

ORIGINALDecision No. 70590

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 transporta-)
tion of asphalt and road oils)
from Martinez to Fremont and)
Pleasanton less than those pre-)
scribed as minimum in Minimum)
Rate Tariff No. 6-A - Section)
3666.)

Application No. 48052
Filed November 12, 1965

Handler, Baker & Greene, by Marvin Handler,
for applicant.
J. C. Kaspar, A. D. Poe and H. F. Kollmyer,
for California Trucking Association,
interested parties.
R. J. Carberry and J. C. Matson, for the
Commission staff.

O P I N I O N

Blomquist Tank Lines, Inc. performs services as a petro-
leum contract carrier. Authority is sought to transport truckload
shipments of asphalt and road oils, in tank truck equipment, from
the refinery of Shell Oil Company at Martinez to Fremont and
Pleasanton for Industrial Asphalt Inc., at rates less than the
established minimum rates set forth in Minimum Rate Tariff No. 6-A.

Public hearing was held and the matter submitted on
March 2, 1966, before Examiner Gagnon, at San Francisco. Copies of
the application and notice of hearing were served in accordance
with the Commission's procedural rules. There are no protests.

By interim order in Decision No. 70136, dated December 21,
1965, Blomquist Tank Lines, Inc. was authorized to transport ship-
ments of asphalt and road oils, in tank truck equipment, from the
Shell refinery at Martinez to Industrial Asphalt Inc., located at

Fremont and Pleasanton, at rates less than the established minimum rates 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. The interim authority is scheduled to expire six months from December 21, 1965.

Testimony in support of the sought relief was presented by applicant's president, a certified public accountant engaged by applicant, the San Francisco Bay Area manager of Industrial Asphalt, Inc., and a senior rate analyst for the Traffic Department of Shell Oil Company. The president explained that the transportation was, in effect, a "shuttle operation", whereby the minimum tender of 74 tons per shipment is picked up and delivered within a 24-hour period. The president also stated that, under the interim relief granted by Decision No. 70136, applicant experienced excellent equipment utilization, a profitable operation and a favorable competitive position over the threat of proprietary competition.

The manager for Industrial Asphalt Inc. testified that its plants at Fremont and Pleasanton are open for delivery of shipments 7 days per week, 24 hours per day; ample storage facilities are available at both plants to accommodate shipments subject to a minimum weight of 74 tons and all of its asphalt and road oils are now purchased from Shell Oil Co. at Martinez and transported by Blomquist Tank Lines, Inc. The manager also stated that Industrial Asphalt Inc. had made a study of the cost to it of transporting asphalt and road oils from Martinez to Fremont and Pleasanton and found that it could perform the transportation at a cost significantly lower than the existing level of applicable minimum rates. Industrial Asphalt Inc., according to its manager, has determined to perform its own transportation in the event applicant's sought relief is not authorized. The manager explained that Industrial Asphalt Inc.'s existing fleet of proprietary equipment, currently operating

in Southern California, can be made available or additional similar equipment readily purchased to perform the transportation.

The senior rate analyst testified that Shell Oil Company supported the application because it would enhance its competitive position as the primary source of asphalt and road oils for Industrial Asphalt Inc. in the San Francisco Bay Area.

The accountant presented an estimate of the cost of performing the service which, in effect, brought forward the cost estimates appended to the application, amended to reflect known increases in direct labor and allied payroll costs as of July 1, 1966. The cost estimates show that the transportation at the proposed rates will result in operating ratios of 89.5 percent and 83.7 percent for the movement from Martinez to Fremont and Pleasanton, respectively.

We find that:

1. The proposed rates will be compensatory.
2. The traffic can be retained by applicant only under the proposed rates.
3. The proposed rates are reasonable and justified by transportation conditions.

In view of the above findings, we conclude that the sought relief should be granted. We further conclude that, because the transportation conditions are subject to change, the authority should be scheduled to expire June 1, 1967.

O R D E R

IT IS ORDERED that:

1. Blomquist Tank Lines, Inc. is 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 rates 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, all consigned to either Fremont or Pleasanton.

2. The authority herein granted supersedes the interim authority granted in Decision No. 70136 and shall expire June 1, 1967 unless sooner canceled, modified or extended by order of the Commission.

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

Dated at San Francisco, California, this 19th day of APRIL, 1966.

President

George T. Hoover

William W. Burnett

Augustin

Commissioners

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

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.