

Decision No. 80449.

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the investigation)
into the rates, rules, regulations,)
charges, allowances and practices)
of all common carriers and highway)
carriers relating to the trans-)
portation of petroleum and petroleum)
products in bulk (commodities for)
which rates are provided in Minimum)
Rate Tariff No. 6-A).

Case No. 5436
Petition for Modification
No. 119
(Filed March 23, 1972)

Vaughan, Paul & Lyons by John G. Lyons, for
California Tank Lines, Inc., petitioner.
J. C. Kaspar, H. F. Kollmyer and A. D. Poe, for
California Trucking Association, interested party.
J. L. Glovka, for the Commission staff.

O P I N I O N

This matter was heard June 27, 1972, before Examiner Thompson at San Francisco and was submitted July 5, 1972 on the receipt of late-filed Exhibit 3.

California Tank Lines, Inc., operates as a highway common carrier and petroleum irregular route carrier. It here seeks authority under Section 452 of the Public Utilities Code to establish a reduced rate of 18 cents per 100 pounds, minimum weight 50,000 pounds, for the transportation of log wax, in bulk, from Oleum and Richmond to Stockton. Said reduced rate is lower than the minimum rate of 20 cents per 100 pounds established by the Commission pursuant to Section 726 of the Public Utilities Code.

Log wax is a low grade paraffin used by California Cedar Products in the manufacture of a product it calls Duraflame Logs. It is a term of art the purpose of which is to distinguish this low grade paraffin from the more refined or higher grade waxes derived from petroleum. It is a petroleum product that is not indexed by name in the National Motor Freight Classification.

California Cedar Products, hereinafter sometimes called shipper, utilizes a large volume of log wax at its plant in Stockton. Applicant has dedicated a three-axle tractor and a two-axle insulated aluminum semi-trailer to the transportation of log wax for shipper. Each weekday this equipment transports two loads of log wax from Union Oil Company refinery at Oleum to shipper and one load from Standard Oil Company refinery at Richmond to shipper. The equipment is in operation from 6:00 a.m. to 1:00 a.m., or nineteen hours per day. Occasionally additional loads are transported on Saturdays. Shipper and Standard Oil Company will accommodate applicant for the unloading and loading of equipment at any time during the twenty-four hours of the day. The average load is 51,106 pounds.

Applicant projected revenues and expenses for a rate year based upon 155 shipments transported during the period January 1, 1972 to March 31, 1972. The projections included labor costs at wage rates effective July 1, 1972. Applicant's projection shows a ratio of fully distributed costs to revenues of 76.4 percent. There were some errors in calculations in said estimate; however, it has been shown that the transportation at the proposed rate would be fully compensatory.

Shipper is concerned about curtailing increases in its costs of production of Duraflame Logs. It believes that the volume of movement, together with the high use factor of equipment because of availability of loading and unloading facilities over the twenty-four hours of the day, will permit it to lessen its costs for transportation of log wax if it were to obtain equipment and perform such transportation itself. A representative of shipper testified that it is satisfied that the rate proposed by applicant is a transportation cost that shipper is willing to bear.

California Trucking Association takes no position as to whether or not the rate sought should be authorized. It asserts that if the authority is granted the following limitations and conditions be imposed:

1. The authority be scheduled to expire not later than July 1, 1973 so as to provide for a review of the authority based upon changes in wages and other cost factors which may occur at that time. Applicant's collective bargaining agreement expires July 1, 1973.
2. The application of the proposed minimum charge be made consistent with the existing rule in applicant's tariff.^{1/}
3. The rate be conditioned upon facilities for unloading being available throughout 24 hours of the day.
4. The rate be non-intermediate in application or apply via specific routings.

Staff takes the same general position as California Trucking Association but is also concerned that the commodity be described in terms other than "log wax" or that said term be defined.

Applicant does not resist any of the above limitations and conditions. It presented late-filed Exhibit 3 setting forth routings via which the proposed rate would be applicable.

The movement of log wax by applicant at the proposed rate will not burden other traffic. The transportation has characteristics different from the usual transportation of petroleum products.

^{1/} As indicated above, there is some uncertainty regarding the tariff commodity description of "log wax". Assuming it is a chlorinated paraffin (Rate Group E), Item 270 of WMTB 18 provides that the minimum charge for any shipment shall be the charge resulting from applying the applicable rate based upon the carrying capacity of the tank or tanks furnished but in no event shall the minimum charge be less than that resulting from applying a minimum weight of 46,500 for tank trucks, trailers or semi-trailers and 50,000 for two connected tankers (doubles or truck & trailer). CTA's suggestion would then result in the minimum charge being the 18 cent rate applied to the capacity of the tank or tanks but not less than said rate applied to a minimum weight of 50,000 pounds.

The proposed rate will be compensatory. The conditions and limitations suggested by CTA and by the staff are necessary to assure that the rate is made applicable only where the unusual conditions surrounding the transportation are present. We find that the proposed rate, subject to the aforesaid limitations and conditions, is reasonable and is justified by transportation conditions. The application should be granted.

O R D E R

IT IS ORDERED that:

1. California Tank Lines, Inc., a corporation, is authorized to publish and file, on not less than ten days' notice to the Commission and to the public, a rate of 13 cents per 100 pounds, minimum charge as provided in WMTB Tariff 13, Item 270, but not less than the charge resulting from the application of said rate to a minimum weight of 50,000 pounds, for the transportation of the grade of paraffin known as log wax, in bulk, from Oleum and Richmond to Stockton via the routes set forth below, and subject to the following limitations and conditions:

- (a) Consignee shall make its premises available to enable the carrier to perform service on a 24-hour basis.
- (b) The commodity "log-wax" shall be defined in the carrier's tariff.
- (c) The rate shall be made applicable only via the following routes:

From Richmond to Stockton

From Richmond southerly on State Highway 17 to its intersection with U.S. Highway 50 at San Leandro; thence easterly on U.S. Highway 50 to Stockton;

or

From Richmond northerly on U.S. Highway 80 to its intersection with State Highway 4 near Pinole; thence easterly on State Highway 4 to Stockton.

From Oleum to Stockton

From Oleum easterly on unnumbered highway to U.S. Highway 80 to its intersection with State Highway 4 near Pinole; thence easterly on State Highway 4 to Stockton.

(d) The rate shall be scheduled to expire July 1, 1973.

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

Dated at San Francisco, California, this 31st day of AUGUST, 1972.

Vernon L. Stinson
President
William J. Guores
[Signature]
[Signature]
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.