

Decision No. 48239

ORIGINAL

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)	Case No. 4808
of all common carriers, highway)	
carriers and city carriers relating)	
to the transportation of property.)	

Appearances

Willard S. Johnson and Fred H. Chesnut,
for petitioner.

Frank Loughran, for Timber Transport
Company, Collier Transportation
Company, Ruelle, Inc., Minor Trucking
Company, John Blanchard and Vale E.
Specht, M. S. Martin, G. M. Stewart,
George O. Evans, Eugene M. Coney,
Richard S. Petty, C. C. Knather,
Max Simmons, Morris Nay, Clifton Connor,
Charles Buletti, John W. Alwin,
Mervin F. Tripp and Wilber Anderson,
protestants.

OPINION ON REHEARING

Petitioner Al Blasi is a highway common carrier of
lumber and forest products. By Decision No. 47801 of October 7,
1952, in this proceeding, he was authorized to publish a rate
lower than the established minimum rate for the transportation of
lumber from points within one mile of Willits to San Francisco
and Oakland. Two groups of competing highway carriers petitioned
for rehearing of this matter. The petitions were granted and
rehearings were held before Examiner Lake at Willits on
December 11 and 12, 1952.

A description of the operations here involved is specifically set forth in Decision No. 47801, supra. Briefly, however, Blasi transports lumber in truckload quantities for the Richardson Lumber Company from Willits to San Francisco and Oakland. The minimum rate established by the Commission for this transportation is 29 cents plus 9 per cent or 31.61 cents per 100 pounds, minimum weight 30,000 pounds. By the above referred to decision Blasi was authorized to establish a rate of 28 cents per 100 pounds, minimum weight 42,000 pounds. Based upon evidence adduced at the original hearing the Commission found that operations under the 28-cent rate could be conducted on a compensatory basis and that a rate of this volume was necessary to retain the traffic for for-hire carriage.

Protestants contend that if the 28-cent rate is allowed their shippers will require that they meet it. They allege that this rate is not compensatory and that therefore they could not earn a reasonable return for the services performed thereunder. In addition, they contend that the authorized rate would prefer shippers at Willits and prejudice shippers at other points.

A study, submitted at the further hearings, of the operations of one of the protesting carriers indicates the average costs of that carrier in transporting lumber in truckload quantities from Willits to San Francisco and Oakland, to be 29.28 cents per 100 pounds as compared with the costs developed by petitioner of 24.23 cents per 100 pounds for movements to Oakland and 25.28 cents per 100 pounds for shipments moving to San Francisco.²

² The costs shown are before provision for income taxes.

For the most part the estimated costs are substantially the same. The principal differences which require reconciliation are in the amounts shown for running expenses. A comparison of these expenses is shown in the following table:

	<u>Petitioner</u>		<u>Protestants</u>
	<u>From Willits to</u>		
	<u>Oakland</u>	<u>San Francisco</u>	<u>Average San Francisco- Oakland</u>
Cost per round trip			
Running Expense	\$44.68	\$44.14	\$63.49

With respect to the estimates for running expenses, the principal differences are in repairs to and servicing of equipment. Petitioner's costs for these services is indicated as approximately 6 cents per mile as compared with costs shown in protestants' study of almost 11 cents per mile. Assertedly both estimates represented the actual costs for repairs and servicing experienced by the carriers. Petitioner contended that the amount claimed for his operations was unduly high for an annual period because it included the reconditioning of certain equipment. With respect to protestants' costs for servicing of and repairs to equipment, petitioner contended that the cost claimed for these services exceeded an amount sufficient to cover the cost of depreciation and maintenance of new equipment and as a result thereof the charge is too high for the purposes of measuring the reasonableness of the proposed rate. The cost study presented by protestants reflected operations of a carrier who had only four months' experience. The costs were not represented as being typical of annual operations.

A public accountant, on behalf of protestants, introduced an exhibit showing certain revised cost factors for petitioner's operations. According to the witness, the revisions were based on his judgment and in the light of petitioner's profit and loss

statement. They were predicated to a large extent upon petitioner's system operations and therefore did not reflect operations to be conducted under the proposed rate.

No evidence of a probative value was offered with respect to protestants' contention that the proposed rates would be unduly discriminatory.

The Commission has carefully considered all of the evidence adduced in this phase of the above-entitled proceeding and is of the opinion and hereby finds that it has not been demonstrated that the reduced rate of 28 cents per 100 pounds, minimum weight 42,000 pounds, authorized by Decision No. 47801, supra, is unjust, unreasonable or otherwise unlawful. Decision No. 47801, supra, will be affirmed.

ORDER ON REHEARING

Rehearings having been held and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED that Decision No. 47801 of October 7, 1952, in Case No. 4808, is hereby affirmed.

This order on rehearing shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 17th day of February, 1953.

Edmund J. ...
President
Justice J. ...
Harold ...
Commissioners