

ORIGINAL

Decision No. 84143

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, highway
carriers and city 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
Petition for Modification
No. 818
(Filed August 19, 1974)

Frank E. Lawless, for Masonite Corporation,
petitioner.
P. W. Pollock, for Fibreboard Corporation;
and R. C. Broberg and H. W. Hughes,
for California Trucking Association;
interested parties.
Joel D. Anderson, for the Commission staff.

O P I N I O N

This petition by Masonite Corporation was heard and submitted January 15, 1975 before Examiner Thompson at San Francisco.

Items 635 and 636 of Minimum Rate Tariff 2 provide commodity rates for the transportation of wood chips in bulk by highway carriers. Three scales of rates are set forth: (1) in cents per unit of 200 cubic feet applicable when point of destination is in Mendocino County, (2) in cents per 2,000 pound ton applicable when the point of destination is in the counties of Del Norte, Humboldt, or Shasta, and (3) in dollars per shipment when the point of destination is in any county other than Mendocino, Del Norte, Humboldt, or Shasta. Petitioner has a plant at Ukiah,

Mendocino County, where it receives shipments of wood chips by highway carrier and processes the material into hardboard. Petitioner asks that the rates in cents per unit of 200 cubic feet be abolished and that the rates in cents per ton be made applicable to shipments destined to points in Mendocino County.

California Trucking Association asserts that by its Petition for Modification No. 717 filed October 23, 1973, it has notified the Commission that the present minimum rates governing the transportation of lumber, wood chips, and sawmill residue are unreasonable and unresponsive to the actual transportation needs of carriers and shippers, and has requested the Commission to investigate the entire structure of minimum rates relating to the transportation of forest products, hold hearings thereon, and thereafter establish just, reasonable, and nondiscriminatory minimum rates that will be responsive to the needs of the carriers and shippers of forest products. California Trucking Association contends that attempting to provide piecemeal solutions as are sought by petitioner here, rather than considering the whole of the problems resulting from the present minimum rates on forest products, could cause further depression of rates, which are already now insufficient, and could cause further disruptions of trade practices and competitive relationships among shippers of wood chips which would be detrimental to the industry as a whole.

Fibreboard Corporation stated that it is reasonably certain that the proposal would not affect its ability to compete with petitioner in the procurement of wood chips and therefore it does not oppose the proposed modification.

The Commission staff did not make any representations with respect to the petition nor did it present any evidence or argument concerning the proposed modification.

We take official notice of Decision No. 77798 dated October 6, 1970 in Case No. 5432 (OSH Dec. 75197) and the Proposed Report of Examiner John W. Mallory attached to said decision as Appendix A.

We find that:

1. By Decision No. 77798 dated October 6, 1970 in Case No. 5432 (OSH Dec. 75197), the Commission established commodity minimum rates for the transportation of wood chips in Items 635 and 636 of Minimum Rate Tariff 2. Three scales of minimum rates with different units of measurement were established to conform to the then current practices of shippers and carriers in various areas of the State.

2. At the time of proceedings in Case No. 5432 (OSH Dec. 75197) Masonite Corporation was the only receiver of volume shipments of wood chips in Mendocino County. Its then current practice was to purchase wood chips from purveyors at a price per unit of 200 cubic feet and it paid freight charges to carriers transporting such wood chips on the same unit of measurement.

3. At the time of the above mentioned proceedings manufacturers and processors receiving volume shipments of wood chips in Humboldt and Shasta Counties included two paper pulp producers at Samoa, one building board producer at Arcata, one paper manufacturer at Anderson, and one building board producer at Anderson. The prevailing practice of the receivers was to purchase wood chips from purveyors at a price per bone-dry ton and to pay freight charges at a rate per green ton. Receivers of wood chips at other places in the State, including a producer of packaging material at Antioch, a manufacturer of roofing materials at Richmond, and a manufacturer of charcoal briquettes at Elk Grove, customarily paid freight charges based upon the truckload.

4. Since 1970 there has been an ever increasing demand for wood chips caused primarily by a great increase in the export of that material. That has necessitated users of wood chips seeking more distant sources of supply. Users in Humboldt County are purchasing wood chips from sources in Mendocino County and Masonite Corporation has extended its sources to Humboldt and Glenn Counties. It now competes directly for the purchase of wood chips with receivers in Humboldt and Shasta Counties and has found that the purveyors prefer to sell at a price per bone-dry ton than on the basis of cubic foot measure. Petitioner has installed a scale at its plant in Ukiah. It desires to pay freight charges at a rate per green ton.

5. Petitioner is the only receiver of volume shipments of wood chips in Mendocino County. It contracts with two highway carriers to perform transportation of wood chips. The rates contracted are negotiated rates at levels greater than the minimum rates in Minimum Rate Tariff 2. The carriers prefer to assess and collect freight charges at rates per green ton because under rates based on actual weight of the shipment the carrier receives charges for exactly the amount transported and there can be no argument whether the charges are too high or too low for the amount hauled, whereas, when wood chips are sold and hauled on a basis per cubic foot disagreements have occurred concerning the amount of wood chips sold and delivered. Such occasions arise because of the manner in which wood chips are loaded, transported, and then measured at point of destination.

6. The carriers have negotiated rates per green ton higher than the minimum rates per green ton prescribed in Minimum Rate Tariff 2.

7. The proposed change in the minimum rates for transportation of wood chips to destinations in Mendocino County will not discriminate against receivers of wood chips at other destinations.

8. To the extent that the minimum rates in cents per green ton for transportation of wood chips to destinations in Humboldt and Shasta Counties are just and reasonable minimum rates, said rates are also just, reasonable, and nondiscriminatory minimum rates for the transportation of wood chips to destinations in Mendocino County.

We conclude that the petition should be granted and that Minimum Rate Tariff 2 should be amended accordingly.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff 2 (Appendix A of Decision No. 31506, as amended) is further amended by incorporating therein, to become effective April 2, 1975, Twenty-first Revised Page 48 and Sixth Revised Page 48-A, which revised pages are attached hereto and made a part hereof.

2. Tariff publications authorized to be made by common carriers as a result of this order shall be filed not earlier than the effective date of this order and may be made 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 pages incorporated in this order.

3. Common carriers, in establishing and maintaining the rates authorized by this order, are 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 rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

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

Dated at San Francisco, California, this 4th day of MARCH 4, 1975.

Veronica L. Stearns
President
William J. Stearns
William J. Stearns
Leonard Roz
Commissioners

SECTION 3--COMMODITY RATES (Continued)				ITEM
CHIPS, Wood, in bulk (Subject to Notes 1, 2, 3 and 4 in Item 636). (Items 635 and 636)				
Rates apply according to the defined geographical area in which the point of destination is located. When the point of destination of a shipment is located within: <p>(a) **</p> <p>§(b) The counties of Del Norte, Humboldt, * Mendocino or Shasta, apply Column B rates.</p> <p>§(c) Any county not included in (b) above, apply Column C.</p>				
MILES		Column A	Column B	Column C
Over	But Not Over	RATES (In Cents Per Unit of 200 Cubic Feet) (1)	RATES (In Cents Per 2000-Pound Ton) (1)	RATES (In Dollars Per Shipment)
0	5		43	13
5	10		65	17
10	15		86	22
15	20		110	28
20	25		125	31
25	30		140	34
30	35		150	39
35	40		160	44
40	45		170	46
45	50		185	48
50	55		195	52
55	60		210	56
60	65	**	230	60
65	70		240	64
70	75		260	68
75	80		275	71
80	85		290	76
85	90		305	81
90	95		325	84
95	100		335	88
100	110		365	94
110	120		385	100
120	130		410	105
130	140		430	113
140	150		455	119
(1) Subject to a minimum charge of \$10.45 per shipment.				
(Continued in Item 636)				
§ Change) * Addition) Decision No. 84143 ** Eliminated)				
EFFECTIVE				
Correction ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.				

SECTION 3--COMMODITY RATES (Continued)				ITEM
CHIPS, Wood, in bulk (Concluded) (Subject to Notes 1, 2, 3 and 4) (Items 635 and 636)				
Rates apply according to the defined geographical area in which the point of destination is located. When the point of destination of a shipment is located within: <p>(a) **</p> <p>ø(b) The counties of Del Norte, Humboldt, * Mendocino or Shasta, apply Column B rates.</p> <p>ø(c) Any county not included in (b) above, apply Column C rates.</p>				
MILES		Column A	Column B	Column C
Over	But Not Over	RATES (In Cents Per Unit of 200 Cubic Feet) (1)	RATES (In Cents Per 2000-Pound Ton) (1)	RATES (In Dollars Per Shipment)
150	160		490	127
160	170		515	133
170	180		545	141
180	190		570	147
190	200		595	154
200	210	**	620	161
210	220		640	168
220	230		660	175
230	240		695	181
240	250		715	188
250	For each 25 miles or fraction thereof, add to the rate for 250 miles:		58	16
(1) Subject to a minimum charge of \$10.45 per shipment. NOTE 1.--Not subject to the provisions of Items 85, 142, 150, 160, 161, 162, 163, 170, 171, 172, 173 and 188. NOTE 2.--If more than one vehicle or combination of vehicles consisting of a single unit of carrier's equipment is used for a single shipment, transportation performed by each such vehicle or combination of vehicles shall be assessed charges as a separate shipment. NOTE 3.--(Exception to Item 100, Computation of Distances) The mileage basing point for Fairhaven shall be Samoa, in connection with the rates in this item. NOTE 4.--(Exception to Item 250, Collection of Charges) Freight bills may be presented within 7 calendar days after the close of the month in which the freight was transported. Freight bills may be presented in individual or manifest form.				ø636
ø Change) * Addition) Decision No. 84143 ** Eliminated)				
EFFECTIVE				
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