

S2 02 042 FEB - 4 1982

Decision _____

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of HARRISON-NICHOLS)
 COMPANY LTD. for authority to deviate)
 from minimum rates, rules and)
 regulations of Minimum Rate Tariff)
 No. 7-A, pursuant to the provisions)
 of Section 3666 of the Public)
 Utilities Code, for Owens Illinois,)
 Inc.)

Application 61014
 (Filed October 28, 1981)

O P I N I O N

Applicant Harrison-Nichols Company Ltd. requests authority to deviate from the minimum rates, rules, and regulations of Minimum Rate Tariff (MRT) 7-A in the transportation of limestone to Owens Illinois, Inc. (Owens) at Vernon from Colton Lime and Stone Company (CLS) at Colton, and from Pfizer, Inc. (Pfizer) at Lucerne Valley. A copy of the application was served on California Dump Truck Owners Association, California Trucking Association, and Associated Independent Owner Operators. The application was noticed in the Commission's Daily Calendar of October 30, 1981. No protests to the application have been received.

The application shows that applicant is authorized to operate as a highway contract carrier, highway common carrier, dump truck carrier, agricultural carrier, and cement carrier. For the six months ending June 30, 1981 applicant grossed \$2,916,000 from operations and had a net carrier operating profit of \$109,000.

The current MRT 7-A rate on limestone between the places of business of CLS and Owens, a distance of 60 miles and a driving time of 1 hour and 30 minutes, is \$6.04 per ton (a base rate of \$5.19 per ton plus a 16½% surcharge) and between the places of business of

A.61014 ALJ/ks *

Pfizer and Owens, a distance of 113 miles and a driving time of 2 hours and 5 minutes, is \$10.86 per ton (a base rate of \$9.32 per ton plus a 16½% surcharge). Applicant requests that it be authorized to assess a total charge of \$5.24 per ton on shipments of limestone between CLS and Owens and a total charge of \$7.62 per ton between Pfizer and Owens. Applicant states that it will perform the subject transportation using 2-axle tractors pulling domed, gravity dump, semi, and pull trailers hauling approximately 28 tons. Applicant currently hauls to other glass plants from these origin points and has found the loading conditions there to be quite efficient, requiring approximately 25 minutes to load. It has transported silica sand to Owens at Vernon since 1972 and has found the unloading facilities there to be of the most modern design, requiring approximately 20 minutes to unload. Applicant represents that Owens operates its Vernon plant 24 hours per day 7 days per week and requires approximately three loads per day of limestone from either one or both of the points of origin, a total of 30,000 tons a year. Deliveries must be made on a timely basis to ensure continued operation of the glass plant. Attached to the application is a letter from Owens supporting the application.

Exhibit B attached to the application sets out in detail applicant's costs of operation. The costs are developed to show (1) the cost per ton mile, (2) the cost per ton minute, and (3) a combination of the terminal end and nonrevenue cost per ton. A summary of how each of these three costs was arrived at is shown as follows: ✓

Cost Per Ton Mile

Equipment Direct Running Cost Per Mile	.3515¢
Indirect Expense - 15%	.0527¢
Total Direct and Indirect Costs	.4042¢
Total Cost per Ton Mile (.4042	
divided by 14 tons. Using 14	
tons instead of 28 tons recovers	
round trip cost)	.0289

Cost Per Ton Minute

Equipment Fixed Expense per Hour	\$ 2.4365
Direct Labor Cost per Hour	<u>15.958</u>
Subtotal - Direct Cost per Hour	18.3945
Indirect Expense - 15%	<u>2.7591</u>
Total Direct and Indirect Costs	21.1536
Tons Transported per Trip - 28 tons	
Total Cost per Ton Minute (21.1536 divided by 28 tons x 60)	.01259

Terminal End Cost per Ton and
Nonrevenue Cost per Ton

Time - Terminal End Cost per Ton	.5665¢
Mileage - Terminal End Cost per Ton	.0130¢
Nonrevenue En Route Cost per Ton	<u>.0183¢</u>
Terminal End and Nonrevenue Cost per Ton	.5978¢

Applicant estimates that an operating ratio of 91.97% for each round trip would be fair and reasonable. To construct the requested rates applicant used the following formula:

Rate equals (One Way Miles x Cost per Ton) +
(Round Trip Minutes x Cost per Minute) +
(Terminal End Cost) divided by Profit Factor

Substituting figures for the words of the formula the rate from CLS would be:

$$\frac{(60 \times .0289) + (198 \times .01259) + .5978}{.9197} = \frac{4.8246}{.9197} = \$5.24 \text{ per ton}$$

According to the formula the rate from Pfizer would be:

$$\frac{(113 \times .0289) + (250 \times .01259) + .5978}{.9197} = \frac{7.0110}{.9197} = \$7.62 \text{ per ton}$$

Findings of Fact

1. Applicant is authorized to operate as a dump truck carrier.
2. Applicant requests authority to deviate from the minimum rates, rules, and regulations found in MRT 7-A in the transportation of limestone for Owens to Owens at Vernon, from CLS at Colton, and from Pfizer at Lucerne Valley.
3. Current MRT 7-A rates covering the subject movements are \$6.04 a ton from CLS and \$10.86 a ton from Pfizer.

4. Applicant proposes to assess Owens a total charge of \$5.24 a ton from CLS and a total charge of \$7.62 per ton from Pfizer.

5. Owens operates 24 hours a day 7 days a week and requires approximately three loads per day from either or both CLS and Pfizer, or a total of 30,000 tons a year.

6. Deliveries must be made to Owens on a timely basis to ensure continued operation of its glass plant.

7. Owens supports the application.

8. The distance between CLS and Owens is 60 miles with a driving time of 1 hour and 30 minutes and between Pfizer and Owens is 113 miles with a driving time of 2 hours and 5 minutes.

9. Required loading time is 25 minutes and unloading time is 20 minutes.

10. Loads will average approximately 28 tons.

11. Transportation will be performed using 2-axle tractors pulling domed, gravity dump, semi, and pull trailers.

12. Applicant's cost per ton mile is .0289, its cost per ton minute is .01259, and its combined terminal end cost per ton and nonrevenue cost per ton is .5978.

13. An operating ratio of 91.97% for each of the proposed moves is reasonable.

14. The rate formula used by applicant is realistic.

15. Applying applicant's rate formula to applicant's costs and expected operating ratio result in a rate of \$5.24 from CLS to Owens and a rate of \$7.62 from Pfizer to Owens.

16. Applicant's transportation involves unique circumstances.

17. Applicant's costs for this transportation are less than those used to set the rates in MRT 7-A.

18. The proposed rates are reasonable.

19. A public hearing is not necessary.

Conclusion of Law

The application should be granted.

O R D E R

IT IS ORDERED that Harrison-Nichols Company Ltd. may depart from the rates in Minimum Rate Tariff 7-A by charging not less than the rates in Appendixes A and B. ✓

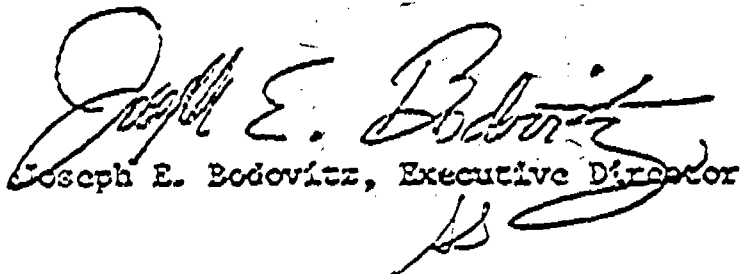
This order becomes effective 30 days from today. ✓

Dated February 4, 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
Commissioners

Commissioner Priscilla C. Grew present
but not participating.

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


Joseph E. Bodovitz, Executive Director

APPENDIX A

Carrier: Harrison-Nichols Company Ltd.
Shipper: Colton Lime and Stone Company.
Commodity: Limestone.
Origin: Colton Lime and Stone Company in Colton, CA.
Destination: Owens Illinois, Inc. at Vernon, CA.
Minimum Weight: 56,000 Pounds.
Rate: \$5.24 per ton inclusive of any surcharge set forth in Minimum Rate Tariff 7-A.

Applicability of Rates:

1. The minimum weight shall apply per unit of carrier's equipment consisting of a tractor and one or more domed, gravity dump, semi, and pull trailers.
2. Applicant has not indicated that subhaulers will be engaged nor have any costs of subhaulers been submitted. Therefore, if subhaulers are employed, they shall be paid not less than the rates authorized without any deduction for use of applicant's trailing equipment.
3. The rates set forth may not be used in combination with any other rates.
4. Except as otherwise provided, the rules and regulations of Minimum Rate Tariff 7-A shall govern.

(END OF APPENDIX A)

APPENDIX B

Carrier: Harrison-Nichols Company Ltd.
Shipper: Pfizer, Inc.
Commodity: Limestone.
Origin: Pfizer, Inc. at Lucerne Valley, CA.
Destination: Owens Illinois, Inc. at Vernon, CA.
Minimum Weight: 56,000 Pounds.
Rate: \$7.62 per ton inclusive of any surcharge set forth in Minimum Rate Tariff 7-A.

Applicability of Rates:

1. The minimum weight shall apply per unit of carrier's equipment consisting of a tractor and one or more domed, gravity dump, semi, and pull trailers.
2. Applicant has not indicated that subhaulers will be engaged nor have any costs of subhaulers been submitted. Therefore, if subhaulers are employed, they shall be paid not less than the rates authorized without any deduction for use of applicant's trailing equipment.
3. The rates set forth may not be used in combination with any other rates.
4. Except as otherwise provided, the rules and regulations of Minimum Rate Tariff 7-A shall govern.

(END OF APPENDIX B)