

ORIGINAL

Decision No. 73590

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of WESTERN TRANSPORT SERVICE, a corporation, for an order authorizing departure from the rates, rules and regulations of Minimum Rate Tariff No. 2 pursuant to the provisions of Section 3666 of the Public Utilities Code for the transportation of coke from Shell Point, California.

Application No. 49762
(Filed October 30, 1967)

Marvin Handler, for applicant.
Arthur D. Maruna, A. D. Poe and
H. F. Kollmyer, for California
Trucking Association, interested
party.
Joseph C. Matson and Robert W. Stich,
for the Commission staff.

O P I N I O N

Western Transport Service, a corporation, operates as a highway contract carrier. By this application, as amended, it seeks authority to transport coke in bins in truckloads from Shell Point to Modesto and empty bins returning from Modesto to Shell Point for F.M.C. Corporation (F.M.C.) at rates which are less than those prescribed as minimum under the provisions of the Commission's Minimum Rate Tariff No. 2 (M.R.T. 2).

Public hearing was held before Examiner Bishop at San Francisco on November 20, 1967. Evidence was offered by applicant only. Representatives of California Trucking Association and from the Commission's Transportation Division staff assisted in the development of the record. No one opposed granting of the sought relief.

Since 1958 applicant has transported truckload shipments of coke in metal bins from the plant of Shell Chemical Company (Shell) at Shell Point (Contra Costa County) to F.M.C.'s plant at Modesto, for the latter company, including the haul of the empty bins back to Shell Point. Charges on the loaded movements are prepaid by Shell, but all charges are ultimately borne by F.M.C. The present rate on the shipments of coke from Shell Point to Modesto is 18-3/4 cents per 100 pounds, minimum weight 40,000 pounds, being the rail rate of Southern Pacific Company from and to the same points, applied under the alternative rate application provisions of M.R.T. 2.^{1/} The present rate on the empty bins returning is a second class rate of 76 cents per 100 pounds, minimum weight 10,000 pounds, plus a surcharge of 90 cents or \$1.15 per shipment, dependent upon the weight, as set forth in said tariff. Applicant seeks authority to apply a rate of 27 cents per 100 pounds, minimum weight 50,000 pounds, including the return of the empty bins, provided that the latter are carried back to Shell Point on the return haul of the movement of loaded bins to Modesto.^{2/}

The record shows that the transportation in question involves an unusually efficient operation. The full bins are loaded by Shell at origin by forklifts and are unloaded at Modesto by F.M.C. with its forklifts. Immediately after unloading of the

1/ Both plants involved in the subject transportation, the record shows, are served by Southern Pacific spur tracks.

2/ The basis for the level of the sought rate is the present Class D rate of 27 cents per 100 pounds, minimum weight 40,000 pounds named in M.R.T. 2, which would have been presently applicable as minimum to the transportation of truckload shipments of coke from Shell Point to Modesto in the absence of a lower common carrier rate applied under the aforesaid alternative rate provisions.

full bins, F.M.C. loads, by forklift, empty bins onto applicant's equipment for return to Shell Point. Loading at Shell Point is accomplished in an hour; unloading and reloading at Modesto takes about one-half hour. The entire round trip from the carrier's terminal at Concord via the Shell plant to Modesto and return via the Shell plant to Concord is made in from $6\frac{1}{2}$ to $7\frac{1}{2}$ hours. There are no unusual delays to carrier's equipment at either plant.

The volume of the movement approximates three round trips every two weeks. The vehicles devoted to this operation are used for other hauls during the remainder of the work week.

According to a study of the operation here in issue which was made by a certified public accountant, the estimated full cost for performing the entire round trip transportation, including the movement of carrier's empty equipment from its Concord terminal to the Shell plant and return is \$105.92. At the proposed rate of 27 cents per 100 pounds, minimum weight 50,000 pounds, the minimum revenue per round trip would be \$135.00, reflecting an operating ratio of 78.5 percent before income taxes.

In his development of labor expense the accountant had not included the effect of increases in wage levels and costs which will take place under existing labor agreements in 1968. Applicant amended the application at the hearing to provide that the proposed rate of 27 cents should be increased in the same amount and effective at the same time or times as the Commission should increase the Class D rate from Shell Point to Modesto. This amendment was intended to give appropriate effect in the sought authority to said labor cost increases.

The plant office manager of F.M.C. testified concerning his company's operations. The plant at Modesto is operated by the

Inorganic Chemicals Division of F.M.C. Other raw materials, besides coke are received, and various chemical products shipped out. In the past his company has given consideration to purchasing truck equipment and taking over some of the inbound and outbound hauls then being performed for the company by for-hire carriers. If the instant application should be denied, this witness stated, F.M.C. would give new consideration to the feasibility of engaging in proprietary operations. Such an undertaking, he asserted, would not only deprive applicant of the traffic here in issue, but would also remove the Division's other highway traffic from for-hire carriage. The record indicates that F.M.C. is financially able to set up such proprietary trucking operations.

A senior analyst of the traffic department of Shell Chemical Company testified concerning the billing and invoicing of the shipments of coke. This company, he said, has found applicant to be an efficient carrier; Shell supports the granting of the application.

We find that the sought rate, subject to the conditions proposed to be attached to its use, as set forth in the application, as amended, is reasonable.

We conclude that the application, as amended, should be granted. Since the conditions under which service is performed may change at any time, the authority will be made to expire at the end of one year, unless sooner canceled, modified or extended, by order of the Commission.

O R D E R

IT IS ORDERED that:

1. Western Transport Service, a corporation, is authorized to transport coke in bulk in bins, and empty bins returning, for F.M.C. Corporation between the points set forth in Appendix A, attached hereto and by this reference made a part hereof, at a rate less than the established minimum rates, but not less than that set forth, and subject to the conditions shown, in said Appendix A.

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

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

Dated at San Francisco, California, this 6th day of JANUARY, 1968.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

A. 49762 bem

APPENDIX A

WESTERN TRANSPORT SERVICE

COMMODITY: Coke, in bulk, in bins.

From: Shell Chemical Company, Shell Point.

To: F.M.C. Corporation, Modesto.

Rate: 27 cents per 100 pounds.

Minimum
Weight: 50,000 pounds.

COMMODITY: Bins returning empty from outbound movement of coke.

From: F.M.C. Corporation, Modesto.

To: Shell Chemical Company, Shell Point.

Rate: No charge.

Note 1. Empty bins shall be transported on the return movement of equipment which has carried coke-loaded bins from Shell Point to Modesto under this authorization.

Note 2. The rate of 27 cents hereinabove authorized shall be increased in the same amount and effective at the same time or times as the Commission shall increase the Class D rate applicable under the provisions of Minimum Rate Tariff No. 2 and Distance Table No. 6 from Shell Point to Modesto.