

ORIGINAL

Decision No. 72280

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PHILLIPS TRUCKING, a California corpo-
ration, for authority to charge less
than minimum rates pursuant to Section
3666 of the Public Utilities Code.)

Application No. 48998
(Filed December 1, 1966)

Russell & Schureman, by Carl H. Fritze, for Phillips
Trucking, applicant.
J. C. Kaspar, A. D. Poe and H. F. Kollmyer, for
California Trucking Association; and Roger T.
Stogsdill, for Brown Transportation Company,
Inc., interested parties.
George L. Hunt and J. M. Jenkins, for the Commission
staff.

O P I N I O N

Phillips Trucking, a corporation, is engaged in the for-
hire transportation of property under radial highway common and
highway contract carrier permits. Applicant also holds a certificate
from this Commission as a cement carrier.

Phillips Trucking seeks authority, pursuant to Section
3666 of the Public Utilities Code, to charge less than the minimum
class rates prescribed in Minimum Rate Tariff No. 2 for the trans-
portation of pulverized sand, in truckload lots, for the account of
Pulverized Sand of California, Inc., from said company's plant site
at Crestmore, California, to points of destination located within
the Counties of Los Angeles, Orange, San Diego, Riverside,

San Bernardino, Imperial, Ventura, Santa Barbara, San Luis Obispo, Kern and Kings.^{1/} Applicant proposes to assess on bulk or sacked pulverized sand rates one cent per 100 pounds higher than the respective established minimum commodity rates for cement, named in Minimum Rate Tariff No. 10, in lieu of the otherwise applicable minimum Class E rates prescribed in Minimum Rate Tariff No. 2.

Public hearing was held before Examiner Gagnon on January 24, 1967, at Los Angeles. Testimony in support of the application was presented by the vice-president and general manager for Phillips Trucking and the plant manager for Pulverized Sand of California. The application is not opposed.

The shipper commenced operations at its California plant on January 1, 1966. Its product, among other industrial applications, is used in the production of cement asbestos pipe, concrete and hollow concrete blocks, pre-stressed concrete beams and oil well cementing. Pulverized sand (sometimes referred to as silica flour) begins with local high-purity silica sand. From bulk storage tanks the sand is processed through cascading ball mills for reduction into fine fractions, approximately the same consistency as cement. The product is of relatively low value, selling for approximately \$11.50 per ton, f.o.b. plant. The shipper estimates that, if the sought relief is granted, approximately 20,000 tons of the material will move via truck this year to various points in the southern California area.

^{1/} Applicant explained that the mileage basing point (Distance Table No. 5) for the precise point of origin is Crestmore, although shipper's mailing address is Riverside, California.

Applicant contends that the established class rates named in Minimum Rate Tariff No. 2 are unrealistic, insofar as the movement involved is concerned. Assertedly, the transportation characteristics of pulverized sand, in bulk or in bags, are substantially similar to those of cement. The sand is loaded into carrier's pneumatic trailers from gravity hoppers at origin. The product is pneumatically unloaded into storage bins or tanks. The loading process is stated to require not more than approximately fifteen minutes per load; unloading time is estimated to average approximately 70 minutes per load. This loading and unloading time is, according to applicant, comparable to that encountered by the carrier in the transportation of cement.

The record shows that the preponderance of the traffic will move in bulk. It is applicant's experience that its trucking equipment will accommodate loads of pulverized sand up to the legal carrying capacity. For this reason, the proposed rates are made subject to a minimum weight of 50,000 pounds, in lieu of the 47,500-pound minimum weight provision established for movements of cement in Minimum Rate Tariff No. 10. In terms of 50,000-pound truckload lots, a projected volume of 20,000 tons per year would mean approximately 60-65 loads per month which, in turn, represents about a 21 percent increase in applicant's equipment use factor. Evidence was introduced to show that the movement of pulverized sand will complement applicant's cement and other dry bulk operations.

The vice-president and general manager of Phillips Trucking presented cost and rate studies which indicate that the movement of

pulverized sand under the proposed rates will be fully compensatory and constitute a profitable operation. Applicant states that if it is necessary to assess the minimum class E rates, the shipper will give serious consideration to the establishment of its own proprietary operation. Testimony in support of this latter contention was introduced in evidence by the shipper's plant manager.

After consideration, we find that:

1. Shipments of pulverized sand, in bulk or in bags, when transported by Phillips Trucking in pneumatic or flat-bed truck equipment, for the account of Pulverized Sand of California, Inc., reflect transportation characteristics substantially similar to applicant's like movements of cement.
2. The additional traffic involved herein will increase the equipment use factor of applicant's existing fleet of truck equipment by approximately 21 percent.
3. Applicant's cost and rate studies disclose that the transportation involved under the proposed rates will be fully compensatory and make a significant contribution to the carrier's overall net operating profit.
4. In the absence of the authority requested, the transportation may be diverted from regulated highway carriers.
5. The proposed application of the minimum cement rates named in Minimum Rate Tariff No. 10, in lieu of the otherwise governing class rates named in Minimum Rate Tariff No. 2, will be just and reasonable for the transportation involved herein.

6. The proposed rates should be governed by the rules named in Minimum Rate Tariff No. 10 only to the extent required to insure the proper application of such rates. In all other respects, the provisions of Minimum Rate Tariff No. 2 should continue to govern the transportation involved.

We conclude that the sought authority should be granted to the extent set forth in the order herein. Because transportation conditions are subject to change, the authority should be limited to a period of one year.

O R D E R

IT IS ORDERED that:

1. Phillips Trucking, a corporation, operating as a highway carrier, other than a highway common carrier, is authorized to transport pulverized sand, in bulk or in bags, for Pulverized Sand of California, Inc., from the Crestmore plant site of said company to destinations located within various counties as hereinafter specified in Appendix A, at rates established in Minimum Rate Tariff No. 10, in lieu of the governing minimum class rates named in Minimum Rate Tariff No. 2, but in no event lower in volume or effect than the rates and conditions named in Appendix A, attached hereto and by this reference made a part hereof.

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2. The authority granted herein shall expire on May 1, 1968, unless otherwise ordered by the Commission.

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

Dated at San Francisco, California, this 11th day of APRIL 1967.

John E. [unclear]
President

William W. [unclear]

Augustus [unclear]

William [unclear]

Paul P. [unclear]
Commissioners

APPENDIX A

APPLICATION OF RATES

Carrier: Phillips Trucking.

Shipper: Pulverized Sand of California, Inc.

Commodity: Pulverized Sand, in bulk or in bags.

From: Pulverized Sand of California, Inc., plant site at or near Crestmore, California.

To: Destinations within the Counties of Los Angeles, Orange, San Diego, Riverside, San Bernardino, Imperial, Ventura, Santa Barbara, San Luis Obispo, Kern and Kings.

Rates: For transportation of pulverized sand in bulk, 1¢ per 100 pounds higher than the established minimum rates for cement in bulk named in Item 200 of Minimum Rate Tariff No. 10.

For transportation of pulverized sand in packages, 1¢ per 100 pounds higher than the established minimum rates for cement in packages named in Item 200 of Minimum Rate Tariff No. 10.

Minimum Weight: Legal carrying capacity of equipment, but in no event less than 50,000 pounds per unit of carrier's trucking equipment used.

Conditions

1. Rules: Except as otherwise provided herein, transportation shall be subject to the rules of Minimum Rate Tariff No. 2.

2. Territorial Application of Rates: For territorial application of rates see Item 80 of Minimum Rate Tariff No. 10.

3. Palletized Shipments: Transportation of pulverized sand, in bags, on pallets, shall be power loaded and unloaded by the consignor and consignee, respectively, without expense to the carrier.