

Decision No. 82422

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Basic Materials Transport for authority to charge less than minimum rate for the transportation of trisodium phosphate in bulk in bins for the account of Procter & Gamble Company under Section 3666 of the code.

Application No. 54497
(Filed December 10, 1973)

INTERIM OPINION AND ORDER

Basic Materials Transport requests authority, as a highway permit carrier, to deviate from the minimum rates and rules prescribed in the Commission's Minimum Rate Tariff 2 (MRT 2) for the transportation of trisodium phosphate, chlorinated or not chlorinated, in shipper-owned bins of not less than 60 cubic feet capacity, from Richmond to the Procter & Gamble Plant at Sacramento, and the empty returning bins for the account of Procter & Gamble Manufacturing Company.

The current minimum rates for the transportation involved are:

- (a) Trisodium phosphate
Richmond/Sacramento - 56¢ per CWT., plus \$2.85 surcharge, minimum 40,000 pounds
- (b) Containers, empty returning
Sacramento/Richmond - \$2.43¢ per CWT., plus \$1.25 surcharge, minimum weight 5,000 pounds.

Based on current MRT 2 levels of rates applicant proposes to assess rates of 44 cents and 68 cents per 100 pounds for the shipments of trisodium phosphate and empty bins returning, respectively.^{1/}

^{1/} Applicant's specific rate proposal is set forth in Appendix A hereof.

Applicant submits the following facts and circumstances in justification for the sought relief:

1. Prior to September 25, 1973 the transportation in question was performed by Thompson Brothers, Inc., under minimum rate deviation authority granted by SDD-156 dated February 6, 1973, subject to an expiration date of February 8, 1974. Thompson Brothers, Inc. has terminated its contract operations for Procter & Gamble.

2. Since September 25, 1973 Basic Materials Transport has transported the trisodium phosphate in bulk, in bins, including the hauling of empty returning bins between Richmond and Sacramento at minimum rates. The first six weeks total shipment volume was 884,045 pounds in 19 round trips between Sacramento and Richmond. The average payload was 46,528 pounds net weight, plus 2,760 pounds for containers, total 49,288 pounds.

3. By Decision No. 81925 dated September 25, 1973 in Application No. 54322 Basic Materials Transport was granted interim ex parte authority, pending hearing, to deviate from the provisions of MRT 2 in connection with the transportation of split delivery shipments for Procter & Gamble Distributing Company.

4. The loading and unloading of the containers is accomplished by the shipper at no cost to the applicant by the use of forklift trucks. Applicant's equipment is utilized to its full capacity on the Sacramento to Richmond trip by the addition of finished product shipments destined to the Bay Area under its contract with Procter & Gamble. The return to Sacramento on the same day with loaded containers loads applicant's equipment to its full capacity.

Applicant's projected estimated results of operations under the sought relief are:

TABLE 1

Statement of Estimated Operating Income and
Expenses for a Projected 26-Week Period

Income: (See Note 1)

Trisodium Phosphate	\$16,331.89
Used Empty Bins	<u>2,868.75</u>
Total	\$19,200.64

Expense:

Transportation Equipment (Note 2)	\$ 4,602.75
Driver Labor (Note 3)	6,480.40
Insurance (3.5% Gross Receipts)	672.02
P.U.C. Fees	63.36
Administration and General (Note 4)	<u>4,416.15</u>
Total	\$16,234.68

Ratio

84.5%

Note 1: Gross income is based on the projected volume for 26 weeks in the same ratio of the actual shipments handled during the first six weeks. The resulting 3,830,866 pounds divided by 45,000 pound minimum equals 85 round trips. The current class 35.3 rate plus 50% of class 55 @ 5,000 pound minimum including the Central Coastal surcharges result in the projected revenues of \$19,200.64 at minimums stated.

Note 2: Applicant's equipment costs average .28-1/2¢ per mile on short haul runs including fixed and running costs. Current fuel prices have increased to .08-1/2¢ per mile which is included in this projection. Fixed costs are based on 75,000 miles per year in short haul operations for Procter & Gamble Company. This expense item is projected for 16,150 miles; 85 round trips at an average Bay Area round-trip mileage of 190 miles.

Note 3: The current pay scale fully expanded for all cost factors of this applicant, on this haul, is \$9.53 per hour. Applicant believes an eight-hour minimum day for each round trip between Sacramento and Richmond is reasonable. The 85 round trips would entail 680 pay hours for the total \$6,480.40 assigned.

Note 4: Administrative and general expense also includes terminal and traffic expenses allocated to the entire operation of this applicant. The projected expenses bear its share of this total cost.

From Table 1 it will be noted that Basic Materials Transport enjoys an operating ratio of 84.5 percent under the sought relief. Applicant has attached to the application its overall latest available balance sheet and income statement for the year ending October 31, 1973, which shows that applicant's overall results of operations are profitable.

Applicant requests that the sought relief be granted by ex parte order pending public hearing. The verified application shows that a copy thereof was mailed to the California Trucking Association, Thompson Brothers, Inc., and the Procter & Gamble Manufacturing Company on or about December 7, 1973. The application was listed on the Commission's Daily Calendar for December 12, 1973. The sought ex parte relief, pending hearing, is not opposed.

Subject to further review upon consideration of evidence which may be adduced at a public hearing, the Commission finds that the proposed rates, rules, and charges are reasonable. The Commission concludes that applicant's sought interim ex parte relief, pending hearing, should be granted.

IT IS ORDERED that:

1. Basic Materials Transport is authorized to assess rates and charges less than the minimum rates and charges prescribed in the otherwise governing Minimum Rate Tariff 2, as more specifically set forth in Appendix A attached hereto and by this reference made a part hereof.

A. 54497 lmm

2. A public hearing shall be scheduled in this proceeding for the receipt of evidence relative to Application No. 54497 and full disposition thereof.

The effective date of this order is the date hereof.

Dated at San Diego, California, this 5th
day of FEBRUARY, 1974.

Yessie L. Stephens
President
William J. ...
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Commissioners

APPENDIX A

- ITEM 1. **COMMODITIES:** Trisodium phosphate, chlorinated or not chlorinated, in shipper-owned bins of not less than 60 cubic feet capacity.
- FROM:** Richmond, California
- TO:** The Procter & Gamble Plant
 Sacramento, California
- RATE:** Class 35.3.
- MINIMUM WEIGHT:** 45,000 pounds per shipment. Rate applies to the combined weight of the commodity and bins. The weight of the bins must be shown separately on the bill of lading and may not be used to make up the minimum weight of the shipment.
- ITEM 2. **COMMODITIES:** Used empty bins, not nested, for return paying load of commodity in Item 1.
- FROM:** The Procter & Gamble Plant
 Sacramento, California
- TO:** Richmond, California
- RATE:** 50% of Class 55 rate but not less than 63 cents per 100 pounds.
- MINIMUM WEIGHT:** 5,000 pounds per shipment.
- ITEM 3. **LOADING AND UNLOADING OF CARRIER'S EQUIPMENT:**
- The loading and unloading of carrier's equipment will be performed by the shipper's lift trucks. One hour free time will be allowed for loading and one hour free time will be allowed for unloading bins commencing from the time carrier's equipment is placed at the designated loading or unloading place. Delay in excess of free time will be charged for as provided in Item 145 of Minimum Rate Tariff 2.
- ITEM 4. All other provisions of Minimum Rate Tariff 2 shall apply.