

Decision No. 82178**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
BULK TRANSPORTATION, a corporation,
to perform transportation services
for KAISER STEEL CORPORATION in the
movement of flue dust from Kaiser
Mill to Cushenbury at less than
minimum rates.

Application No. 53567
(Filed September 5, 1972)

John T. Underwood, for Bulk Transportation,
applicant.

Jim S. McGahey, for Kaiser Cement & Gypsum Corp.;

James H. Mullen and Allen I. Taylor, for
Kaiser Steel Corp.; Arthur D. Maruna,

Herbert W. Hughes, and Arlo Poe, for
California Trucking Association; interested
parties.

Russell D. Corning and J. L. Glovka, for the
Commission staff.

O P I N I O N

Bulk Transportation, a corporation, operates as a highway contract carrier. It was granted interim authority, pending public hearing, by Decision No. 80602 dated October 11, 1972, to transport flue dust (also described herein as precipitator dust) for Kaiser Steel Corporation from the latter's steel mill near Fontana to the cement plant of Kaiser Cement & Gypsum Corporation located at Cushenbury at a rate less than the applicable minimum class rate but not less than 17 cents per 100 pounds, minimum weight 47,500 pounds. This interim authority was scheduled to expire as of April 11, 1973 but was extended to August 26, 1973 by Decision No. 81088 dated February 23, 1973.

Public hearings were held before Examiner Gagnon at San Francisco on June 11 and October 9, 1973, and the application was submitted for decision on the latter date. Subsequent to the June 11, 1973 initial hearing the Commission issued its second interim order in Decision No. 81555 dated July 3, 1973 wherein applicant's temporary authority was extended to December 30, 1973 and a further adjourned hearing was scheduled for October 9, 1973. The decision states:

"Under applicant's existing temporary authority a rate less than the otherwise governing distance class rate named in Minimum Rate Tariff 2, but not less than 17 cents per 100 pounds, minimum weight 47,500 pounds, may be assessed for the movement of flue dust from and to the points in question. In effect, applicant was granted temporary authority to charge the bulk cement rate named in Minimum Rate Tariff 10 for the same distance the flue dust is transported. Applicant's operating experience under its present temporary authority indicates that a rate somewhat lower than the current applicable minimum class rate but higher than the rate of 17 cents per 100 pounds, minimum weight 47,500 pounds, will be required for the movement of flue dust. Applicant is confident that its analysis of the cost of transporting flue dust from Fontana to Cushenbury will be completed by the latter part of September and available for presentation at a further adjourned hearing in this matter."

Applicant and Kaiser Steel have continued to experience numerous problems in their efforts to ship flue dust and further improvements in shipper's loading and unloading facilities, together

with possible additional alterations in applicant's pneumatic trailer equipment, will be necessary before a final determination can be made of the transportation costs contemplated under the most efficient operating conditions possible. Transportation engineering cost and rate studies are still actively being pursued by both Kaiser Steel and Bulk Transportation. In the circumstances, both shipper and applicant urgently request that the latter's temporary authority be extended for a one-year period pending completion of their current joint studies. The manager of Corporate Traffic Services for Kaiser Steel testified at length on behalf of the sought extended authority, a summary of which follows:

"Precipitator dust is...extremely fine particles of iron ore which are carried up steel-mill furnace stacks by exhaust gasses and, until the installation of modern air-pollution control equipment, (electrostatic precipitators), was discharged into the atmosphere. . . . The quantity of dust collected varies with the level of steel production but presently runs about 135 tons per day. At first, we were able to recycle the collected particles in our own steel-making processes but now, more stringent air pollution regulations prevent our using it in the steel mill. . . .

"About two years ago tests indicated that precipitator dust could be useful in the production of cement but the minimum rates for its transportation from our plant to any cement mill far exceeded the delivered value of the dust. . . . The material must move in a closed system during the entire loading, unloading, and transit cycles. While we were unable to find any for-hire or private carrier that had ever handled

open-hearth or basic oxygen furnace precipitator dust in vacuum equipment... engineers assured us that precipitator dust had the same flow and transportation characteristics as cement,... The cement minimum rate (17¢ per cwt.) would permit the movement to Cushenbury, but a higher permanent rate would make it completely uneconomic. . . .

"Both Kaiser Cement and Kaiser Steel have spent many thousands of dollars for the construction of precipitator dust loading, unloading, storage and handling facilities that will comply with air pollution control requirements. . . .

"At the loading facility, we have been plagued by minor mechanical problems that required design and engineering changes. . . .

"At the destination, the inlet pipe sometimes has plugged with dust. A back pressure that occasionally developed in the storage silo hampered unloading. Also, a slope engineered into the unloading area for drainage caused dust to hang up on the low side of the trailer.

". . . Kaiser Steel and Bulk Transportation retained a consultant in bulk material shipping to study the movement and make recommendations that we have implemented. . . . It may be that we will have to install a platform scale in the loading plant. If so, our engineers estimate the cost to us at about \$150,000. By the end of this year a new, second loading facility will be completed and in service, and we feel sure it will substantially improve our loading performance.

"At Cushenbury, Kaiser Cement has just completed modifications in its receiving facility,....

"Since precipitator dust residue will discolor cement, we are not able to backhaul cement in the dust equipment. There are other movements from Cushenbury, however, including limerock to our steel mill and we are investigating the possibility of a compatible backhaul.

" . . . Since July 1, we have paid Bulk \$132.00 per load, equal to 27 3/4¢ per cwt. on a 47,500# minimum--a premium of 10 3/4¢ per cwt., but economics will not permit us to pay that rate for an extended period. If the carrier's costs were to remain so high as to require a permanent rate of 27 3/4¢ under present circumstances we feel we would probably have to terminate the movement. We are, however willing to continue to pay that rate for a reasonable period of time while we work for the breakthrough that we think is near, and that will permit a lower permanent rate. If we are successful in solving the problems on this movement, we feel we will be able to find productive use for our entire output of this waste material. . . ."

At the Fontana steel mill of Kaiser Steel the stockpiling of flue or precipitator dust constitutes a waste material which poses an ecological threat to the environment. Transporting the flue dust to the cement plant of Kaiser Cement & Gypsum Corporation at Cushenbury elevates the flue dust from a waste material to a by-product having an economic value of approximately \$2 to \$3 per ton in the manufacture of cement products. In addition, the shipper's efforts to comply with and promote the objectives of the California Environmental Quality Act of 1970 is enhanced.

Under current transportation conditions Bulk Transportation can handle the flue dust from Fontana to Cushenbury profitably at a rate of 27-3/4 cents per 100 pounds, minimum weight 47,500 pounds per shipment.^{1/} It cannot transport flue dust profitably under current operating costs at the present minimum bulk cement rate of 17 cents per 100 pounds, minimum weight 47,500 pounds, named in MRT 10 for constructive distances of 70-80 miles applicable between Fontana and Cushenbury. If the carrier's operating costs are to remain at a level which will require the temporarily agreed rate of 27-3/4 cents to be assessed on a permanent basis, the movement of flue dust would be uneconomical and would probably have to be terminated, and the dust stockpiled at Fontana as a waste material.

The shipper-carrier efforts to eliminate the present undesirable environmental characteristic surrounding flue dust when retained and stockpiled as a waste material are to be encouraged. It is clear that the apparent success of the joint shipper-carrier efforts to reduce expense of handling and cost of transporting flue dust from Fontana to Cushenbury is sufficiently assured to enable Kaiser Steel to pay Bulk Transportation a premium rate of 27-3/4 cents on a temporary basis. It is also evident that, in the final analysis, a rate somewhat lower than the current applicable minimum class rate but higher than the bulk cement rate of 17 cents can be shown to be reasonable in the near future under applicant's anticipated reduced operating costs.

^{1/} In connection with loading and unloading, delay time is paid for at a rate of \$12 per hour for all time in excess of one hour.

Under the circumstances, the Commission finds that applicant's request for further extension of its existing temporary authority is justified. We conclude that Bulk Transportation's current authority granted by Decision No. 81555 in this proceeding should be extended.

O R D E R

IT IS ORDERED that:

1. Bulk Transportation, a corporation, is authorized to transport flue dust (precipitator dust) for Kaiser Steel Corporation from the latter's steel mill near Fontana to the cement plant of Kaiser Cement & Gypsum Corporation located at Cushenbury, at a rate less than the applicable minimum class rate, but not less than the current rate for transporting bulk cement within Southern Territory named in Item 210 of Minimum Rate Tariff 10 for constructive distances of 70-80 miles.

2. The authority granted herein shall expire with December 31, 1974, unless sooner canceled or modified by order of the Commission.

The effective date of this order is December 30, 1973.

Dated at San Francisco, California, this 27th day of NOVEMBER, 1973.

Vermon L. Stinson
President
William L. Stinson, Jr.
William L. Stinson, Jr.
William L. Stinson, Jr.
William L. Stinson, Jr.
Commissioners