

Decision No. 69628

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of SHELDON TRANSPORTATION COMPANY, )  
a corporation, for authority to )  
charge rates for the transportation )  
of asphalt and road oils from )  
Richmond to Radum less than those )  
prescribed as minimum in Minimum )  
Rate Tariff No. 6-A. )

Application No. 47761  
(Filed July 22, 1965)

INTERIM OPINION AND ORDER

Sheldon Transportation Company, applicant herein, holds permits to operate as a city carrier and petroleum contract carrier within the State of California. By this application, applicant seeks authority as a petroleum contract carrier to transport truckload shipments of asphalt and road oils in tank truck equipment from the plant of Chevron Asphalt Company (formerly American Bitumals and Asphalt Company), at Richmond to Kaiser Sand and Gravel (a division of Kaiser Industries Corporation), at Radum at a rate per ton less than the established minimum rate.<sup>1</sup>

Applicant asserts that it has been transporting asphalt and road oils produced at Chevron's Richmond plant to Radum, located two miles east of Pleasanton, for approximately 15 months. It maintains a large fleet of tank truck equipment for such service. The applicable rate in Minimum Rate Tariff No. 6-A for this transportation, involving a distance between 45 and 50 constructive miles, is 14 cents per 100 pounds (\$2.80 per ton), minimum weight 43,000 pounds (21½ tons). Applicant states that, under the

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<sup>1</sup> Hereinafter, Chevron Asphalt Company will be referred to as "Chevron" and Kaiser Industries Corporation as "Kaiser".

alternative provisions of Tariff No. 6-A, it is currently assessing Chevron the rail rate of  $13\frac{1}{2}$  cents per 100 pounds (\$2.70 per ton), subject to a minimum charge of \$40.00 per shipment. The transportation charges are then billed by Chevron to Kaiser, which company ultimately pays the transportation charges and actually controls the traffic. Applicant avers that Kaiser has requested it to seek authority from this Commission to assess a lower rate for this transportation. Based on its transportation costs involved herein, applicant proposes to charge a rate of \$2.25 per ton, minimum weight 74 tons per shipment involving three loads per tender.

In justification of the rate authority sought, it is alleged that this transportation represents important traffic for applicant, particularly in view of the volume involved which approximates 10,000 tons per year. Applicant further alleges that the favorable transportation factors involved are such as to return it a substantial profit. These factors include excellent highways as well as loading and unloading facilities which are available to applicant at all hours of the day, plus the fact that the proposed minimum of 74 tons per shipment, or the equivalent of three loads, assures applicant a beneficial use factor for its equipment.

The application contains a statement of the cost to applicant of performing the transportation involved herein. The study discloses that, based on the proposed rate of \$2.25 per ton, applicant would realize a profit of \$6.13 per trip and an operating ratio of 89.01 percent. Applicant asserts that unless the rate relief sought is granted promptly, it is threatened with the loss of this traffic which would then be transported on Kaiser's

proprietary equipment. Applicant further asserts this threat of proprietary operation is so imminent that it is requesting the Commission promptly to issue an ex parte order granting emergency relief to applicant to enable it to charge the proposed rate pending the Commission's final action on this application.

The certificate of service shows that a copy of the application was served on California Trucking Association on or about July 21, 1965. The application was listed on the Commission's Daily Calendar of July 23, 1965. No objection to the granting of the application on an interim basis has been received provided that a future hearing thereon is scheduled.

Subject to further review upon consideration of additional evidence which may be adduced at a public hearing to be scheduled in this proceeding, it appears, and the Commission finds, that the proposed rate is reasonable and justified by transportation conditions. In view of the threat of proprietary transportation involved and applicant's request for emergency relief herein, applicant will be granted interim authority for a period of six months, unless sooner canceled, changed or extended by order of the Commission, subject to future hearing to be scheduled in this proceeding.

IT IS ORDERED that:




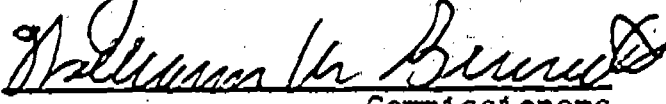
1. Sheldon Transportation Company is hereby authorized to transport shipments of asphalt and road oils in tank truck equipment from the plant of Chevron Asphalt Company at Richmond to Kaiser Sand and Gravel located at Radum at a rate less than the established minimum rate but not less than \$2.25 per ton, minimum weight 7+ tons per shipment, in three loads per tender.

2. The interim authority herein granted shall expire six months after the effective date of this order, unless sooner canceled, modified or extended by order of the Commission.

3. A public hearing shall be scheduled in this proceeding for the receipt of evidence on this application and final disposition thereof.

This order shall become effective on the date hereof.

Dated at San Francisco, California, this 31<sup>st</sup> day of August, 1965.

 President  
  
  
 Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.