

Decision 82 11 042 NOV 2 - 1983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Dalton Trucking, Inc.,)
a California corporation, for author-)
ity to deviate from the otherwise)
applicable minimum rates in the)
transportation of cement clinker,)
crushed limestone, clay, limestone,)
sand, and petroleum coke-coal mixture.)

Application 83-01-56
Petition for Modification
of Decision 83-04-080
(Filed May 13, 1983;
amended August 15, 1983)

Application of Dalton Trucking, Inc.,)
a California corporation, for author-)
ity to deviate from the otherwise)
applicable minimum rates in the)
transportation of petroleum coke.)

Application 83-06-24
(Filed June 14, 1983;
amended August 15, 1983)

O P I N I O N

Dalton Trucking, Inc. (Dalton) requests authority to deviate from Minimum Rate Tariff (MRT) 7-A for the following transportation in dump truck equipment for the Riverside Cement Company (RCC):

1. In the Petition for Modification of Decision (D.) 83-04-080 dated April 20, 1983 in Application (A.) 83-01-56, as amended, cement clinker and crushed limestone from RCC's plant at Oro Grande to its plant at Crestmore and clay, limestone, sand, petroleum coke, and petroleum coke-coal mixture in the reverse direction, a distance of 49.8 miles each way.
2. In A.83-06-24, as amended, petroleum coke from the Long Beach Harbor area to RCC's Oro Grande Plant, a distance of 106 miles.

The following tabulation sets forth for the transportation in issue the per ton MRT 7-A and proposed rates, all of which are subject to a minimum weight of 24 tons, and the limitations on the proposed rates:

<u>Haul and Commodities</u>	<u>Rates</u>	
	<u>MRT 7-A</u>	<u>Proposed</u>
Oro Grande to Crestmore:		
Cement clinker	\$ 4.85	\$3.99
Crushed limestone	5.49	3.99
Crestmore to Oro Grande:*		
Clay and limestone	4.85	2.50
Sand	5.49	2.50
Petroleum coke and petroleum coke-coal mixture	5.49	2.85
Long Beach Harbor area to Oro Grande:*		
Petroleum coke	10.58	7.25

*The proposed rates for either the Crestmore to Oro Grande or the Long Beach Harbor Area to Oro Grande hauls apply only when there is a prior or subsequent shipment of cement clinker or crushed limestone from Oro Grande to Crestmore as part of the same continuous round-trip movement in the same unit of equipment.

D.83-04-080 authorized Dalton to assess the \$3.99 per ton rate for the transportation of cement clinker and crushed limestone from Oro Grande to Crestmore subject to a minimum weight of 28 tons for both commodities. As indicated above, the Petition for Modification of the decision requests, among other things, that the minimum weight be reduced to 24 tons, which is the same for all sought rates in both matters. In this connection, Dalton asserts that it may use transfer type trucks and trailers for the proposed hauls and that California law does not permit the transportation of a 28-ton pay load on such equipment.

Dalton holds a dump truck carrier permit which authorizes the transportation of rock, sand, and related commodities in bulk in dump truck equipment. It also holds heavy specialized carrier and contract carrier permits.

Following is a summary of the additional information set forth in the two matters:

1. Subhaulers will not be used for any of the proposed transportation.

2. All loading will be by the shipper with a front-end loader without expense to Dalton or by Dalton's equipment driving under a hopper with a clam feeder which is operated by the driver pulling a handle. All unloading will be performed by Dalton's vehicle driving over a hopper or by direct rolling discharge onto the ground or a drive-on stockpile.
3. The time allowances for loading and unloading will be 25 and 15 minutes, respectively. When the combination of the two has been exceeded for a particular trip, a standby and delay charge of \$17.50 per hour or portion of an hour shall be assessed.
4. All loading and unloading facilities are available at least five days per week, 24 hours per day.
5. Dalton will use two shifts per day for each of the hauls.
6. A certified scale will be maintained by RCC at Oro Grande for use by Dalton. Dalton will have each of its drivers certified as a weighmaster to eliminate unnecessary delays in the weighing process.
7. Dalton will bill RCC on the 1st and 15th day of each month for the tons transported. RCC will process the bills for payment within seven days of receipt and will normally pay the bills within 14 days of processing. This procedure will greatly enhance Dalton's cash flow.
8. The proposed movements from Crestmore and the Long Beach Harbor area are new hauls that are not moving at this time.
9. Substantial yearly tonnage will be transported on each of the three hauls. The traffic is desirable and will return a reasonable profit at the proposed rates.
10. The proposals are not a significant action affecting the quality of human environment or energy efficiency.

The revenue and cost data submitted with original A.83-01-56 and on which the \$3.99 per ton rate authorized by

D.83-04-080 was based were developed for a 28-ton haul of cement clinker or crushed limestone from Oro Grande to Crestmore and empty return. By adjusting this data to reflect the proposed 24-ton minimum weight, the revenue at the \$3.99 rate would be \$95.76, the cost for the 99.6-mile round trip would be \$83.40, the profit would be \$12.36, and the operating ratio would be 87.1%.

According to the revenue and cost data attached to the Petition for Modification of D.83-04-080, the gross income for the two 24-ton hauls between Oro Grande and Crestmore, cement clinker or crushed limestone from Oro Grande at the D.83-04-080 \$3.99 per ton rate and clay, limestone, or sand at the proposed \$2.50 per ton rate, would be \$155.76, the 99.6-mile round-trip cost would be \$97.24, the profit would be \$58.52, and the operating ratio would be 62.4%. At the proposed \$2.85 per ton rate for petroleum coke or petroleum coke-coal mixture for the part of the round trip originating at Crestmore, the profit would be \$66.92 and the operating ratio would be 59.2%.

The revenue and cost data included with A.83-06-24 are based on a 220.8-mile round trip, 49.8 miles loaded from Oro Grande to Crestmore, then 65 miles empty to Long Beach, and then 106 miles loaded to Oro Grande. According to these data the total revenue for the two 24-ton hauls, cement clinker or crushed limestone from Oro Grande at the D.83-04-080 \$3.99 per ton rate and petroleum coke from the Long Beach Harbor area at the proposed \$7.25 per ton rate, would be \$269.76, the round-trip cost would be \$190.83, the profit would be \$78.93, and the operating ratio would be 70.7%.

As of March 31, 1983, Dalton had assets of \$972,331, liabilities of \$868,522, and a net worth of \$103,809. Its net income before income taxes was \$20,423 for the nine months ending March 31, 1983 and \$26,161 for March 1983.

Copies of contracts signed by Dalton and RCC covering the proposed transportation at the sought rates are attached to each matter.

The Petition for Modification of D.83-04-080 and A.83-06-24 was listed on the Commission's Daily Calendars of May 17 and June 15, 1983, respectively, and on its Daily Transportation Calendars of May 18 and June 16, 1983, respectively. The amendments to each were both listed on the Commission's Daily Calendar of August 17, 1983 and its Daily Transportation Calendar of August 18, 1983, and copies were served on the major California trucking associations. ✓

Protests were filed by the California Dump Truck Owners Association and the California Carriers Association. The main objection by each was to the use of subhaulers at the sought rates. Specifically, they asserted that the cost justification for subhaulers was deficient. However, based on the statement by Dalton in the amendment to each matter that subhaulers will not be used for any of the transportation, the protests were withdrawn. The Commission staff has advised that it has no objection to any of the requested authority as amended.

A petition to waive the time period for filing protests and protests to each matter were filed on October 7, 1983 by Asbury Transportation Co. and Bragg Management Co. (A&B), doing business as J.B.A. The petition points out that Dalton had not served copies of its filings in these matters on A&B and that it only recently became aware of them. The protests are concerned with the proposed rates for the transportation of petroleum coke and petroleum coke-coal mixture. They assert that these rates are less than the costs of providing the service and would encourage destructive rate competition. A hearing is requested.

A&B's protests have been considered. No useful purpose would be served by holding a hearing. As indicated above, the proposed petroleum coke and petroleum coke-coal mixture rates would apply only when transportation at these rates is part of a round-trip movement with other revenue transportation. The cost data presented by Dalton for this round-trip transportation establishes that it is compensatory.

The proposed authority should be granted. However, in accordance with Dalton's assertion that subhaulers will not be used, the authority granted should include a condition that in the event it were necessary to use subhaulers, they shall not be paid less than the applicable charges stated in MRT 7-A.

Since the transportation in issue involves new movements and there is an immediate need for the rate relief, the following order should be made effective on the date it is signed.

Findings of Fact

1. The transportation in issue involves unique circumstances.
2. Cost data of record for Dalton in the two matters indicate that:
 - a. The \$3.99 ton rate for cement clinker and crushed limestone from Oro Grande to Crestmore authorized by D.83-04-080 at the requested reduced 24-ton minimum weight per shipment will be compensatory.
 - b. The proposed rates and minimum weight for the transportation of clay, limestone, sand, petroleum coke, and petroleum coke-coal mixture from Crestmore to Oro Grande will be compensatory provided there is an immediate prior or subsequent shipment of cement clinker or crushed limestone in the same unit of equipment in the reverse direction.
 - c. The proposed rate and minimum weight for the transportation of petroleum coke from the Long Beach Harbor area to Oro Grande will be compensatory provided there is a shipment of cement clinker or crushed limestone in the same unit of equipment as part of the same round trip between the three locations.
3. Subhaulers will not be used for any of the transportation in issue.
4. The sought rates applied in the manner described in Finding 2 are reasonable.
5. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.
6. A public hearing is not necessary.

Conclusions of Law

1. The Petition for Modification of D.83-04-080 in A.83-01-56 and A.83-06-24 should be granted as set forth in the following order.
2. Since the following order replaces the one-year authority granted by D.83-04-080, this decision should be revoked.
3. This order should be made effective on the date signed because there is an immediate need for rate relief.
4. Since transportation conditions may change, this authority should expire in one year.

O R D E R

IT IS ORDERED that:

1. Dalton Trucking, Inc. may depart from the rates in MRT 7-A by charging not less than the rates in Appendix A.

2. This authority shall expire one year after the effective date.

3. Decision 83-04-080 is revoked.

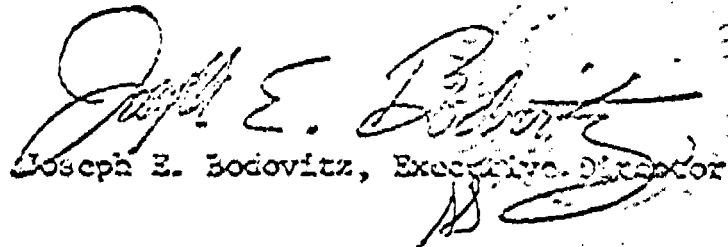
This order is effective today.

Dated NOV 2 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. CREW
WILLIAM T. BAGLEY
Commissioners

Commissioner Donald Vial, being necessarily absent, did not participate.

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


Joseph E. Bodovitz, Executive Director

APPENDIX A
Page 1

Carrier: Dalton Trucking, Inc.

Authorized Rates:

1. Riverside Cement Company (RCC), Oro Grande to RCC, Crestmore:
Commodities: Cement clinker and crushed limestone.
Rate: \$3.99 per ton.
2. RCC, Crestmore to RCC, Oro Grande:
 - a. Commodities: Clay, limestone, and sand.
Rate: \$2.50 per ton.
 - b. Commodities: Petroleum coke and petroleum coke-coal mixture.
Rate: \$2.85 per ton.
3. Long Beach Harbor area to RCC, Oro Grande:
Commodity: Petroleum coke.
Rate: \$7.25 per ton.

Minimum Weight: 24 tons per unit of equipment.

Conditions:

1. Rates for either the Crestmore to Oro Grande or the Long Beach Harbor area to Oro Grande hauls apply only when there is a shipment of cement clinker or crushed limestone from Oro Grande to Crestmore as part of the same continuous round-trip movement in the same unit of equipment.
2. Standby and delay time of 25 minutes for loading and 15 minutes for unloading shall be allowed. When the combination of the two allowances has been exceeded for any given vehicle or any trip, carrier shall be paid \$17.50 per hour or portion thereof.
3. Carrier shall bill RCC on the 1st and 15th day of each month for the tons transported. RCC shall process the invoices within seven days of receipt for payment and pay the invoices within 14 days of processing.

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4. If subhaulers are employed, they shall be paid not less than the charges provided in MRT 7-A.
5. In all other respects, the rates and rules in MRT 7-A shall apply.

(END OF APPENDIX A)

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