

Decision No. 41487

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of W. W. Miles and Pat L. Nolet,)
a partnership doing business as)
Miles & Sons Trucking Service,)
for authority to charge less than)
minimum rates under the provi-)
sions of the Highway Carriers' Act.)

Application No. 29141

Appearances

Berol & Handler by Edward M. Berol, for applicant.
S. A. Moore, for Permanente Cement Company, inter-
venor in support of the application.
N. E. Keller, for Pacific Portland Cement Company,
John E. Doane, for Calaveras Cement Co., and
William F. Krause, for Plywood Board
Products, Inc., interested parties.

OPINION

W. W. Miles and Pat L. Nolet, a partnership, doing business as Miles & Sons Trucking Service, operate as a highway contract and radial highway common carrier. They seek authority to transport cement in bulk for Permanente Cement Company at a rate less than that established as minimum.

A public hearing was had at San Francisco on March 24, 1948, before Examiner Jacopi.

The transportation in question involves the movement of cement in bulk in specially designed motor truck equipment from Permanente Cement Company's Mill at Permanente (near San Jose) to the company's storage silos at the Port of Redwood City for transshipment to points in the Hawaiian Islands. The established minimum rate for the transportation from the mill to the port is 3½ cents per 100 pounds. The sought rate is 3¼ cents per 100 pounds.

The record shows that the vessel engaged in transporting the bulk cement to the Islands for the Permanente mill makes

a trip from the Port of Redwood City every six weeks. It handles an average of slightly more than 10,000 tons per trip. The cement company allows applicants to transport the cement required for each vessel trip at their convenience during the six weeks between vessel departures. Under the arrangement, applicants have been transporting the cement on Saturdays, Sundays and at other times when their equipment has not been needed for other transportation services regularly performed for the cement company. Loading at the cement mill is directly from silos to applicants' equipment through a chute. At the port, the loads are released through a hopper in the equipment into pits equipped with mechanical means of moving the cement into the silos.

One of the partners testified that the transportation service in question is performed under unusually favorable conditions. He explained that the movement averages about 10,000 tons per month; that loading and unloading can each be completed in 10 minutes; that facilities therefor are available 24 hours per day 7 days per week; that the equipment is used in transporting the cement 16 to 20 hours per day at times when it would otherwise be idle; and that the revenue from the operation under the proposed rate amounts to about \$75,000 per year.

A consulting engineer employed by applicants submitted an exhibit showing the cost of transporting the bulk cement involved herein. The cost was based upon a detailed study of applicants' records covering the transportation of 100 truckloads of the cement during 1947. The study included development of fixed costs per vehicle unit, running costs per vehicle mile, general overhead expenses and a depreciation table. Based upon a use factor of 4,565 hours per year and average loads of 23.33 tons, the engineer calculated that the cost including overhead of transporting the bulk cement would be 2.83 cents per 100 pounds. Upon adjustment

for operating ratio of 90 per cent before income taxes, he showed the cost as 3.14 cents per 100 pounds.

The traffic manager of Permanente Cement Company testified that his company operates its own equipment in other bulk cement hauls and that, if this application is denied, it would undertake to perform the transportation. He claimed that the company's records showed that this could be done at no greater cost than the rate sought by applicants.

No one opposed the granting of the application. The traffic manager of Pacific Portland Cement Company participated in cross-examination of witnesses but did not offer any testimony.

The record is convincing that, in view of the favorable circumstances and conditions which will obtain, applicant will be able to conduct operations under the sought rate on a compensatory basis. The granting of the authority to observe the sought rate will avoid diversion of traffic from for-hire to proprietary operations.

We are of the opinion and hereby find that the rate proposed by applicant has been shown to be reasonable. The application will be granted. Because conditions may change at any time, however, the authority will be limited to a period of one year and made subject to earlier cancellation, modification or extension.

O R D E R

Based on the evidence of record and the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that W. W. Miles and Pat L. Nolet, a partnership doing business as Miles & Sons Trucking Service, be and they are hereby authorized to transport for Permanente Cement Company bulk cement from that company's cement mill at Permanente

to its storage silos at the Port of Redwood City for transshipment by vessel from said silos to points in the Hawaiian Islands, at a rate less than the established minimum rate but not less than three and one-quarter ($3\frac{1}{4}$) cents per 100 pounds; and that the authority herein granted shall expire one (1) year from the effective date of this order, unless sooner canceled, changed or extended by order of the Commission.

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

Dated at San Francisco, California, this 20th day of April, 1948.

Q. T. Anderson
Justice J. G. Gorman
James H. Laddell
Kenneth Potter
Commissioners