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ORIGINAL

Decision No. 81972

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
VINCENT GANDUGLIA TRUCKING, a
corporation, for authority to
deviate from minimum rates to the
extent shown in Exhibit 1 hereto
for transportation of barium
sulfate (barite) and bentonite
between points shown in Exhibit 1
hereto for Wilbur-Ellis Company and
Industrial Minerals Co.

Application No. 53831
(Filed February 8, 1973)

Loughran, Berol, & Hegarty, by
Frank Loughran, Attorney at Law,
for applicant.
Ed Bill, Herb Hughes, and Arlo D. Poe,
Attorney at Law, for California
Trucking Association, interested
party.
John L. Glovka, Attorney at Law, for
the Commission staff.

O P I N I O N

Applicant holds a radial highway common carrier permit. By this application, it seeks authority to charge less than minimum rates for the transportation of barite and bentonite in bags on flat bed equipment when the shipper loads and the consignee unloads with power equipment or in bulk in hopper-type trailers equipped with loading and unloading devices for Wilbur-Ellis Company, located in Fresno, and for Industrial Minerals Company, located in Florin, which is near Sacramento. There are variations in the distance rate scales proposed for the two shippers. Both scales are subject to a minimum weight of 48,000 pounds. By Decision No. 81273 dated April 17, 1973, applicant was granted interim authority to assess the sought rates pending hearing. The interim authority expires October 17, 1973.

Public hearing was held before Examiner Mooney in San Francisco on September 17, 1973, on which date the matter was submitted.

Evidence in support of the application was presented by the president of applicant, a certified public accountant, and representatives of the two shippers. No one opposed the granting of the application.

The evidence establishes and we find as follows:

1. Both shippers grind barite and bentonite to approximately 325 mesh which is a powder consistency. This is then sold to their customers and is transported directly from the producing plant to the use site. Almost all of the traffic moves to off-rail points. Wilbur-Ellis sells the products both in bags and in bulk. Prior to September 1973, Industrial Minerals marketed its products in bags only. It has just completed a bulk plant which is now operational. Both shippers market their products to destinations up to 400 miles from their respective plants. Distribution from Wilbur-Ellis is generally in the southern portion of the state and from Industrial Minerals is generally in the northern part of the state.

2. Barite's principal use is as a well drilling mud. Bentonite is likewise used for this purpose and is also used as a hardening agent in the manufacture of animal feed pellets, as a baling agent for hay, and as a sealer in reservoirs, wells, ditches, and livestock ponds. The two products have a very low value and sell for approximately \$30 per ton, F.O.B. producing plant. Bulk shipments of the commodity move in hopper equipment, are gravity loaded, and require pneumatic devices on the carrier's equipment to assist in unloading. Bagged shipments are palletized and are transported on flat bed equipment.

3. Wilbur-Ellis had in past years used the services of applicant to transport barite and bentonite to its customers. With the continual increases in minimum rates in recent years, transportation costs for these low value commodities reached a level where they became prohibitive, and the traffic was lost by for-hire carriage. As a result, vendees purchased the products F.O.B. plant and moved them on their own equipment. Small users who did not have their own equipment discontinued purchasing the products completely. However, during the period the sought rates have been in effect on an interim basis, Wilbur-Ellis has again been able to sell to its customers, including many of the small users it had lost, on a delivered basis and has used applicant for the transportation. It anticipates that the continuance of the sought rates will enable it to further expand its markets with a resulting increase in traffic for applicant.

4. Industrial Minerals has, because of the high minimum rates, sold its products F.O.B. plant, and its customers have used their own equipment for the transportation. Its customers do not have the necessary equipment for power unloading palletized, bag shipments. For this reason, it has not as yet shipped any bag shipments via applicant under the interim rates. However, many of its customers have ordered power-unloading equipment, and as soon as it is delivered, Industrial Minerals will sell to them F.O.B. destination and use applicant for the transportation if the interim rates are continued. With the opening of its bulk plant, bulk sales have all been F.O.B. destination, and the transportation has been by applicant at the interim rates.

5. During the period April 19 through August 16, 1973, applicant transported 19 bulk and 118 bag shipments for Wilbur-Ellis at the interim rates, and its operating ratio for this transportation was 73 percent (Exhibit 3). While no actual traffic was handled for Industrial Minerals during this period, a cost study developed by applicant for the traffic it may reasonably expect to be developed at the sought rates shows an operating ratio of 82.4 percent for this traffic (Exhibit 4). In determining the operating ratios, revenue from back haul traffic was not considered.

6. Applicant has terminals located within several miles of each of the shippers and has the necessary equipment and experience to perform the transportation in issue.

7. With several minor adjustments in the interim rates agreed upon by applicant and the shippers, the sought less-than-minimum rates are just and reasonable for the transportation services and conditions involved.

We conclude that, with the modification referred to in Finding 7, the sought authority should be granted. Inasmuch as the circumstances surrounding the transportation may change at any time, the authority will be limited to a period of one year.

O R D E R

IT IS ORDERED that:

1. Vincent Ganduglia Trucking, a corporation, is authorized to transport barite and bentonite in bags or in bulk for Wilbur-Ellis Company, located in Fresno, and for Industrial Minerals Company, located in Florin, at rates less than the established minimum rates but not less than those set forth, and subject to the conditions specified, in Appendix A attached hereto and by this reference made a part hereof.

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2. The authority granted herein shall, on and after October 17, 1973, supersede the authority granted by Decision No. 81273 and shall expire with October 17, 1974.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 10th
day of OCTOBER, 1973.

William J. Sturgeon President
Vernon L. Sturgeon
William J. Sturgeon
William J. Sturgeon
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

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APPLICATION OF RATES

CARRIER: VINCENT GANDUGLIA TRUCKING

I

Shipper for whose account service is to be provided:

WILBUR-ELLIS COMPANY

A. Commodity

Barium sulphate (barite) (crude, ground) and clay
(bentonite) (crude, crushed, ground or pulverized)
in bags and bulk.

B. Rates

Subject to restrictions set out in III hereto.

From

Wilbur-Ellis
Company plant located
on old U. S. Highway 99
at Cedar, Fresno,
California

Minimum weight 48,000 pounds

	<u>0-50</u> <u>miles</u>	<u>50-125</u> <u>miles</u>	<u>125-300</u> <u>miles</u>	<u>300-400</u> <u>miles</u>
Rate per CWT - bags	\$.17	\$.30	\$.50	\$.60
- bulk	\$.19	\$.32	\$.52	\$.69

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II

Shipper for whose account service is to be provided:

INDUSTRIAL MINERALS COMPANY

A. Commodity

Barium sulphate (barite) (crude, ground) and clay (bentonite) (crude, crushed, ground or pulverized) in bags and bulk.

B. Rates

Subject to restrictions set out in III hereto.

From

Industrial Minerals
Company plant located
at 7275 Reese Road,
Florin (Sacramento),
California

		<u>Minimum weight 48,000 pounds</u>				
		<u>0-25</u>	<u>25-50</u>	<u>50-125</u>	<u>125-200</u>	<u>200-380</u>
		<u>miles</u>	<u>miles</u>	<u>miles</u>	<u>miles</u>	<u>miles</u>
Rate per CWT - bags	\$.15	\$.17	\$.22	\$.30	\$.48	
- bulk	\$.17	\$.19	\$.24	\$.32	\$.55	

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III

RESTRICTIONS

- A. Applies only in connection with straight shipments of the commodities named in this item.
- B. Applies only:
 - (1) To shipments in bags when palletized and power-loaded by consignor and power-unloaded by consignee, in such circumstances physical assistance of the carrier's employee is restricted to work within or on carrier's equipment and does not include stacking, unstacking, removal or placement of merchandise on pallets, and when transported by carrier on flatbed trailers.
 - (2) To shipments in bulk in hopper-type equipment, gravity loaded and unloaded by carrier through use of pneumatic equipment provided by carrier and carried on its equipment.
- C. An allowance of one hour is included for loading and one hour for unloading shipments in bag and bulk. Additional time consumed for loading or unloading will be charged at the applicable hourly rate provided for excess time in the Commission's Minimum Rate Tariff 2.
- D. The minimum weight applies to each unit of carrier's equipment used in the transportation of a single shipment. A unit of equipment includes: (a) for bagged shipments, a tractor and two flatbed trailers, each of which is no shorter than 27 feet, and (b) for bulk shipments, a tractor and two hopper trailers equipped with a pneumatic loading device, each bulk trailer no shorter than 27 feet.
- E. Miles shown in rate schedules are constructive miles as shown in the Commission's Distance Table.