

Decision No. 30592

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SIDNEY JOENSON for an order authorizing
the establishment of rates for the trans-
portation of specified commodities between
specified points under Section 11 of the
Highway Carriers' Act.

} Application No. 21557

ORIGINAL

APPEARANCES

Carl R. Schulz, for Applicant
John E. Truman and William H. Kessler for
Coast Line Stages, Inc., Protestant

BY THE COMMISSION:

O P I N I O N

Sidney Johnson, an individual engaged in the business, among other things, of transporting property as a highway contract carrier, seeks authority to charge less than the minimum rates established by the Commission for the transportation of (a) eggs from Gualala and points situated within 15 miles thereof, to Petaluma, (b) empty egg cases returning from Petaluma to Gualala and points situated within 15 miles thereof, and (c) feed from Petaluma to Gualala and points situated within 15 miles thereof.

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The rates from which applicant seeks relief were established by Decision No. 28761 dated April 27, 1936, as amended, in Case No. 4088 (Part "A"). Therein the Commission established minimum rates for the transportation of shipments of property in lots of less than 4,000 pounds by radial highway common carriers and highway contract carriers between points served by common carriers at the lowest common carrier rate for the same transportation and provided that no lesser total charge might be assessed and collected on shipments weighing 4,000 pounds and over than the highest charge for shipments weighing less than 4,000 pounds. The lowest common carrier rates for the transportation involved in this proceeding (contained in Coast Line Stages, Inc., Local Freight Tariff No. 6-B, Case No. 7) are from Anchor Bay, Gualala, Annapolis Junction and Stewarts Point (all situated within 15 miles of Gualala) to Petaluma on eggs 52 cents and from Petaluma to Anchor Bay, Gualala, Annapolis Junction and Stewarts Point on empty egg cases returning 18 cents, and on feed (animal or poultry) 36 cents.

By Decision No. 30370, dated November 29, 1937, as amended, in Case No. 4088 (Part "U") the Commission established rates for the transportation of the commodities involved in this proceeding except grain and grain products. The rates established in said decision, which are somewhat higher than those established in Decision No. 28761, supra, will become effective March 1, 1938.

A public hearing was had before Examiner E.S. Williams at San Francisco. Except as noted, rates are stated in cents per 100 pounds.

Applicant seeks authority to charge rates of $17\frac{1}{2}$ cents per case (weighing approximately 53 pounds gross) for the transportation of eggs, including the return of empty egg cases and a rate of 20 cents on feed; such rates to apply to all shipments whether less or greater than 4,000 pounds.

In justification of the proposed rates applicant stated that he has transported the commodities involved for the account of the Poultry Producers of Central California at the proposed rates and that these rates have been profitable; that the movement has been reasonably steady and constant and that if the relief sought was not granted the Poultry Producers would arrange to transport their shipments in their own trucks.

The record shows that the eggs are produced in the vicinity of Gualala and are delivered to applicant's terminal located 3 miles north of Gualala at which place he also operates a grocery store. Such deliveries are made the night before his regular trips which are usually on Mondays and Saturdays of each week. On the way to Petaluma applicant picks up milk and cream. The back haul from Petaluma consists of feed, empty egg cases returning and certain other traffic, principally groceries for his own use. The feed and empty egg cases returning are delivered to various consignees in the vicinity of Gualala. The regularity of the movement in both directions, coupled with the transportation of applicant's own property, makes for a well balanced operation with a relatively high load factor.

In support of applicant's contention that the proposed rates are profitable, he introduced studies showing that the total cost of performing the service involved is somewhat less than the revenue² obtaining under the proposed rates.

J.E. Mc Curdy, Traffic Manager of the Poultry Producers of Central California, testified that his organization has a contract with applicant for the transportation of the commodities involved at the rates here proposed and that he is now paying freight charges based on such rates. He further testified that there is a steady movement of the commodities involved throughout the year; that feed generally moves in lots of 4 or 5 tons, and that although it is more convenient to ship in lots as ordered, irrespective of weight, that in the event one rate is not established for all sizes of shipments, he will arrange to consolidate shipments of feed into lots of 5 tons if necessary to obtain advantage of the lowest rates. He stated that unless the proposed rates are authorized he will consider handling shipments by proprietary truck.

The evidence shows that applicant has been assessing and the Poultry Producers of Central California have been paying freight charges for certain of the transportation here involved on the basis of the proposed rates, which rates are substantially below the minimum rates heretofore established by the Commission. It will be expected

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Applicant performs practically all services in connection with his trucking operation including driving, repairing, and maintaining his truck, and administrative and clerical work. His terminal, garage, repair shop and office are in conjunction with his grocery store. Insurance, license fees, taxes, tires, gas and oil items shown in his studies are actual costs. Wages are computed for the time applicant is employed in driving his truck at the rate of 87½ cents per hour. Having no employees, no expense was incurred for compensation insurance, social security, or unemployment insurance. Depreciation on the truck was calculated at a yearly rate of 25% of the cost of the truck, less tires. Return on investment is calculated at 8% of 50% of the cost of the truck, less tires, plus an additional investment of \$800.00. Allowance is made for rent including garage, and for repairs. Executive administration, clerical expense and miscellaneous expense are estimated. Applicant stated that costs in his studies were developed substantially in accordance with the plan

that on all shipments transported since the effective date of Decision No. 28761 in Case 4088 "A", upon which rates less than the minimum rates established in and by said decision have been assessed applicant forthwith collect the outstanding undercharges and advise the Commission in writing, under oath, when this has been accomplished.

The record supports the conclusion that the proposed rate on eggs, including the return of the empty egg cases, is reasonable under the conditions under which the cost studies are based and that rates resulting in aggregate charges no higher than the proposed rate on such commodities are necessary to hold this traffic to for-hire carriers. However, little need has been made to appear for the granting of relief in connection with shipments of feed. The record shows that these shipments generally weigh 4 or 5 tons upon which weights no rates have been established. While such shipments are required to be assessed a charge no lower than the highest charge established for a shipment of less than 4,000 pounds it does not appear that a minimum charge of this volume would operate to increase the charge resulting from the application of the rate proposed.

The Commission is of the opinion that in so far as the application relates to eggs from applicant's terminal to Petaluma and empty egg cases returning from Petaluma to points within 15 miles of Gualala, it should be granted. In all other respects the application should be denied.

The findings herein are necessarily predicated upon existing conditions. The possibility of changes in these conditions which would require an adjustment of the rate found justified herein leads

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used by Fred A. Chesnut, Senior Engineer in the Commission's Transportation Department in his cost studies presented in Case No. 4246 and that liberal allowance was made for many items of cost ordinarily experienced in the average operation but which was not incurred by applicant.

to the conclusion that the relief authorized should be limited to a definite period. Accordingly it will be limited for a period of one year. If upon the expiration of said relief, applicant is of the opinion that an extension is justified, an appropriate application requesting such action should be filed.

O R D E R

This matter having been duly heard and submitted,


IT IS HEREBY ORDERED that applicant, Sidney Johnson, be and he is hereby authorized to assess and collect rates less than those established by Decision No. 28761 dated April 27, 1936, as amended, in Case No. 4088, Part "A", and by Decision No. 30370, dated November 29, 1937, as amended, in Case No. 4088, Part "U" but not less than a rate of $17\frac{1}{2}$ cents per case (weighing approximately 53 pounds gross) for the transportation of eggs from applicant's terminal located 3 miles north of Gualala to Petaluma, said rate to include the return of empty egg cases from Petaluma to points situated within 15 miles of Gualala.

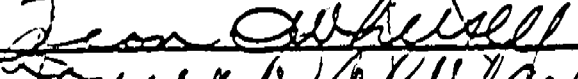
IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire one year from the effective date of this order.


IT IS HEREBY FURTHER ORDERED that in all other respects the application herein be and the same is hereby denied.

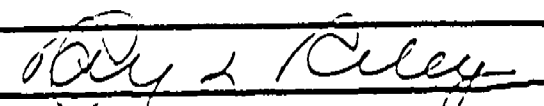
The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 7th day of February, 1938.









Commissioners