

**ORIGINAL**

Decision No. 47742

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation	)	
into the rates, rules, regulations,	)	
charges, allowances and practices of	)	Case No. 4808
all common carriers, highway carriers)	)	
and city carriers relating to the	)	
transportation of property.	)	

Appearances

Bertram S. Silver and Edward M. Berol,  
by Edward M. Berol, for petitioners.

O P I N I O N

C. H. Powers, A. G. Powers and E. E. Jefferson operate individually as highway contract carriers. By this petition, they seek authority to transport lumber and forest products for Klamath River Lumber Co. at a rate less than that established as minimum.

Public hearing of the petition was held at San Francisco on August 4, 1952, before Examiner Jacopi.

The transportation in question involves the movement of lumber and forest products in quantities of not less than 30,000 pounds per shipment from the lumber company's sawmill at Horse Creek to its planing mill and yard at Montague.<sup>1</sup> The constructive distance between the points as shown in the Commission's Distance Table No. 4 is 50.5 miles. The established minimum rate for this transportation is 13 cents per 100 pounds, minimum weight 30,000 pounds, plus a surcharge of 9 percent. The sought rate is 11.5 cents per 100 pounds, minimum weight 30,000 pounds.<sup>2</sup>

<sup>1</sup>Both of the points are situated in Siskiyou County.

<sup>2</sup>A rate of 11 cents was proposed in the petition. This was amended at the hearing to 11.5 cents.

Evidence in support of the sought authority was introduced by one of the petitioners.<sup>3</sup> His testimony shows that for the past three years the petitioners have confined their individual transportation services to those performed for the lumber company. The witness stated that prior to January 1, 1952, the transportation involved herein was performed at the established minimum rate of 10.5 cents per 100 pounds. This rate applied for constructive distances over 45 miles but not over 50 miles. In the Commission's revised Distance Table No. 4, however, the constructive distance between the points in question was raised to 50.5 miles effective January 1, 1952. With this adjustment, the transportation in question became subject to a minimum rate of 13 cents per 100 pounds applicable for constructive distances over 50 miles but not over 60 miles. Assertedly, the lumber company recently informed the petitioners that it would handle the traffic with its own equipment unless the sought rate of 11.5 cents per 100 pounds was authorized.

The witness asserted that the transportation is performed under favorable conditions. There is a steady movement during the period March - December of each year.<sup>4</sup> It amounts to a total of 2,000 tons per month divided about equally among the three petitioners. The facilities at both of the mills are available to petitioners 24 hours per day. Each of them averages 3 round-trips per day. By reason of facilities provided by the mills and of power equipment on the trucks, the loading and unloading operations

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<sup>3</sup> It was explained that the attendance of all three petitioners at the hearing would have resulted in a shutdown of the planing mill for lack of lumber. Petitioner C. H. Powers testified at the hearing. He is the father of petitioner A. G. Powers. Petitioner E. E. Jefferson is the nephew of C. H. Powers.

<sup>4</sup> The sawmill operations are discontinued during the winter period.

require only 10 minutes each. The route of movement is over paved highways which are free of traffic congestion. The witness asserted that under these favorable conditions the operations under the sought rate of 11.5 cents per 100 pounds would return a reasonable profit. He pointed out that the sought rate was higher than the minimum rate in effect prior to January 1, 1952, by one cent per 100 pounds. Assertedly, the lumber company agreed to the increase in question to offset advances in the cost of operation experienced by the petitioners. In the event that petitioners lost the traffic, the witness said, it would be difficult for them to obtain other steady work because of keen carrier competition in the territory in question and in adjacent areas.

Revenue and expense statements were submitted for each of the petitioners showing the actual results of operation for the year 1951 under the minimum rate of 10.5 cents per 100 pounds in effect during the period. Similar statements were offered showing what the results would have been if the sought rate of 11.5 cents per 100 pounds had been in effect during the 12-month period ended June 30, 1952, when the traffic volume amounted to less than that for the year 1951. The latter figures were adjusted to reflect on an annual basis the increases experienced in operating costs. No provision was made in the calculations submitted, however, for petitioners' wages as drivers of the trucks. The record shows that the wage cost would amount to \$7.00 per round trip under the prevailing wage rates for drivers in the territory. With this adjustment, the following operating results were developed from the exhibits of record:

Operating Results For The Year 1951 Under  
The Minimum Rate In Effect During The Period

	<u>C.H.Powers</u>	<u>A. G. Powers</u>	<u>E. E. Jefferson</u>
Revenues	\$ 13,691	\$ 9,838	\$ 12,638
Expenses	<u>12,823</u>	<u>10,068</u>	<u>10,704</u>
Net Operating Income*	\$ 868	\$(230)	\$ 1,934
Operating Ratio*	94.1%	102.3%	84.7%

\* Before provision for income taxes. The taxes were not supplied.

( ) - Indicates loss.

Estimated Operating Results Under the Sought Rate  
Based On Operations For The 12 Months Ended  
June 30, 1952

	<u>C. H. Powers</u>	<u>A. G. Powers</u>	<u>E. E. Jefferson</u>
Revenues	\$ 13,977	\$12,029	\$ 13,530
Expenses	<u>13,105</u>	<u>11,577</u>	<u>10,975</u>
Net Operating Income*	\$ 872	\$ 452	\$ 2,555
Operating Ratio*	93.8%	96.2%	81.1%

\* Before provision for income taxes. The taxes were not supplied.

It was explained by the witness that the operating loss experienced in the year 1951 by A. G. Powers was caused by the discontinuance of his operations for one month due to illness. He explained also that this petitioner's truck, purchased used, was being depreciated on the basis of an estimated 2-year service life whereas the depreciation schedules of the other two petitioners were on the basis of 4 years. Other variations in the operations result from differences in the capacities and ages of the trucks used in the services. It appears that there is a certain amount

of coordination of the petitioners' operations. For the combined operations, the sought rate would produce an operating ratio of 90.2 percent before income taxes.

The president of the Klamath River Lumber Company corroborated the testimony of the witness for the petitioners relative to the volume of the movement, to the nature and the availability of facilities at the mills and to the handling of the traffic with the lumber company's trucks if petitioners are required to continue to observe the established minimum rate. The president stated that petitioners' services had been very satisfactory and that, if possible, he desired to have them continue to haul the traffic. He asserted, however, that he was convinced that the cost of proprietary operations would not exceed the sought rate. The witness stated that the lumber company could not afford to continue to pay the petitioners more than this rate.

No one opposed the granting of the petition.

The evidence shows that the petitioners will be able to conduct the operations under the sought rate on a compensatory basis and that the rate is necessary to retain the traffic for for-hire carriage.

We are of the opinion and hereby find that the proposed reduced rate is reasonable. The petition, as amended, will be granted. Because circumstances may change, however, the authority will be made to expire at the end of one year, unless sooner canceled, changed or extended by order of the Commission. Petitioners requested that the order herein be made effective in ten days. However, no substantial reasons were offered in support of this request. It will not be granted.

ORDER

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

IT IS HEREBY ORDERED that C. H. Powers, A. G. Powers and E. E. Jefferson be and they are and each of them is hereby authorized as an individual to transport lumber and forest products for Klamath River Lumber Co. from Horse Creek to Montague at a rate less than the established minimum rate but not less than 11.5 cents per 100 pounds, minimum weight 30,000 pounds.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire one (1) year after the effective date of this order unless sooner canceled, changed or extended by order of the Commission.

This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 16th day of September, 1952.

R. J. [Signature]  
 President

Justus J. [Signature]

Harold [Signature]

Peter E. [Signature]

Commissioners