

Original

ALJ/FJO/tcg \*

Decision 89 05 026

MAY 10 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
MAMCO

In the Matter of the Application of )  
WMB Transportation for authority to )  
establish a less-than-maximum )  
reasonable rate for the )  
transportation of cement pursuant to )  
provisions of Sections 452 and 452.1 )  
of the Public Utilities Code, and )  
General Order 150-A. )

MAY 11 1989

Application 88-12-038  
(Filed December 20, 1988)

OPINION

WMB (WMB) Transportation operates as a cement carrier between points in various counties pursuant to a certificate of public convenience and necessity granted by this Commission.

WMB seeks authority to publish in its tariff a cement carrier rate less than maximum reasonable rate pursuant to the provisions of Public Utilities (PU) Code §§ 452 and 452.1 and General Order (GO) 150-A.

The rate WMB seeks to publish would apply to bulk cement moving from Creal to Metropolitan Zone 244 (MZ 244). Table 1 sets forth a comparison of the existing rate and WMB's proposed rate.

TABLE 1

<u>Description</u>	<u>Present</u>	<u>Proposed</u>
Rate per ton	\$11.35	\$10.69
Surcharge	3%	0%
Rate plus surcharge	\$11.69	\$10.69
Minimum Weight	Note 1	26 tons

Note: 52,000 lbs. or 47,500 lbs. when loaded to full visible or legal carrying capacity.

In all other respects the provisions of Western Motor Tariff Bureau, Inc. Local Freight Tariff No. 17 will apply.

The application alleges that since its formation, applicant has been an active carrier of cement between Creal and MZ 244. It is thoroughly familiar with this movement, transporting approximately 10 loads per day at rates currently named in its common carrier tariff. With the cooperation of the shipper, applicant has been able to operate very efficiently in this service, making approximately 3 to 4 round trip movements each day by each truck utilized.

Loading of the equipment is from an overhead chute into hopper-type units. The loading time is very efficient, and the facilities are usually available to the carrier 24 hours per day. Applicant's average load factor substantially exceeds that on which rates in its tariff were initially constructed, and this improved performance contributes to its ability to establish this reduced rate.

In the past, much of this tonnage has moved by rail, at rates which foreclosed participation by truck. Several years ago, however, changes in railroad rate structures enabled increased truck participation in this haul. The railroads have now signaled their intent to regain some of this traffic, and they have reduced their rates in order to do so. Accordingly, it is necessary that the proposed rate be authorized in order to avoid loss of business to this competitive mode.

It is further alleged that there is an immediate need for the requested relief to meet rail competition.

WMB has performed a study of the costs associated with performing the transportation. The results of the study are attached to the application as Schedules A, B, C, and D. The study discloses that the transportation at the proposed rate will provide WMB with net revenue of \$66.83 and an operating ratio of 77.91%.

In Decision (D.) 89-04-083 in Application 87-12-052, we concluded (Conclusion of Law 1) that:

"1. The cost of stem miles is included in the calculation of a 'fully compensatory [rate] based solely upon the cost of transportation from origin to destination and return and the projected revenue to be derived from the requested rate' as that phrase is used in Section 452.1."

By letter dated May 3, 1989, which is received in evidence as Exhibit 1, WMB advised that the carrier's equipment is domiciled on the premises at the destination location, and therefore the application did not address the issue of stem miles because there are no stem miles to be added to the round-trip mileage between origin and destination set forth in the application. In view of this, our treatment of stem miles in this application is consistent with our position enunciated in Conclusion of Law 1 in D.89-04-083.

Notice of the filing of the application appeared in the Commission's Daily Transportation Calendar of December 28, 1988. No protest to the granting of the application has been received.

The Transportation Division staff has reviewed the application and has advised that it believes that it is one which, in the absence of protest may be granted by ex-parte order.

Findings of Fact

1. WMB holds authority as a cement carrier.
2. WMB seeks authority to publish in its tariff a less-than-maximum reasonable rate pursuant to the provisions of PU Code § 452, 452.1, and GO 150-A.
3. The rate WMB seeks to establish is fully compensatory based solely upon the cost of transportation from origin to destination and return.
4. The needs of commerce or the public interest require the establishment of the sought rate.

Conclusions of Law

1. The application should be granted as set forth in the ensuing order.

2. This order should be effective on the date signed because there is an immediate need for rate relief.

ORDER

IT IS ORDERED that:

1. WMB Transportation is authorized to publish the rate proposed in the application.

2. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and made effective on not less than 5 days after the effective date hereof on not less than 5 days' notice to the Commission and to the public.

3. The authority herein granted shall expire after one year. This order is effective today.

Dated MAY 10 1989, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

*Victor Weissor*  
Victor Weissor, Executive Director  
PD

## Decision \_\_\_\_\_

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3. The authority herein granted shall expire after one year.  
This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.