

ORIGINAL

Decision No. 75146

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Petition for)
suspension and request for in-)
vestigation by Ocean Salt Company,)
Inc. of a proposed new commodity)
description in Item 3415-C being)
contained in Supplement 6 to Freight)
Tariff 250-B of Pacific Southcoast)
Freight Bureau, Agent, published for)
the account of Southern Pacific Com-)
pany, scheduled to become effective)
December 26, 1968, establishing)
rates for the transportation of)
salt from Newark, California to Los)
Angeles, California.)

(I&S) Case No. 8878

ORDER OF INVESTIGATION AND SUSPENSION

By petition filed December 13, 1968, Ocean Salt Company, Inc. seeks suspension and investigation of a proposed new commodity description which would result in a reduction of rates scheduled to become effective December 26, 1968, for the transportation of all types of salt from Newark to Los Angeles.¹

Petitioner is engaged in the manufacture, processing, sale and distribution of salt in interstate and intrastate commerce, maintaining its principal place of business at 1250 Panorama Drive, Long Beach.

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Item 3415-C of Supplement 6 to Freight Tariff 250-B of Pacific Southcoast Freight Bureau, Agent, published for the account of Southern Pacific Company.

According to petitioner, the current rate is 470 cents per ton of 2,000 pounds on salt, crude, undried, in bulk in open top cars from Newark to Los Angeles. For salt other than crude, undried, in bulk, the current rate is 45½ cents per 100 pounds between these points.

The assailed tariff publication would reduce the rate on salt other than crude from 45½ to 23½ cents per 100 pounds between the points involved. Petitioner declares that this publication is ambiguous, confusing and without basis in industry terminology, and will have the effect of creating confusion among both carriers and shippers, giving rise to varying interpretations and otherwise serving to break down historic industry and transportation classifications relating to the transportation of salt. In addition, petitioner alleges such tariff publication will have the effect of reducing rates for the transportation of all classes of salt, other than crude, from 45½ cents per 100 hundred pounds to 470 cents per ton of 2,000 pounds, amounting to an almost 50 percent reduction in transportation charges. The net effect of such a reduction, from petitioner's viewpoint, would be a complete disruption in the marketplace, depressing prices and otherwise rearranging competitive balances based upon long established production and transportation costs, with no offsetting benefits to either producers or common carriers.

From an historical standpoint, petitioner avers, freight rates pertaining to the transportation of salt have maintained, through separate classifications, the integrity of the distinctions between three grades of salt, namely, crude, kiln dried and vacuum salt. Petitioner further states that the present freight rates from Newark to Los Angeles, now provide an almost 50 percent differential between crude and other grades of salt, which undoubtedly has its basis in the relative differences in the value of the product, plant investment, the respective cost of the production, the dollar amount of prospective loss or damage claim as well as other conventional considerations.

Petitioner submits that the carrier industry owes an obligation, regardless of any other factor related to rate making, to exercise thoughtful discretion in modifying rates and rate structures of long-standing duration. As applicable to the instant situation, petitioner points out the historic distinctions between crude salt and the two grades of refined salt, such distinctions being a matter not only of industry definition but of tariff definition as well. To destroy such categories of definition and in one fell swoop reduce applicable rates virtually 50 percent, will, at least from petitioners' economic standpoint, create a disastrous upheaval in the marketplace.

A reply was filed by W. O. Gentle, Tariff Publishing Officer, Pacific Southcoast Freight Bureau, for and on behalf of Southern Pacific Company (respondent).

Respondent contends that the tariff publication in question is not confusing or ambiguous in that all necessary and applicable explanations are provided therein. It further contends that complainant has misinterpreted the tariff in that the proposed revision applies only in connection with crude salt and not all types of salt. A concurrent tariff revision, respondent states, having to do with a 29-cent rate, minimum weight 120,000 pounds, which has been in effect for sometime and applicable only on shipments of salt in box cars is being amended to provide a new minimum weight of 140,000 pounds applicable in open-top as well as box car equipment. This revision is scheduled to become effective December 26 in connection with the 470 cents per ton of 2,000 pounds as well as the 29 cents per 100 pounds rates now applicable from Newark to Los Angeles. This revision, respondent states, is a further continuation of carrier incentive rate making. Under this revision, respondent states, it is clear that a 50 percent rate reduction will not result.

Respondent's reply avers that Southern Pacific Company was informed by Leslie Salt that unless the assailed tariff revision was established, that Leslie would be forced to give up its market in Los Angeles because it would no longer be able to compete from Newark with foreign salt imported from Mexico by complainant, Ocean Salt Company.

Respondent requests that the item not be suspended.

The Commission is of the opinion and finds that the effective date of the item herein in issue should be postponed pending a hearing to determine its lawfulness.

Good cause appearing,

IT IS ORDERED that:

1. The operation of Item 3415-C of Supplement 6 to Pacific Southcoast Freight Bureau, Agent, Freight Tariff 250-B filed to become effective December 26, 1968, is hereby suspended and the use thereof deferred until April 25, 1969, unless otherwise ordered by the Commission and that no change shall be made in said item during the period of suspension or any extension thereof unless authorized by special permission by the Commission.

2. Copies of this order shall be forthwith served upon Southern Pacific Company, upon Pacific Southcoast Freight Bureau and upon petitioner herein.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 20th day of December, 1968.

William J. Squires
President

Peter E. Mitchell

Fred P. Morossey
Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

-5- Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.