

ORIGINAL

Decision No. 45930

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. 34421
rates under the provisions of Highway)	
Carriers' Act.)	

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 Diamond Match Company at a rate less than that established as minimum.

A public hearing of the application was held at Chico on July 7, 1953, before Examiner Jacopi. The matter was taken under submission upon receipt of a late-filed exhibit on July 14, 1953.

The transportation in question involves the movement of lumber in quantities of not less than 30,000 pounds per load from the Forward Bros. sawmill situated 9 miles northeast of Manton to the Diamond Match Company's plant in Chico. ⁽¹⁾ The constructive distance between the points is 88 miles. The established minimum rate for truckload movements is 16 cents per 100 pounds, minimum weight 30,000 pounds. The sought rate is 15 cents per 100 pounds, ⁽²⁾ minimum weight 42,000 pounds.

The applicant testified that the present minimum rate is

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- (1) Manton is situated in Tehama County 37 constructive miles northeast of Red Bluff.
 - (2) A minimum weight of 30,000 pounds was sought in the application. It was amended at the hearing to provide instead for a minimum weight of 42,000 pounds.

too high for the transportation in question because of the unusually favorable conditions under which it is handled. According to his testimony, a steady movement is involved amounting to about 20 million feet of lumber per year.⁽³⁾ Nine motor trucks operated in the service move a total of 14 loads per day. The quantity handled per trip weighs not less than 42,000 pounds. The loading and the unloading of the trucks are performed with mechanical equipment by and at the expense of the shipper.

A certified public accountant retained by applicant developed the cost of performing the transportation service in question. His cost study showed that the full cost before provision for income taxes amounted to 13.1 cents per 100 pounds as compared with the sought rate of 15 cents per 100 pounds. The cost figure was developed from a study of applicant's book records and operating data for the year 1952. Provision was made in the accountant's calculations for drivers' wages, vehicle operating and maintenance expenses, depreciation, insurance, taxes other than income taxes and overhead expenses.⁽⁴⁾ Upward adjustments were made in the operating expenses to provide for advances which occurred therein including the increased fuel tax effective July 1, 1953. The accountant calculated that the proposed rate would produce annual revenues of \$170,100 and that the expenses involved in the movement would amount to \$148,511. The operating ratio before provision for income taxes would be 87.3 per cent.

According to the testimony of the applicant, he has been advised by Diamond Match Company that it will undertake to haul the

(3) The operations are discontinued for a period of from 6 to 8 weeks during the winter when the roads are impassable.

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

lumber with its own equipment unless the sought reduced rate is authorized.

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

The evidence is convincing 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.

The Commission is of the opinion and hereby finds that the proposed reduced rate is reasonable. The application will be granted. Because the 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.

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 rough lumber for Diamond Match Company from the sawmill of Forward Bros. Lumber Company situated about 9 miles northeast of Manton (Tohama County) to the match company's plant in Chico at a rate less than the established minimum rate but not less than 15 cents per 100 pounds, minimum weight 42,000 pounds.

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

A. 34421 AM *

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

Dated at San Francisco, California, this 4th day of August, 1953.

A. Z. Dunning

PRESIDENT

Justin F. Calver

Harold Kala

Benjamin Patten

John E. Mackell

COMMISSIONERS