

ORIGINALDecision No. 70136

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 BLOMQUIST TANK LINES, INC., a
 corporation, for authority to charge
 rates for the transportation of
 asphalt and road oils from Martinez
 to Fremont and Pleasanton less than
 those prescribed as minimum in
 Minimum Rate Tariff No. 6-A -
 Section 3666.

Application No. 48052
 (Filed November 12, 1965)

INTERIM OPINION AND ORDER

Blomquist Tank Lines, Inc. performs services as a petroleum contract carrier within the State of California. By this application, authority is sought to transport truckload shipments of asphalt and road oils in tank truck equipment from the refinery of Shell Oil Company (Shell) at Martinez to Fremont and Pleasanton for Industrial Asphalt Inc. at rates less than the established minimum rate set forth in Minimum Rate Tariff No. 6-A.

Applicant asserts that it has been transporting asphalt and road oils produced at Shell's Martinez refinery to Fremont for approximately five years and to Pleasanton for about two years. It maintains an extensive fleet of tank truck equipment for such service. The applicable minimum rate 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 (21-1/2 tons). Applicant explains that it is currently assessing Shell the minimum rate of 14 cents

per 100 pounds (\$2.80 per ton) for both movements. The transportation charges are, in turn, billed by Shell to Industrial Asphalt, Inc., which company ultimately pays the transportation charges and actually controls the traffic. Applicant avers that Industrial Asphalt, Inc. has requested it to seek authority from this Commission to assess a lower rate for this transportation. Upon reviewing the costs involved herein, applicant proposes to charge a rate of \$2.40 per ton for the movement to Fremont and \$2.00 per ton to Pleasanton. The minimum weight proposed is 74 tons per shipment, which amounts to three truckloads per tender.

In justification of the sought rate authority, applicant contends that the transportation involved represents an important segment of its traffic, particularly in view of the volume, which approximates 14,000 tons per year to Fremont and 6,000 tons per year to Pleasanton. Applicant further attests to such favorable transportation factors as the availability of excellent highways as well as loading and unloading facilities which can be utilized by applicant during all hours of the day, plus the fact that the proposed minimum of 74 tons per shipment, or the equivalent of three truckloads, assures applicant a beneficial use factor for its equipment.

The application contains a statement of applicant's estimated cost of performing the transportation involved herein. The study discloses that, under the proposed rates from Martinez to Fremont and Pleasanton, applicant would realize a profit of \$7.23 and \$8.90 per trip, respectively, resulting in estimated operating ratios of 87.7 percent and 81.8 percent, respectively, before provision for income taxes. Applicant asserts that

unless the sought rate relief is granted promptly, it is threatened with the loss of this traffic, which would then be transported by Industrial Asphalt, Inc. in its own proprietary equipment, which is readily available. In view of this alleged imminent threat of proprietary competition, applicant requests the Commission to issue promptly an ex parte order granting emergency relief to applicant authorizing it to charge the proposed rates pending the Commission's final action on this application.

The certificate of service shows that a copy of the application was served on the California Trucking Association on November 10, 1965. No objection has been received to the granting of the application on an interim basis pending public hearing for the receipt of evidence and final disposition of the matter.

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. 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. Blomquist Tank Lines, Inc. is hereby authorized to transport shipments of asphalt and road oils, in tank truck equipment, from the refinery of Shell Oil Company at Martinez, California, to Industrial Asphalt, Inc., located at Fremont

and Pleasanton, California, at rates less than the established minimum rate but not less than \$2.40 per ton to Fremont and \$2.00 per ton to Pleasanton, minimum weight 74 tons per shipment, in three loads per tender.

2. The interim authority granted herein 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 for final disposition thereof.

This order shall become effective on the date hereof.

Dated at San Francisco, California, this 21st day of DECEMBER, 1961.

Frederick B. Holdhoff
President
George E. Trover
Augusta
William G. Bennett
Commissioners