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ORIGINAL

Decision No. 84278

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CLYDE GRIFFITH, Doing Business As GRIFFITH TRUCKING, for authority under Section 3666 of the Public Utilities Code of the State of California to deviate from Minimum Rate Tariff 20, for the transportation of Rock, natural, crushed, chips, waste or dust; Sand, and Gravel, in bottom dump trailers, for INDUSTRIAL ASPHALT, a division of GULF OIL CORPORATION.

Application No. 55071
(Filed July 26, 1974;
amended August 19, 1974,
September 3, 1974, and
January 30, 1975)

E. H. Griffiths, for Griffith Trucking, applicant.
James R. Foote, for Associated Independent Owner Operators, Inc., protestant.

E. O. Blackman and Ralph Eighmy, for California Dump Truck Owners Association; T. J. Hays, R. C. Broberg, and H. W. Hughes, for California Trucking Association; and Mike Mallin, for Miles & Sons Trucking Service, Inc.; interested parties.

O P I N I O N

Clyde Griffith, doing business as Griffith Trucking, requests authority to assess less than the established minimum rates for the transportation of rock, sand, and gravel in 5-axle dump truck equipment for Industrial Asphalt from Lone Star Industries, Inc., located at Eliot, California to Industrial Asphalt's plant at Fremont, California.

Public hearing was held before Examiner Gagnon on December 10, 1974 and January 30, 1975 in San Francisco. The application was submitted on the latter date. The sought relief is opposed by the Associated Independent Owner Operators, Inc.

Minimum Rate Tariff 20 (MRT 20) contains rules and charges governing the transportation of rock, sand, and gravel in 5-axle dump truck equipment from defined production areas to designated delivery zones in northern California. The Commission's Northern California Production Area and Delivery Zone Directory 2 shows that the Eliot rock quarry of Lone Star Industries is located in Alameda County Production Area 1-B and the Fremont plant of Industrial Asphalt is in Delivery Zone 1801. A minimum rate of \$1.46 per ton is presently named in MRT 20 for the transportation of rock, sand, and gravel, as described in Item 60 of the tariff, from Production Area 1-B to Delivery Zone 1801. Under the sought relief, as amended, applicant would assess a rate of \$1.31 per ton for such transportation.

For the past four years or more applicant states he has been employed by Industrial Asphalt to transport rock, sand, and gravel from Rhodes & Jamieson's facilities in Pleasanton to the Oakland plant of Industrial Asphalt.^{1/} From the rock quarry of Lone Star Industries located adjacent to Industrial Asphalt's Fremont plant, a second source of material was available and transported by applicant to the shipper's Fremont facilities. This latter movement was entirely over private property and not subject to minimum rate regulation. The supply of materials from the Fremont location of Lone Star Industries is now exhausted and rock, sand, and gravel is now being supplied and transported by applicant from the Eliot rock quarry of Lone Star Industries to the Fremont asphalt plant. Industrial Asphalt has advised applicant that the production of asphalt at the Fremont plant is no longer competitive

^{1/} Industrial Asphalt's Oakland plant was recently closed down because it was no longer competitive. Under the circumstances, applicant requested that its sought authority be restricted to the movement from Eliot.

within its market by reason of the increased transportation costs resulting under the application of MRT 20 rates to this heretofore exempt traffic.

Applicant is presently transporting rock, sand, and gravel, as described in Item 60 of MRT 20, from Eliot to Industrial Asphalt's Fremont plant in 5-axle dump truck equipment. The average weight of shipments is 25.15 tons which is determined by certified scale weights at the Eliot loading site. Loading of bottom dump trailers is by gravity flow and power loader. At destination trailers are gravity unloaded into a "grizzly" and the material stockpiled. Loading facilities are available from 6:00 a.m. to 9:00 p.m., 5 days a week (Monday through Friday). Trailers can be unloaded at the Fremont plant 24 hours a day. Under the sought authority applicant would apply all applicable minimum charges and rules provided in MRT 20 for this transportation except for the proposed rate of \$1.31 per ton. The sought rate authority will apply only when transportation is performed in applicant's own equipment operated by his employees. In the event the demand for material should exceed applicant's transportation capacity on occasion and require the employment of subhaulers, they will be compensated in accordance with the governing provisions of MRT 20. The estimated volume of movement under the sought authority is:

1. Number of shipments	6,335
2. Number of tons	159,325
3. Total revenue	\$208,716
4. Average weekly revenue	\$ 4,014

In addition to the movement of rock, sand, and gravel into the Fremont plant, applicant also transports a substantial volume of liquid hot asphalt, in bulk, from various petroleum refineries to the several plants of Industrial Asphalt including its Fremont facility. Applicant's overall operations constitute what is commonly referred to as a shipper's "captive carrier" type of transportation service.

Applicant and a representative for Industrial Asphalt testified in support of the sought authority. The favorable transportation circumstances surrounding applicant's services for Industrial Asphalt were thoroughly explained. In addition to the loading and unloading facilities and other operating conditions previously referred to, it was stated that applicant's terminal is located on the property of the Fremont plant. Routes of travel are all via paved highways which are primarily freeways. Overhead expenses are held to a minimum since applicant's office is at his private residence with management and record-keeping functions performed under a so-called "husband & wife" operation.^{2/} Applicant's driver wage costs to date are generally lower than the prevailing level of union wage scales including fringe benefits.

A pro forma balance sheet and statement of income and expenses reflecting Griffith Trucking results of operations for 1974 were attached to Application No. 55071, as amended. The financial data shows Griffith Trucking earned an overall net operating income of some \$42,183 for the year 1974 and enjoyed an operating ratio of 88.8 percent. The estimated cost of transportation to be performed

^{2/} Applicant also employs the services of an accountant who presented testimony relative to the carrier's bookkeeping procedures.

under the sought authority was also developed by applicant. A summary of such cost data follows:

TABLE 1

Estimated Cost of Transportation

From: Alameda County Production Area 1-B
(Lone Star Industries, Eliot)

To: East Bay Delivery Zone 1801
(Industrial Asphalt Plant
37245 Sequoia Road, Fremont)

Round Trip (Includes Loading and Unloading)	1 Hr. 15 Min.
Round Trip (Actual)	35 Miles
Payload	25.15 Tons
<u>Direct Cost Per Trip</u>	
Driver 1.25 Hr. @ \$8.634 per Hr.	\$10.79
Running Cost 35 Miles @ .1529	5.35
Fixed Cost 1.25 Hr. @ 3.398 per Hr.	4.25
Insurance 35 Miles @ .0317	1.11
Total Direct Cost	\$21.50
Expand 14% Indirect to Total Direct Cost	3.01
Gross Revenue Tax (\$32.95 x .00433)	.14
Total Cost Including Tax	\$24.65
Revenue 25.15 Tons x \$1.31 per Ton =	\$32.95
Profit per Load	\$ 8.30
Operating Ratio =	74.8%

Cross-examination by protestant and other interested parties revealed that applicant's cost estimates summarized in Table 1 hereof may be somewhat understated. However, it has been clearly demonstrated that, with the favorable transportation circumstances and conditions associated with the volume movement of rock, sand, and gravel for the account of Industrial Asphalt, the overall results of operations, should the sought authority be granted, will be profitable. The Commission's Transportation Division staff has reviewed the amended application and supports the granting of the sought relief.

Findings

1. The favorable circumstances attendant to the transportation to be performed by applicant for Industrial Asphalt are not generally present in the usual or ordinary transportation services performed by highway carriers under the governing provisions of MRT 20.

2. Applicant's rate proposal has been shown to be reasonable and justified by transportation conditions.

The Commission concludes that the authority requested in Application No. 55071, as amended, should be granted. Since transportation conditions may change, the authority should be made subject to an expiration date of approximately one year.

O R D E R

IT IS ORDERED that:

1. Clyde Griffith, doing business as Griffith Trucking, is authorized to transport rock, sand, and gravel as described in Item 60 of Minimum Rate Tariff 20 from and to points and at the rate specified in Appendix A of this decision.

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2. The authority granted herein shall expire with May 1, 1976 unless sooner canceled, modified, or extended by order of the Commission.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 1st day of APRIL, 1975.

Vernon L. Stenger
President

William J. Lyons

[Signature]

Leonard Ross

Commissioners

Commissioner Robert Batinovich

Present but not participating.

APPENDIX A

Carrier: Clyde Griffith, doing business as Griffith Trucking

Shipper: Industrial Asphalt.

Commodities: Rock, Sand, and Gravel as described in Item 60 of Minimum Rate Tariff 20.

From: Alameda County Production Area 1-B (Lone Star Industries, Inc., Eliot, California).

To: Delivery Zone 1801 (Industrial Asphalt plant, 37245 Sequoia Road, Fremont, California).

Rate: \$1.31 per ton.

Minimum Weight: 25 tons in one unit of dump truck equipment at one time.

Rules:

1. Shipment must be transported in 5-axle dump truck equipment.
2. Weight of shipment shall be obtained by certified scale weights at loading point and weighmasters certificate shall be attached to invoice for transportation charges.
3. Transportation charges shall be computed on the net weight of each truckload.
4. Bottom dump trailers are to be loaded by gravity flow and power loader.
5. Trailers are to be gravity unloaded into "grizzly".
6. Loading facilities shall be open and available from 6:00 a.m. to 9:00 p.m., 5 days a week (Monday through Friday). Unloading facilities shall remain open and available 24 hours a day, 5 days a week (Monday through Friday).
7. Transportation is to be performed in carrier owned equipment operated by carrier employees.
8. All other provisions of Minimum Rate Tariff 20 shall apply.