

ORIGINAL

Decision No. 68506

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
WESTERN GILLETTE, INC., a corporation,)
for authority to establish reduced)
rates for the transportation of clay,)
pyrophyllite, silt (soil), sand,)
silica sand, talc and soap-)
stone from Laws to the Los Angeles)
Basin Area, pursuant to Section 452)
of the Public Utilities Code.)

Application No. 46738

Filed June 16, 1964;
amended August 7, 1964.

R. Y. Schureman, for Western Gillette, Inc.,
applicant.

D. H. Marken, for C. K. Williams & Co.,
interested party.

James Quintrall, J. C. Kaspar and Arlo D. Poe,
for California Trucking Association, inter-
ested party.

Ralph Staunton and C. R. L'Ecluse, for the
Transportation Division of the Commission's
staff.

O P I N I O N

Western Gillette operates as a highway common carrier of general freight in California and other states. By this application, it seeks authority to establish reduced rates for the transportation of clay and certain other materials from Laws (near Bishop) to destinations within the metropolitan areas of Los Angeles and Orange Counties.

Public hearings on the application were held before Examiner Abernathy at Los Angeles on August 10, 11, and 13, 1964.

Evidence was presented by witnesses for applicant to the following effect:

The reduced rates which are sought herein would apply mainly to transportation which applicant performs for Huntley Industrial Minerals, Inc. Huntley is a processor and distributor of clay, pyrophyllite, sand, silica sand, silt (soil), soapstone, and talc. It processes said commodities at Laws. Its principal marketing area is the metropolitan portions of Los Angeles and Orange counties. In this area it competes for business with processors and distributors of like or similar commodities who have plants in Los Angeles or in the vicinity of Victorville.

At present applicant publishes special commodity rates for the transportation of pyrophyllite, soapstone, talc, and clay from Laws to Glendale, Los Angeles, and the Los Angeles Harbor area. Said rates range from 31 and 33-1/2 cents per 100 pounds for shipments subject to a minimum of 100,000 pounds to 35 and 37-1/2 cents per 100 pounds for shipments subject to a minimum weight of 60,000 pounds. These rates are limited in application to transportation to destinations which are served by rail carriers. Applicant's rates in other respects are class rates which are subject to minimum weights of about 40,000 pounds and which are about 30 per cent to 50 per cent higher than the special commodity rates which are subject to a minimum weight of 100,000 pounds.

The rates which applicant seeks to establish are 31-1/2 cents and 33-1/2 cents per 100 pounds subject to a minimum weight of 40,000 pounds. These rates would apply to transportation to all

points of destination within the Los Angeles/Orange Counties metropolitan areas irrespective of whether the point of destination is located on railhead. Under both rates the consignor would be required to load the carrier's equipment. The lower rate would apply when the unloading is performed by the consignee by power equipment. The higher rate would apply in similar circumstances, except that said rate would include assistance of a single employee of the carrier.¹

Applicant's proposals in this matter are in response to representations of Huntley Industrial Minerals, Inc. that the class rates which are subject to a minimum weight of 40,000 pounds are more than those which the traffic can bear, and that the lower rates which are subject to a minimum weight of 100,000 pounds are so limiting, both as to destinations and to customers who can receive such large shipments, that Huntley cannot market its products effectively thereunder. Huntley estimates that under the proposed rates it will be able to increase its shipments to the point that it will tender applicant approximately 17 truckloads a week. At present applicant is transporting about 1-1/2 truckloads a week.²

The movement of applicant's traffic between the Los Angeles and Bishop areas is predominantly northbound. About 44 truckloads move northbound per week, whereas only about 14 truckloads move southbound. As a consequence of this directional

¹ The proposed rates and the rules and regulations which would apply therewith are set forth in Appendix A attached hereto.

² The figure of 1-1/2 truckloads is an average reduced to a weekly basis. Huntley's present shipments of 100,000 pounds represent 2-1/2 truckloads of 40,000 pounds each.

imbalance in the flow of its traffic, applicant's unused capacity for southbound shipments is the equivalent of about 30 truckloads per week. For this reason, applicant would be able to meet the additional service demands of Huntley without increases in its present schedules.

Under the sought rates, applicant would realize revenues of about \$130 per truckload. The costs of the service performed, as developed on the basis of fully allocated costs computed in part on applicant's system-wide operations, are about \$119 per truckload. ✓

A competitor of Huntley, a representative of the California Trucking Association and members of the Commission's staff participated in the development of the record. The competitor of Huntley opposed the granting of the application on the grounds that Huntley would be favored over its competitors by being relieved from classification and rate differences and weight requirements that now apply in connection with the transportation of the commodities involved. He did not, however, present evidence which would tend to show whether any such advantage as would accrue to Huntley would be undue or unjustified. The representative of the California Trucking Association urged that the Commission, in considering whether the application should be granted, take into account what effect the granting of the application might have upon the minimum rates which the Commission has established for for-hire transportation over the public highways. The Association's representative did not elaborate on what said effect might be.

A carrier who also operates between Los Angeles and the Bishop area and who performs some transportation for Huntley Industrial Minerals, Inc. supported the granting of the application.

The record is clear that applicant's objective in this matter is the development of additional southbound traffic for its operations from the Bishop area to the Los Angeles/Orange Counties metropolitan areas. The record is also clear that there is a reasonable prospect that this objective would be achieved with the opening of new marketing areas for Huntley Industrial Minerals, Inc., through the rate adjustments herein sought.

The additional tonnage would enable applicant to utilize present unused capacity and to earn revenues on vehicles which are now being returned to the Los Angeles area without any compensation to offset the costs of the return movements. Because of this utilization of unused capacity the additional revenues which applicant would realize would be substantially in excess of the out-of-pocket costs which would be incurred in transporting the shipments involved.

On a fully apportioned cost basis applicant's showing indicates that the proposed rates would return a profit (before provision for income taxes) as represented by an operating ratio of about 91-1/2 per cent. Since such showing was developed in part on system-wide averages rather than on the costs of the specific services involved, it cannot be concluded that the showing constitutes an accurate portrayal of the costs of the specific services. Nevertheless, we are persuaded that the revenues under the proposed rates will at least approximate the fully apportioned costs of the services

provided and in over-all results will contribute materially to the maintenance of applicant's services between the Bishop and Los Angeles areas.

The circumstances and conditions which apply in connection with the transportation involved herein are substantially similar to circumstances which we have heretofore found to justify the establishment of reduced rates (Decision No. 45339, Southern California Freight Lines and Southern California Freight Forwarders, 50 Cal. P.U.C. 445). On this record we do not perceive sufficient grounds for a different holding in this instance. We find that transportation conditions justify the establishment of the proposed rates. The application will be granted.

O R D E R

IT IS ORDERED that:

1. Western Gillette, Inc. is authorized to establish the rates and the rules and regulations applicable thereto which are set forth in Appendix A attached hereto, which appendix by this reference is made a part hereof.

2. The authority granted herein shall expire one year after the effective date of this order unless sooner canceled, changed, or extended by order of the Commission.

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

Dated at San Francisco, California, this 19th day of January, 1965.

Frederick B. Holliday
President
George T. Trover
William L. ...

Proposed Rates and Rules and Regulations
Applicable Thereto

Application of Rates - Commodities

The rates herein set forth apply for the transportation of the following commodities when packed in bags and palletized:

Clay	Soapstone
Pyrophyllite	Talc
Silt (Soil)	Sand, including Silica Sand

Rates, in cents per 100 pounds

From	To	Rate	Minimum Weight in Pounds
Laws	Points within the Los Angeles	# 31½	40,000
Keeler	Area as described below and	Ø 33½	40,000
Olancha	points intermediate thereto.		

Applicable only when shipment is loaded into carrier's equipment by the consignor, and when shipment is unloaded without expense to carrier by consignee with power equipment, provided that the shipping document indicates that the shipment was loaded by consignor and is to be unloaded by consignee under conditions described in this reference. Consignee shall certify unloading in accordance with instructions.

Ø Applicable only when shipment is loaded into carrier's equipment by the consignor, and when shipment is unloaded by consignee with the physical assistance of a single carrier employee (either driver or helper, subject to Note) by use of power equipment furnished by the consignee without expense to the carrier, provided the shipping document indicates that the shipment was loaded by consignor and is to be unloaded by consignee under circumstances outlined in this reference. Consignee shall certify unloading in accordance with instructions.

Note: The physical assistance to be provided by the single carrier employee shall be restricted to work within, on, or immediately adjacent to the carrier's equipment.

Los Angeles Area: The Los Angeles Area, as so designated in connection with the rates set forth above, includes all points and places embraced by the following boundaries (includes both sides of highways named):

Beginning at the intersection of the westerly boundary of the City of Los Angeles and the Pacific Ocean, thence along the westerly and northerly boundaries of said city to its point of first intersection with the southerly boundary of the Angeles National Forest, thence along the southerly boundary of the Angeles National Forest to the point of intersection of said southerly boundary of the Angeles National Forest and the Los Angeles-San Bernardino County Line, thence in a southerly direction along said counties' boundaries and the San Bernardino-Orange County and Riverside-Orange County boundaries to the intersection of said latter counties' boundaries and U. S. Highway 91, thence generally westerly along U. S. Highway 91 to State Highway 55, thence in a generally southerly direction along State Highway 55 and its prolongation to the shore line of the Pacific Ocean, thence along the shore line of the Pacific Ocean to the point of beginning.

Shipments transported subject to the rates herein specified shall not be accorded privileges of split pickup or of split delivery.

Charges for transportation under the rates herein specified shall be assessed on gross weight of the shipment. No allowance shall be made for the weight of the bags and/or pallets.

(End of Appendix A)