

**ORIGINAL**

Decision No. 40443

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
Pacific Motor Trucking Company and	)	
Southern Pacific Company for authority	)	Application No. 28457
to increase class rates from and to	)	
points on and adjacent to Lake Tahoe,	)	
California.	)	

Appearances

C. W. Burkett, Jr., for applicants.

Frank Globin, in propria persona.

O P I N I O N

Applicants are common carriers of property serving various points in California and elsewhere, including points on and in the vicinity of Lake Tahoe. By their original and first supplemental application they seek authority to increase their class rates to, from, and between points in the Tahoe area.

The matter was submitted at public hearings held at Tahoe Valley, June 12, and at Tahoe City, June 13, 1947.

Based on 1946 experience the traffic involved amounts to less than 1,000 tons per year. Excepting for some 12 tons transported by applicant Pacific Motor Trucking Company in local trucking service between points situated around the lake, all shipments are transported by applicants jointly and interchanged between them at Truckee.<sup>1</sup> Most of the traffic originates in the San Francisco Bay area or at Sacramento and is transported to Truckee by rail, thence by truck to destinations on the lake. Less than 3 per cent of the total moves in the reverse direction:

---

<sup>1</sup> Truckee is on the main line of the Southern Pacific Company 12 miles north of the upper end of Lake Tahoe.

The full cost of rendering the service here involved is not shown. It is represented, however, that for the year ending September 30, 1946, the out-of-pocket cost was \$24,090. The revenue which would accrue at the rates now in effect is \$15,351. On this basis the operations produce an operating deficit of \$8,739 plus an indeterminate amount representing expenses incurred in addition to the bare out-of-pocket cost.<sup>2</sup>

The rates sought are set forth in applicants' Exhibits Nos. 6 and 7. They are computed, so a traffic witness testified, by increasing those now in effect by an amount that would return the out-of-pocket deficit above referred to. No attempt is being made to raise the rates to a level that will produce the fully distributed cost of performing the service. In constructing the proposed schedule the pattern of the minimum rates established by this Commission has been observed.

The history of the rates involved largely explains the fact that those now in effect fall considerably short of meeting the out-of-pocket cost of rendering the service. The Commission in 1938 prescribed minimum rates for applicants and others on a state-wide basis. In complying with the order applicants published their going rates on the prescribed minimum level. No special consideration was given to conditions peculiar to the transportation involved. To illustrate: The minimum rates are based on specified distances to points on the south end of the lake. These distances are usually computed through Placerville, with the result that the mileages upon which the rates are based are in many instances less than the mileages to Truckee. In other words, many of the rates in effect for the joint transportation via Truckee

---

2

By out-of-pocket cost as the term is here used is meant the costs that are incurred solely by reason of the transportation of the particular traffic and that would be wholly avoided if the traffic were not moved.

are the same as or lower than the minimum rates prescribed by this Commission for transportation to Truckee.

The Lake Tahoe region is primarily a resort area and traffic movement is largely seasonal. By reason of conditions peculiar to this transportation the tonnage handled per driver per hour is but slightly more than half that handled on the trucking operations as a whole.

During the recent war the traffic was of less consequence and the effect of the deficit was in large measure ameliorated by the tax structure. Conditions are such now though, that applicants feel compelled to seek at least the out-of-pocket expenses or to forego the service.

There is practically a 100 per cent empty return haul and the loaded movement is such that capacity loads can at best be maintained over a portion of the route only. So far as the highway carrier is concerned the entire operation is at an elevation at more than one mile above sea level, with substantial up and down grades and curvatures.

Applicants explained that in their haste to put into effect throughout the state, the minimum scale prescribed by this Commission, unduly low rates to and from the points here involved were published in error.<sup>2</sup> They compared the present rates with rates applicable in other territories to substantiate their contention that the former were extremely low.

No one opposed the granting of the application. Frank Globin, a business man located on the south end of the lake, criticized the service rendered during off-season periods. He stated that he was not protesting increases in rates necessary to render an adequate service but was opposed to increases with poor service.

Certain of his criticism was directed to operations rendered in large part under combination rates with other carriers. A witness for

<sup>2</sup>

The minimum rates were prescribed in 1938 in Case 4246.

applicants explained the difficulties attending their operations and gave assurance that every effort would be made to render the best service possible.

Upon full consideration of all the facts of record we are of the opinion and find that the rates now in effect do not return the cost of performing the service and that those proposed are justified. The application will be granted.

O R D E R

This matter having been duly heard and submitted, full consideration of the matters and things involved having been had, and basing this order on the preceding opinion,

IT IS HEREBY ORDERED that applicants be and they are hereby authorized within ninety (90) days from the date hereof to increase their rates for the transportation to, from, and between points in the Lake Tahoe area, by amounts not in excess of those set forth in the original and first supplemental application herein.

IT IS HEREBY FURTHER ORDERED that the increases authorized may be made effective upon not less than five (5) days' notice to the Commission and the public.

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

Dated at San Francisco, California, this 24<sup>th</sup> day of June, 1947.

Harold P. Aulsebrook  
Justin J. Coe  
Robert J. Coe  
R. J. Coe  
Penelope Potter  
Commissioners