sought rate is reasonable.

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<sup>4/</sup> Karl A. Weber (1962) 60 Cal. P.U.C. 59; Alves Service Transportation (1955) 54 Cal. P.U.C. 376.

In a closing statement, a representative for the California Trucking Association stated that while the Trucking Association opposed the granting of a minimum rate exemption, it did not object to the establishment of an appropriate rate for the traffic involved.

We find that the proposed rate is compensatory and is reasonable for the transportation services involved. We conclude that the authority sought should be granted. Because transportation conditions are subject to change the authority should be limited for a period of one year.

O R D E R

IT IS ORDERED that:

1. PCP Transportation Company, a corporation, operating as a highway carrier, other than a highway common carrier, is authorized to charge and collect a rate less than the applicable minimum rate, but no lower in volume or effect than 5 cents per 100 pounds, subject to a minimum weight of 40,000 per shipment (per unit of carrier's equipment used), for the transportation of clay pipe and clay pipe fittings, broken or damaged, so as to be unfit for use, for Pacific Clay Products Company, from the plant site of said company located at Santa Fe Springs to that same company's plant site at Alberhill, subject to the following conditions:

(a) Shipments shall be loaded and unloaded by the Pacific Clay Products Company.

(b) Shipments shall be restricted to carrier's tractor and trailer equipment which has previously been ordered by Pacific Clay Products Company and dispatched by the carrier from Santa Fe Springs for a subsequent outbound shipment of brick originating at Alberhill.

2. The authority granted in ordering paragraph 1 hereof shall expire February 1, 1966, unless sooner modified, extended or canceled by the Commission.

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

Dated at San Francisco, California, this 22nd day of December, 1964.

Fredrick B. Hallock  
President

Edward D. Mitchell

Everett H. Page

George H. Hoover

William W. Bennett  
Commissioners