

Decision No. 47936**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Royal Hinkle, an individual, for)
 authority to charge less than minimum) Application No. 33725
 rates under the provisions of Highway)
 Carriers' Act.)

Appearance

Edmund M. Moor, for applicant.

O P I N I O N

Royal Hinkle, an individual operating as a highway contract carrier, seeks authority to transport lumber for Forward Bros. Lumber Company at a rate less than that established as minimum.

Public hearing of the matter was held at Red Bluff on October 15, 1952, before Examiner Jacopi. The matter was taken under submission upon receipt of late-filed exhibits on October 25, 1952.

The transportation in question involves the movement of lumber in quantities of not less than 30,000 pounds per load from the lumber company's sawmill situated 9 miles northeast of Manton to its storage yard and to its box-manufacturing plant in Red Bluff.¹ The constructive distance between the points under the Commission's Distance Table No. 4 is 54 miles. The established minimum rate for the 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.

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The point of origin and the points of destination are situated in Tehama County.

The applicant testified that he has performed the transportation in question for the past two years. He asserted that prior to January 1, 1952, the lumber was hauled 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 54 miles effective January 1, 1952. With this mileage adjustment, the transportation involved herein became subject to a minimum rate of 13 cents per 100 pounds applicable for constructive distances over 50 miles but not over 60 miles.

According to the applicant, the present minimum rate is too high for the lumber movement in question because of the unusually favorable conditions under which it is handled. His testimony shows that a steady movement is involved amounting to about 20 million feet of lumber per year.² Eight motor trucks operated in the service make 2 round trips per day, 6 days per week. They move a total of 16 loads per day averaging 42,000 pounds per load. The loading and the unloading of the trucks are performed by the shipper with mechanical equipment at its own expense. Assertedly, these conditions enable applicant to realize an equipment use factor that is more favorable than that ordinarily obtained in other movements of lumber.

The cost of performing the transportation service involved herein was developed by a certified public accountant retained by applicant. His cost study shows that the full cost

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The lumber haul generally occurs during the period February 1 to December 22 of each year. The operations are discontinued during the peak winter period.

before provision for income taxes amounts to 10.1 cents per 100 pounds. The study was developed from applicant's book records and from operating data for the months of June and July 1952, adjusted to reflect known increases in the operating expenses. The accountant's analysis of the operations developed that the two months in question were representative operating periods. His cost study included provision for drivers' wages, vehicle operating and maintenance expenses, depreciation, insurance, taxes other than income taxes and overhead expenses.³ On the basis of the sought rate of 11.5 cents per 100 pounds, the operating ratio would be 87.8 percent before provision for income taxes.

Counsel for applicant testified that he had participated in discussions between applicant and the lumber company relative to the level of the minimum rate applicable to the transportation in question. According to his testimony, the lumber company informed applicant that its studies showed that the cost of proprietary operations would not exceed 11.5 cents per 100 pounds and that unless he could arrange to observe this rate the lumber haul would be handled with the lumber company's own equipment.

No one appeared in opposition to the granting of the application.

The evidence shows that applicant will be able to perform the lumber haul involved herein 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 application will be granted. Because the circumstances may change, however, the authority will be

³ In the depreciation schedule, a service life of 4 years was assigned to vehicles purchased new and 3 years to those purchased used.

made to expire at the end of one year, unless sooner canceled, changed or extended by order of the Commission. Applicant requested that the order herein be made effective in 10 days. However, no substantial reasons were offered in support of this request. It will not be granted.

O R D E R

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

IT IS HEREBY ORDERED that Royal Hinkle, an individual operating as a highway contract carrier, be and he is hereby authorized to transport lumber for Forward Bros. Lumber Company from its mill situated approximately 9 miles northeast of Manton (Tehama County) to Red Bluff 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 18th day of November, 1952.

R. P. [Signature]
 President

Harold K. [Signature]

[Signature]

[Signature]

Commissioners