

Decision No. 75836

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of investigation into the
 rates, rules, regulations, charges,
 allowances and practices of all common
 carriers and highway carriers relating
 to the transportation of any and all
 commodities between and within all
 points and places in the State of
 California (including, but not limited
 to, transportation for which rates are
 provided in Minimum Rate Tariff No. 2).

Case No. 5432
 Order Setting Hearing
 Decision No. 75197
 of
 January 14, 1969

Armand Karp, for Nielsen Freight Lines,
 respondent.
Brobeck, Pheleger and Harrison, by Robert N.
Lowry, for Humboldt Flakeboard, Georgia
 Pacific Corporation and Simpson Timber
 Company; Milton A. Walker and R. A. Morin,
 for Fibreboard Corporation; William F.
Krause, for Crown Zellerbach Corporation
 and Crown Simpson Pulp Company; Lewis G.
Hallett, for Georgia Pacific Corporation;
Gus R. Hubbard, for Simpson Timber Company;
Charles R. Taff, for Kimberly Clark Corpor-
 ation; Richard W. Smith, H. F. Kollmyer,
 and A. D. Poe, for California Trucking
 Association, interested parties.
Robert E. Walker and Robert W. Stich, for the
 Commission staff.

I N T E R I M O P I N I O N

The transportation of Wood Chips and Wood Shavings in bulk
 for certain commercial purposes and Sawmill Refuse for use as fuel
 was exempted from the provisions of the Commission's Minimum Rate
 Tariff No. 2 by Decisions Nos. 61338, 68542 and 73630, respectively.
 These exemptions are tentative and provisional and are all due to
 expire on September 4, 1969.

In its orders which exempted the transportation of Wood Chips and Wood Shavings from the purview of the tariff, the Commission assigned its Transportation Division staff to make cost and rate studies which will make available evidence necessary to the determination and establishment of minimum rates at reasonable levels for this transportation. Similarly, with the establishment of the exemption for Sawmill Refuse, the Commission took cognizance of the staff's intention to conduct studies of this traffic.

Decision No. 75197, among other things, ordered that hearings be held for the receipt of evidence looking to the establishment of minimum rates on Wood Shavings, Sawmill Refuse and Wood Chips. Said decisions stated as follows:

"The Transportation Division staff has conducted cost and rate economic studies of the transportation of Wood Shavings and Sawmill Refuse and has prepared reports which set forth the results of its studies and its recommendations. Studies of the transportation of Wood Chips will continue and be presented to the Commission upon their completion. The staff has requested that hearings be held for the receipt of evidence relative to the establishment of minimum rates and rules for the transportation of Wood Shavings and Sawmill Refuse and that the matter of Wood Chips be deferred until its studies are completed.

"The procedure suggested by the staff appears to be a satisfactory means of providing the Commission and interested parties with information reflecting current conditions and will be adopted."

In accordance with the procedure outlined above, public hearings with respect to Wood Shavings and Sawmill Refuse were held before Examiner Mallory at San Francisco on March 6, April 28 and April 29, 1969, at San Francisco, and the proceeding, insofar as it relates to said commodities, was submitted.

The Commission's Transportation Division staff presented cost and economic studies relating to the movement of Wood Shavings and Sawmill Refuse. Representatives of shippers and receivers of

these commodities testified concerning circumstances relating to the movement of these commodities and their views concerning the establishment of minimum rates thereon.

A staff transportation engineer testified as to his development of the estimated costs of transporting Wood Shavings and Sawmill Refuse. The information used in the development of his study was based upon the operations of five active carriers whose services are performed in Humboldt County. Said costs were developed for lengths of haul to and including 75 constructive miles. Separate costs were shown for units of equipment consisting of (a) 3-axle tractor and 38-40 foot semi-trailer, and (b) 3-axle truck and pull trailer. The cost data are stated in units of 200 cubic feet; the tractor and trailer equipment costs are based on loads of 14 units, and the truck and trailer costs are based upon loads of 21.5 units. ✓

A staff transportation rate expert testified as to the circumstances surrounding the transportation of Wood Shavings and Sawmill Refuse, and to his recommended rate levels to apply to such transportation. According to this witness the commodities in question are by-products of the manufacture of lumber and plywood. Until recent years these by-products, as well as Wood Chips, were considered to be waste materials and were burned in so-called "Tee-Pee" burners at mill site. In recent years Wood Shavings (a by-product of planing mills) is used in the manufacture of particle board and hard board. There are two manufacturers who purchase Wood Shavings from planing mills and who transport the commodity to their plants by for-hire carriers. Sawmill Refuse, also known as "Hog Fuel", is scrap lumber (including bark and sawdust) reduced by a "hog" machine to particle size for use as fuel in heating or electrical generation.

plants at lumber mills. The major producers of wood fuel are two large pulp mills located near Samoa, and a large lumber producer situated at Scotia.

The staff rate witness testified that the for-hire carriers engaged in this transportation consist of both general commodity haulers and individuals who engage exclusively in the transportation of Wood Chips, Wood Shavings, and Sawmill Refuse. Transportation rates typically represent the major portion of the delivered prices of wood fuel and shavings. This factor tends to limit the distance that these commodities are transported. The present rates are individually negotiated. The staff rate witness proposed a scale of minimum rates which he stated reflects the going rates now being assessed, and the estimated costs of providing the service as developed by the staff engineer.

Witnesses for the principal commercial users of Sawmill Refuse and Wood Shavings testified to their requirements for these commodities, the sources of supply for such commodities, and their views concerning the proposed establishment of minimum rates thereon. Such testimony, viewed collectively, showed that until recently the commodities were considered waste materials; that lumber producers have endeavored to develop uses for all lumber and plywood waste materials because of rising stumpage prices and manufacturing costs; that the commodities have little value over and above their transportation costs; that "Tee-Pee" burning of waste lumber materials probably will soon be prohibited as a means of reducing air pollution; that further uses must be found for such waste materials; and that the development of commercial uses for wood waste materials is still in an evolutionary stage. The witnesses also testified that wood waste materials, except for bark, can be used in the manufacture

of wood pulp, in the same manner as Wood Chips. They stated that, generally, the same carriers that transport Wood Chips also transport Wood Shavings and Sawmill Refuse; and that the volume of Wood Chips transported by their carriers is considerably larger than that of Wood Shavings and Sawmill Refuse.

The plywood, particle board and timber companies opposed the establishment of minimum rates on Wood Shavings and Sawmill Refuse at this time and suggested minimum rates be withheld for four or five years. They questioned, also, the advisability of considering rates on Wood Shavings and Sawmill Refuse without concurrent consideration of rates on Wood Chips. The Commission staff indicated that it had no objection to considering rates on chips, refuse and shavings at the same time. Inasmuch as the staff studies concerning Wood Chips will not be completed and a decision thereon cannot be issued prior to the time the present temporary exemptions will expire, the parties requested that said exemptions be extended for a reasonable period.

The Commission concludes that the decision herein with respect to Wood Shavings and Sawmill Refuse should be deferred so that such commodities may be considered concurrently with Wood Chips, and the current temporary exemptions should be extended to March 4, 1970.

I N T E R I M O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff No. 2 (Appendix "D" of Decision No. 31606, as amended) is hereby further amended by incorporating therein, to become effective September 4, 1969, Twelfth Revised Page 15-A attached hereto and by this reference made a part hereof.

2. Tariff publications required to be made by common carriers as a result of the order herein shall be filed not earlier than the effective date of this order and shall be made effective not earlier than the tenth day after the effective date of this order on not less than ten days' notice to the Commission and to the public and such tariff publications shall be made effective not later than September 4, 1969; and tariff publications which are authorized but not required to be made by common carriers as a result of the order herein may be effective not earlier than the tenth day after the effective date of this order and may be made effective on not less than ten days' notice to the Commission and to the public if filed not later than sixty days after the effective date of the minimum rate tariff page incorporated in this order.

3. Common carriers, in establishing and maintaining the provision authorized hereinabove, are hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; and schedules containing the provision published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

4. In all other respects, Decision No. 31606, as amended, shall remain in full force and effect.

5. A further hearing in this proceeding will be held at a time and place to be determined.

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

Dated at San Francisco, California, this 24th day of JUNE 4, 1969.

William J. Simpson
President
James R. Morrissey
William J. Morrissey
Thomas J. Morrissey
Commissioners

MINIMUM RATE TARIFF 2

SECTION 1--RULES OF GENERAL APPLICATION (Continued)	ITEM
<p style="text-align: center;">APPLICATION OF TARIFF-COMMODITIES (Concluded) (Items 40, 41 and 42)</p> <p>Shipments weighing 10 pounds or less when transported by carriers which operate no vehicles exceeding a licensed weight of 4,000 pounds (Subject to Note 12),</p> <p>Sulphur,</p> <p>Trailer coaches and campers set up, (including contents and furniture and other personal effects for use outside of trailer coaches) for which rates are provided in Minimum Rate Tariff 18,</p> <p>United States mail transported for the Post Office Department under contract,</p> <p>Used Property, viz.: household goods, personal effects, furniture, musical instruments, radios, and office and store fixtures and equipment, as described in and for which rates are provided in Minimum Rate Tariff 4-B, and used property as described therein of state, county or municipal governments, or transported under an agreement whereby the governments contracted for the carrier's services,</p> <p>Vegetables, fresh or green, including mushrooms, fresh (not cold pack or frozen),</p> <p>Vegetables, which are placed in a preservative and are destined to a cannery for processing into a preserved or pickled vegetable,</p> <p>Vegetables, dried, viz.: Beans (except Mesquite), Lentils, Onions, Peas (except Cow Peas), Pepper Pods,</p> <p>Voting Booths, Ballot Boxes, Election Tents and Election Supplies, when transported from or to polling places.</p> <p>NOTE 1.--Includes only used empty carriers which are returning from an outbound paying load of traffic for which rates are not provided in this tariff, or which are being forwarded for a return paying load of traffic for which rates are not provided in this tariff (Subject to Item 80 of the Exception Ratings Tariff).</p> <p>NOTE 2.--Exemption applies only when commodities flagged subject to this note are shipped in milk shipping cans, in bottles in cases or crates, or in bulk in tanks.</p> <p>NOTE 3.--Exemption applies only when the distance between point of origin and destination does not exceed 35 miles, computed in accordance with the provisions of Item 100.</p> <p>NOTE 4.--Exemption applies only as to dried fruit in the natural state and which has not been cleaned, washed, stemmed or otherwise prepared or partially prepared for human consumption.</p> <p>NOTE 5.--Exemption applies only when shipper certifies on the shipping document covering the transportation that the shells are being shipped for use as a fertilizer.</p> <p>NOTE 11.--Exemption applies only to transportation between points within a radius of 25 miles of the intersection of 1st and Main Streets, Los Angeles, said mileage to be computed in accordance with the provisions of Item 100.</p> <p>NOTE 12.--Exemption applies only to transportation between points located within the Los Angeles Basin Territory as described in Item 270.</p> <p>NOTE 13.--Exemption expires with March 4, 1970.</p> <p>NOTE 14.--Exemption applies only to shavings or sawdust to be utilized in the production of particleboard, flakeboard, hardboard, pulpboard or woodpulp.</p> <p>NOTE 15.--The portion of this exemption preceded by * expires with December 31, 1970.</p> <p>(1) NOTE 16.--Exemption applies only between points within Southern Territory, as described in Item 80 of Minimum Rate Tariff 10, and expires with October 13, 1970.</p>	<p style="text-align: center;">442</p>
<p>(1) Effective October 14, 1969.</p> <p>Change, Decision No. 75836</p>	
EFFECTIVE (EXCEPT AS NOTED)	
<p>Correction 2137</p> <p style="text-align: right;">ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA</p>	