

Decision No. 75703

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
COAST DRAYAGE, a corporation,)
for authority to depart from the)
minimum rates, rules and regulations)
of Minimum Rate Tariff No. 2,)
pursuant to the provisions of Section)
3666 of the Public Utilities Code for)
transportation for THE CLOROX COMPANY.)

Application No. 50982
(Filed April 1, 1969)

Handler, Baker and Greene, by Daniel Baker,
for applicant.
Arthur J. Maruna, H. F. Kollmyer and A. D. Poe,
for California Trucking Association; and
Wade M. Koeninger, for The Clorox Company,
Interested parties.
Joseph C. Matson and Sean Mahon, for the
Commission staff.

O P I N I O N

Coast Drayage, a corporation, seeks authority, as a highway permit carrier, to transport sodium hypochlorite solution (household bleach) and empty returning pallets for The Clorox Company (Clorox) at rates different from those set forth in Minimum Rate Tariff No. 2 (MRT 2). Applicant proposes to assess a single scale of rates for the outbound movement of bleach and the returned pallets for movements from Clorox's Oakland plant to points in Central and Northern California.

Public hearing was held and the matter was submitted before Examiner Mallory at San Francisco on April 21, 1969. There are no protests. Representatives of the California Trucking Association and the Commission staff assisted in the development of the record.

Applicant presented two witnesses. Its president testified as to the special circumstances surrounding the transportation involved herein, and presented several exhibits. His testimony is summarized in the following statements. Applicant has transported household bleach for Clorox from its Oakland plant for the past 16 years. At the present time, shipments are loaded and unloaded by hand, with labor furnished by applicant. Applicant provides a driver and helper at origin to load, and a driver and helper (or driver only at some locations) to unload the shipments. It would be more efficient to handle the shipments on pallets. Such method would reduce costs for both the shipper and carrier. Clorox intends to initiate palletized loading at its Oakland plant in the near future. Several consignees have agreed to unload the shipments on pallets with fork lift equipment furnished by them. When such service is begun, applicant will enjoy certain efficiencies of operation which will reduce its costs and which will permit it to operate profitably at rates proposed in the application herein.^{1/} To show the cost savings involved, Exhibit No. 4 was presented showing the loading and unloading times of truckload shipments handled in May, 1968. Said exhibit indicates that when shipments are palletized and loaded by mechanical means, the use of a helper at origin would no longer be required. At those destinations where palletized shipments are unloaded by the consignee by mechanical means, a helper would no longer be required and unloading time will be reduced. Exhibit No. 4 shows that, for the test period, helpers'

^{1/} Clorox has initiated palletized loading at its plant in Southern California. Mueller Truck Co. has been authorized to deviate from the established minimum rates in MRT 2 and MRT 5 for similar transportation of sodium hypochlorite solution for Clorox to points in Southern California (Decision No. 72649 in Application No. 49366).

time for loading would be reduced from 146 hours to 38 hours; helpers' time for unloading would be reduced from 113-1/2 hours to 87-1/2 hours; and drivers' and equipment time for unloading would be reduced from 225-1/2 hours to 211 hours. The exhibit shows that 74 shipments were handled, and that total revenues on said shipments were \$10,795.99.

The witness further testified that MRT 2 provides the same rates for palletized shipments as for unpalletized shipments, even though economies in handling palletized shipments accrue to the carrier. The tariff provides for free return of empty pallets in connection with outbound shipments transported for distances of 75 miles or less. The witness stated that many shipments for Clorox are transported for distances of more than 75 miles. Also in connection with shipments of returned pallets for distances of 75 miles or less, the tariff conditions cannot always be met on Clorox traffic, because the entire outbound shipment was not transported on pallets or was not loaded and unloaded by mechanical means. The witness stated that relief sought herein would provide rates which are compensatory to applicant, and which would return to the shipper a portion of applicant's savings in labor costs on the handling of palletized shipments.

A second witness for applicant was a certified public accountant who presented a study of the costs of handling the shipments described in Exhibit No. 4, under hand-loading and unloading operations, and under a combination of palletized and hand-loading and unloading operations. Said cost estimates were developed from the books and records of applicant for the year 1968 and were adjusted for 1969 labor rates. The witness compared the total costs of handling the shipments described in Exhibit No. 4 with the

revenues for said shipments under present and proposed rates. This comparison showed that the present rates assessed by applicant barely covered the costs of transporting shipments under hand loading and unloading operations. The total costs under 1968 labor rates was \$10,775 and the actual revenues received by applicant were \$10,796, resulting in a cost/revenue ratio of 99.8 percent. Under the proposed method of handling the same shipments the total costs for said shipments under 1969 labor rates would be \$10,144, and the revenues under the sought rates would be \$10,810, resulting in a cost/revenue ratio of 93.8 percent.

The Commission finds:

1. The cost study presented herein reasonably represents applicant's costs of providing the transportation service proposed to be performed for Clorox.
2. The data submitted by applicant indicate that the proposed rates will exceed the costs of providing the service proposed to be performed for Clorox, and will be compensatory.
3. The proposed rates will be just and reasonable.

The Commission concludes that the application should be granted. The authority will be limited to a term of one year inasmuch as conditions surrounding the transportation may change.

O R D E R

IT IS ORDERED that:

1. Coast Drayage, a corporation, is authorized to depart from the minimum rates and rules set forth in Minimum Rate Tariff No. 2 for transportation of sodium hypochlorite solution and returned empty pallets for the Clorox Company from its plant at Oakland as more specifically set forth in Appendix A attached hereto and made a part hereof.

2. The authority granted herein will expire with June 30, 1970.

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

Dated at Los Angeles, California, this 27th day
of MAY, 1969.

William J. Lyons
President
[Signature]
[Signature]
Commissioners

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

Commissioner Fred P. Morrissey, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Coast Drayage is authorized to assess the charges herein-
after set forth for the transportation of sodium hypochlorite solution
from the plant of The Clorox Company, Oakland, California, to destina-
tions in central and northern California, and empty pallets returning
to said plant from the destinations of the outbound movements.

The rates, rules and regulations below are deviations from
those in Minimum Rate Tariff No. 2. Other than the described dev-
iations, the rates and rules in that tariff will be applicable to the
involved transportation (except that Central Coastal Territory sur-
charges shall not be assessed).

Commodity: Sodium hypochlorite solution (straight shipments only)
From: The plant of The Clorox Company, Oakland, California.
To: Points in central and northern California within 250
miles of Oakland, California.
Rates: (Minimum weight 40,000 pounds)

<u>Mileage</u>		<u>Rate</u>
<u>Over</u>	<u>But Not Over</u>	<u>(Cents per hundredweight)</u>
10	15	21
15	20	22
20	25	23
25	30	24
30	35	25
35	40	25½
40	45	26
45	50	27
50	60	28
60	70	30
70	80	31
80	90	33
90	100	34
100	110	35
110	120	37
120	130	38
130	140	39

APPENDIX A
Page 2 of 2Rates--Contd.

<u>Mileage</u>		<u>Rate</u>
<u>Over</u>	<u>But Not Over</u>	(Cents per hundredweight)
140	150	40
150	160	41
160	170	43
170	180	44
180	190	45
190	200	46
200	220	48
220	240	50
240	260	52

- Notes:
- (1) Mileage to be computed as provided in governing Distance Table.
 - (2) Rates shall be subject to provisions of Item 170 (Split Delivery) of Minimum Rate Tariff No. 2.
 - (3) Rates shall only apply to palletized shipments which are power loaded at origin plant.
 - (4) Pallets will be returned free of charge, provided that a like number of pallets are returned at time of delivery. Shipments of pallets not complying with this paragraph will be subject to rates in Minimum Rate Tariff No. 2.
 - (5) Carrier will be free from any claims for shortage. Upon return of damaged merchandise, carrier is to be free from any claim for damage.