

Decision No. 42423

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
EXPORT FORWARDERS INC. for an order)
granting permission to charge less) Application No. 29875
than the minimum rates on shipments)
for The Coca-Cola Company.)

Appearances

Aaron H. Glickman, for applicant.

Burdette J. Daniels, for The Coca-Cola Company,
interested party.

Arlo D. Poe, for Motor Truck Association of Southern
California, interested party.

H. J. Bischoff, for Southern California Freight Lines,
interested party.

O P I N I O N

Applicant is a California corporation doing business as a highway contract carrier, a radial highway common carrier, and a city carrier. It seeks authority to assess, for certain transportation performed for The Coca-Cola Company, rates which are less than those heretofore established as minima. The authority is sought for a period of one year.

Public hearing of the matter was had before Examiner Abernathy at Los Angeles on December 27, 1948.

The service which is involved herein consists of the transportation of flavoring syrup from plants of The Coca-Cola Company at Los Angeles, Santa Barbara, and Ventura to various bottling plants in southern California, and the return of empty syrup barrels and drums to The Coca-Cola Company at Los Angeles. Exhibits indicate

that the service currently accounts for about 70 per cent of
applicant's total gross operating revenues.¹

Applicant commenced the transportation service in question in June, 1948. According to testimony of applicant's witnesses, the rates which have been assessed have been the established minimum rates.² Under these rates the service assertedly has proved to be very profitable. An accountant witness testified that segregated financial data had been developed for the four months June through September, 1948, which disclosed operating results as indicated by operating ratios of 85.3, 71.6, 87.4 and 67.8 per cent for those months, respectively.

According to the accountant, the reduced rates which applicant seeks to establish would result in about a 15 per cent reduction in revenues.³ Applicant states that if the sought rates are not established, it is faced with a possible loss of business to proprietary competition. It reports that The Coca-Cola Company considers the present rates unreasonably high and burdensome. It declares that its whole operation would be jeopardized should the business of The Coca-Cola Company be lost to it. Applicant anticipates that its operations would be profitable under the proposed rates.

The traffic manager of The Coca-Cola Company testified that his company is faced with an urgent need to reduce its operating costs in order to avoid the necessity of increasing the sale price of its

¹ Applicant also transports property for The Coca-Cola Company and other shippers within the Los Angeles drayage area described in Appendix "A" to Decision No. 32504, as amended, in Case No. 4121. Rates for this transportation are not in issue in this proceeding.

² The minimum rates applicable to the transportation of general commodities, including flavoring syrup and empty containers, are set forth in Highway Carriers' Tariff No. 2 (Appendix "D" of Decision No. 31606, as amended, in Case No. 4246).

³ The proposed rates are set forth in detail in Appendix "A" attached hereto.

product. He said that although he had not made a recent analysis of transportation costs, it was his opinion, based upon earlier studies, that The Coca-Cola Company could perform its own transportation service for substantially less than it now pays. He asserted that the company would consider engaging in proprietary operations if the sought authority is not granted. Referring to applicant's operations, he said that the company assists applicant in performing the service as economically as possible by scheduling its transportation requirements, by aiding in loading and unloading, and by furnishing garage facilities.

No one opposed the granting of the application. Representatives of the Motor Truck Association of Southern California and of the Southern California Freight Lines appeared as interested parties and participated in cross-examination of the witnesses.

The record in this proceeding shows that applicant is performing a specialized transportation service under favorable operating conditions, and that the margin of profit which it has been able to realize is substantial. It appears that the transportation would produce revenues that are compensatory at the lower rates herein sought.

Upon careful consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds as a fact that the rates set forth in Appendix "A" hereof are reasonable for the transportation of flavoring syrup and empty barrels and drums performed by applicant for The Coca-Cola Company between the points listed. The application will be granted.

O R D E R

The above-entitled application having been heard and submitted, full consideration of the matters and things involved having

been had, and based upon the conclusions and finding in the preceding opinion,

IT IS HEREBY ORDERED that

1. Export Forwarders Inc. be and it is hereby authorized to charge and assess, for the transportation of flavoring syrup and empty syrup barrels or drums for The Coca-Cola Company, rates and charges less than the minimum rates and charges set forth in Highway Carriers' Tariff No. 2 (Appendix "D" to Decision No. 31606, as amended, in Case No. 4246) but not less than those rates and charges set forth in Appendix "A", attached hereto, and by this reference made a part hereof.

2. The authority herein granted shall expire one (1) year from the effective date of this order.

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

Dated at San Francisco, California, this 18th day of January, 1949.

R. E. Anderson
Justice J. Galloway
Robert L. Rayfield
Harold P. Kiley
Benjamin D. Potter
Commissioners

APPENDIX "A" TO DECISION NO. _____

Rates in Cents per 100 Pounds Applicable to the Transportation of Flavoring Syrup and of Empty Barrels or Drums, Returning, Transported by Export Forwarders Inc. for The Coca-Cola Company.

FLAVORING SYRUP, in bulk in barrels or drums, or in inner containers packed in cartons

From Los Angeles Zone One

		Minimum Weight in Pounds			
		4,000	10,000	20,000	30,000
<u>To</u>	Bakersfield	41	29	24	23
	Burbank	23	12	7	7
	El Centro	53	42	36	35
	Long Beach	24	14	9	8
	San Bernardino	31	19	14	13
	San Diego	41	28	23	22
	Santa Barbara	37	26	21	19
	Santa Maria	49	37	32	30
	Ventura	33	22	16	15
<u>From</u>	Santa Barbara				
<u>To</u>	Santa Maria	34	23	17	-
<u>From</u>	Ventura				
<u>To</u>	Santa Maria	39	27	22	-

EMPTY BARRELS OR DRUMS, returning to Los Angeles Zone One from the points named below, and which when filled were transported by Export Forwarders Inc.

		Minimum Weight in Pounds		
		Any Quantity	2,000	4,000
<u>From</u>	Bakersfield	35	-	23
	Burbank	24	20	-
	El Centro	45	-	30
	Long Beach	25	20	-
	San Bernardino	28	23	20
	San Diego	34	-	23
	Santa Barbara	33	-	21
	Santa Maria	41	-	27
	Ventura	30	25	20

SPLIT DELIVERY CHARGES

Weight of Component Part		Additional Charge per delivery (in cents)
Over	Not Over	
0 Pounds	100 Pounds	34
100 Pounds	500 Pounds	47
500 Pounds	1000 Pounds	66
1000 Pounds	2000 Pounds	100
2000 Pounds	4000 Pounds	133
4000 Pounds	10000 Pounds	166
10000 Pounds	20000 Pounds	199
Over 20,000 Pounds		265

(End of Appendix "A")