Decision No. 31768

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of FORTIER TRANSPORTATION COMPANY, a co-partnership, for authority to charge less than minimum rates under the Provisions of the Highway Carriers Act.	)	Application No. 22548

(Appearances)

Edward M. Berol, for applicant.
A. L. Whittle, for Southern Pacific Company and Pacific Motor Trucking Co., as their interests may appear.
H. F. Hirschey, for Harold Frasher, for Valley Express Co. and Valley Motor Lines, Interested Parties.

BY THE COMMISSION:

OPINION

By this application Fortier Transportation Company, a copartnership, seeks authority under Section 11 of the Highway Carriers' Act to transport coca cola from Fresno to Merced, Tulare and Hanford, in quantities of 1050 cases (equivalent to 38,850 pounds), for a rate of 4 cents per case, this rate to include free return of empty containers on return trips.[1] The matter was assigned to Commissioner Riley and evidence in his behalf was taken by Examiner P. W. Davis at a public hearing held in San Francisco on February 6, 1939.

W. J. Fortier, a copartner, described the manner in which the transportation involved is performed. It appears from his testimony that applicant has been engaged in transporting coca cola for the Coca Cola Bottling Company from that company's bottling plant at Fresno to its warehouses at Merced and Tulare since the early part of January 1939. A new warehouse is being constructed at Hanford and,

1 This rate produces charges which, in the aggregate, are approximately 74 per cent of the charges produced by the rates established for this transportation by Decision No. 30370, as amended, in Case No. 4088, Part "U", and approximately 80 per cent of those produced by the rates established to become effective May 16, 1939, by Decision No. 31606 in Case No. 4246.

upon its completion, shipments will move to that point also. Shipments consist uniformly of 1050 cases, weighing a total of 38,850 pounds, and are handled in a 40,000 pound capacity unit consisting of a tractor, a semi-trailer and a four-wheel trailer. The carrier furnishes only the equipment and the driver. The shipper unloads the returning empty containers at the Fresno plant and reloads the equipment with full cases. The driver assists in unloading and reloading at the warehouses. Although the movement is heavier during the summer months, the plant and warehouses are open for pickups and deliveries 24 hours per day and the traffic is so distributed throughout the year that one unit of equipment devoted exclusively to this work will fulfill the shipper's requirements.

Witness Fortier stated that, in his best judgment, the basis here sought would be fully compensatory. He asserted in this connection that loss and damage claims would be relatively fewer than experienced on other traffic, that no solicitation expense would be incurred and that billing and collecting expenses would be minimized.

E. L. Oldenburg, applicant's traffic and rate clerk, introduced a cost study developing a round-trip cost of 4.18 cents per 100 pounds, or 2.68 cents per case, for the transportation here involved.[2] He also developed an estimated hourly revenue of $4.88 for

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[2] The study was constructed as follows:

Fixed charges on an annual basis were adopted from the Study of the Cost of Transporting Property in Motor Trucks Between Points in California, introduced by Fred H. Chesnut, senior engineer in the Commission's Transportation Department, as Exhibit No. 1 in Case No. 4246, supra. Mileage expenses (not including drivers' wages) were also adopted from that exhibit, but were modified to reflect a lower fuel price assertedly available to applicant under a long-term purchasing agreement. Mileage expenses were related to the service here according to the weighted average round-trip mileage and the estimated number of trips to be made during the year. Annual drivers' wages were based upon applicant's wage scale, applied to the estimated number of hours drivers would be employed in this transportation over a yearly period. The investment was depreciated over a six-year period and all of the foregoing costs were expanded by 22.13 per cent, the percentage used by Witness Chesnut in the study previously mentioned to develop overhead costs. The total estimated annual cost so obtained was then divided by the number of pounds which it was

(Continued)

this operation and compared this revenue with hourly rates of $3.27, $4.40 and $5.00, respectively, heretofore established for transportation of building materials in dump trucks and of property generally within the San Francisco and Los Angeles drayage areas. Further, this witness showed that under applicant's proposal, based upon 25 work days per month and on estimated monthly mileage of 2,206 miles, $994.00 revenue would be received, whereas under the monthly rates in effect in the San Francisco and Los Angeles drayage areas, only $643.88 and $681.20 revenue, respectively, would be received.

E. Charles Weis, assistant manager of the Coca Cola Bottling Company, testified that his firm had been operating a 550-case capacity truck and, during the summer months, had leased another truck. He stated that costs on the leased equipment had amounted to 3-3/4 cents per case and that he was convinced the cost of operating the 550-case capacity truck did not exceed that figure. This witness explained that his company did not desire to operate its own equipment and would be glad to utilize a for-hire carrier if costs not substantially higher could be obtained. He said definitely, however, that unless this application were granted, the Coca Cola Bottling Company would either revert to the use of proprietary equipment or would commence bottling at the destination warehouses.

Valley Express Company protested the granting of this application and asked that it be accorded authority to meet any rates applicant might be authorized to charge. Southern Pacific Company appeared as an interested party and participated in cross-examination

2 (Concluded)
estimated would move over the yearly period and the figure of 4.18 cents per 100 pounds resulted. Full cases of coca cola weigh 37 pounds each and cases of empty containers weigh 27 pounds each. Thus the round-trip weight transported is 64 pounds per case and, by means of this figure, the cents per 100 pounds cost was reduced to a cents per case basis.

but offered no protest to the granting of the application.[3]

The evidence shows clearly that the transportation here involved permits of many operating economies, due to the heavy volume and steady flow of tonnage and to the services and cooperation furnished by the shipper. The cost study, while necessarily based upon estimated costs and estimates of future traffic volume, leaves little doubt but that the rate sought will be compensatory. The application will be granted. Valley Express Company, or other competing carriers desiring similar authority, should file petitions therefor in the usual manner.

O R D E R

A public hearing having been held in the above entitled proceeding, and based upon the evidence received at the hearing and upon the conclusions and findings contained in the preceding opinion,

IT IS HEREBY ORDERED that Fortier Transportation Company, a copartnership, be and it is hereby authorized to transport coca cola for Coca Cola Bottling Company of Fresno, from the Fresno plant of that company to its warehouses at Merced, Tulare and Hanford, for a rate of 4 cents per case, minimum 1050 cases, this rate to include the return of empty containers only when transported on return trips.

The authority herein granted shall expire one (1) year from the effective date hereof.

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[3] According to the record neither the origin plant or the destination warehouses are equipped with rail spur tracks.

This order shall become effective ten (10) days from the date hereof.

Dated at San Francisco, California, this 20th day of February, 1939.

Ray Riley
Frank R. Havenner
Wm. J. Carr
Justus F. Craemer

Commissioners