

ORIGINAL

Decision No. 53044

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)
 all common carriers, highway carriers)
 and city carriers relating to the)
 transportation of general commodities)
 (commodities for which rates are)
 provided in Minimum Rate Tariff No. 2).)

Case No. 5432

In the Matter of the Application of)
 Thomas B. Watt, Jr., and Walter J.)
 Nelson, doing business as Johnson's)
 Trucking Service, to deviate from)
 established rates.)

Application No. 36562
 (First Supplemental)

In the Matter of the Application of)
 Sam W. Hobbs (same as above).)

Application No. 37841

In the Matter of the Application of)
 Paul R. Blunt and James H. Lance,)
 doing business as B & L Truck Lines)
 (same as above).)

Application No. 37849

In the Matter of the Application of)
 Roland Hougham (same as above).)

Application No. 37870

Everett Barr, for Thomas B. Watt, Jr., and Walter J. Nelson, doing business as Johnson's Trucking Service, Paul R. Blunt and James H. Lance, doing business as B & L Truck Lines, Sam W. Hobbs, and Roland Hougham, applicants.

Bertram S. Silver and Edward M. Berol for Siskiyou Mills, Williamette Builders Supply, J. F. Sharp Lumber Co., and Yellow Fir Lumber Co.; Gerhart Bendix for High-Ridge Lumber Co.; J. C. Kaspar and Arlo D. Poe, for California Trucking Associations, Inc.; and James Quintrall for Western Motor Tariff Bureau, interested parties.

G. L. Malquist and J. W. Mallory for the Commission's staff.

O P I N I O N

The applicants herein seek authority to transport forest products as highway contract carriers from Happy Camp, Seiad and

vicinities to Yreka, Hornbrook and Montague at rates less than those established by the Commission as minima. All of the applicants allege, among other things, that lower rates are justified by recent highway improvements between the points in question. In view of the allegations in the several applications the Commission, on March 27, 1956, ordered that hearings be held in Case No. 5432 in order that evidence might be received to determine to what extent, if at all, the minimum rates for the transportation in question should be adjusted.

Public hearing was held April 10, 1956 before Examiner J. E. Thompson at San Francisco. Because of the similarity of the issues, the applications and the case were heard on a common record.

The applicants requested that prior to consideration of the individual applications, the Commission receive evidence and make its determination of whether the minimum rates should be adjusted. Evidence was presented through two witnesses affiliated with carriers, three witnesses engaged in the operation of the manufacture and shipping of lumber, a senior transportation engineer of the Commission's staff and an associate transportation rate expert of the Commission's staff. Following the receipt of such evidence the matter of adjustment of the minimum rates was taken under submission and the applications were continued to a date to be set.

Timber cutting in the Klamath National Forest is regulated by the U. S. Forest Service. For purposes of such regulation, the forest has been divided into "working circles". The Happy Camp Working Circle, for example, extends from the California-Oregon border to a point approximately where State Highway 96 crosses the Klamath River south of Dillon Creek and from a line approximating

the boundary line of Siskiyou and Del Norte Counties to a line generally following Thompson Creek. Lumber mills in the Happy Camp Working Circle center about Happy Camp. The output of the mills is for the most part rough, unfinished lumber and veneering. It is the practice of the lumber manufacturers having mills in the area to ship the rough lumber and veneering to Yreka and vicinity for remanufacture there or for reshipment by railroad to other points for remanufacturing. Almost all of the lumber coming from the Happy Camp Working Circle moves by truck and trailer in loads of 40,000 to 50,000 pounds to the Yreka area. There is practically little or no movement of lumber transported by truck directly from the area to points beyond Yreka. Because of the regulation of timber cutting by the Forest Service, the mills have a fairly constant annual output. The weather conditions are such that the lumber season extends from 9 to 10 months each year. It is the practice of each of the mills to engage one carrier, or in one instance two carriers, to transport all of the output from the mill to the Yreka area.

East of the Happy Camp Working Circle the practices and circumstances are about the same as described above. The Seiad Working Circle extends generally along State Highway 96 from Thompson Creek to Hamburg and the Horsecreek Working Circle from Hamburg to Walker. Mills located in those working circles are either on the highway or less than 10 miles off of the highway.

The traffic from those areas moves along State Highway 96. In 1950, when the constructive mileages were last considered, State Highway 96 between its intersection with U. S. Highway 99 and Happy Camp had numerous stretches of one-way road, a considerable number of sharp turns and switchbacks and was not well paved. At that time, according to the testimony, because of the road conditions

and bridges with restricted load limits of 23 tons, lumber moved out of the area on trucks or tractor and semi-trailer units. The payloads hauled were usually not over 30,000 pounds. Since that time the highway has been improved by macadamizing the road, elimination of steep grades and switchbacks and one-way stretches as well as building of more suitable bridges. The usual manner of transporting lumber out of the area now is in truck and trailer units carrying 40,000 to 50,000 pounds. The round trip running time between Happy Camp and Yreka has been reduced from seven and one-half or eight hours to six or six and one-half hours.

An engineer of the Commission's staff testified respecting a survey he had made of the circumstances and conditions surrounding the transportation of lumber in the area. He stated that because of the conditions mentioned above, the carriers engaged in such transportation enjoy a very high use factor and are able to transport large payloads. He introduced a study he had made of the cost of transporting lumber between the points involved under the general prevailing conditions. A summary of the results of his study follows:

Full Cost in Cents per 100 Pounds
at
Operating Ratios of 100 and 90 Per Cent

	: Indian Creek to	: Happy Camp to	: Seiad to	:	:
	: Hornbrook	: Yreka	: Hornbrook	: Yreka	: Montague
<u>45,000 lb. Load</u>					
100%	12.8	13.1	11.9	12.3	10.4
90%	14.3	14.6	13.3	13.7	11.6
<u>40,000 lb. Load</u>					
100%	14.5	15.0	13.4	14.0	11.8
90%	16.1	16.7	15.0	15.6	13.1

The California Trucking Associations, Inc., suggested, in light of the evidence, that the following rates be established in Minimum Rate Tariff No. 2 as minimum rates in cents per 100 pounds subject to a minimum weight of 40,000 pounds:

Indian Creek to Hornbrook	16-1/2
Indian Creek to Yreka	17
Happy Camp to Hornbrook	16
Happy Camp to Yreka	16-1/2
Seiad to Montague	13-1/2

The carriers and the shippers participating in the proceeding supported the suggested rates. The associate transportation rate expert, on the other hand, stated that even though the transportation practices, circumstances and conditions appear to be uniform in the area, the favorable conditions are due to the individual carriers having available the entire output of their respective mills and because the lumber is speedily loaded and unloaded with fork-lift trucks. He stated that these conditions can change at any time through a change in policy of the shippers. He suggested that because of this it would be better to proceed under Section 3666 of the Public Utilities Code in connection with each application rather than to amend the minimum rates. He argued that the proposed rates will provide a reasonable return only if restricted specifically to the transportation conditions which have been shown and that if the proposed rates are adopted as minimum rates, they should be applicable only when the shipper loads and unloads the shipments and should not be allowed to be used in combination with other rates for through shipments beyond Yreka.

Conclusions

From the record it is clear that almost uniform transportation practices and circumstances provide unusually favorable conditions for the movement of lumber and veneering between the points involved. The favorable conditions appear to

apply to all of the carriers engaged in this transportation. Under such circumstances it would appear that reasonable rates for those carriers should become the minimum rates for the transportation of lumber and veneering between the points. The statements of the rate expert have been considered but are not persuasive in light of the record.

With respect to the favorable conditions being susceptible to sudden change it is true that the shippers or even the Forest Service could, if they were so disposed, alter practices and circumstances so that the carriers would no longer enjoy the high use factor and other favorable conditions; however, the favorable conditions are presently prevailing in the transportation under consideration here. Minimum rates should reflect the general prevailing conditions and not necessarily the most favorable or the least favorable.

The proposed rates in naming points such as Indian Creek, Happy Camp, Seiad and Yreka do not accurately reflect the geographical points for which the rates are proposed. From a geographical standpoint, Indian Creek has meaning only as a stream flowing from the Siskiyou Mountains into the Klamath River. It is clear, however,

that in the proceeding all of the parties understood Indian Creek to mean the location of several mills between six and seven miles north of where the stream of the same name crosses State Highway 96. These mills are the farthest of those involved herein from Yreka. In the same manner Happy Camp is meant to mean those mills in the Happy Camp Working Circle, no further distant than three miles from State Highway 96. Seiad means the mills presently located in the Seiad Working Circle. It happens that the mills are no farther than 10 miles from State Highway 96. It was also intended that the Seiad rate should apply to the Horsecreek Lumber Company Mill which is located directly on State Highway 96 at Horsecreek which is east of the Seiad Working Circle.

Yreka was not only intended to mean the area within the corporate limits of Yreka but also to include several lumber yards in the vicinity of, but outside of the corporate limits of Yreka.

It is apparent that the rates cannot be adopted in the form proposed but that certain modifications will have to be made so that the rates actually will apply on traffic for which they are intended.

Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds that the rates, together with the rules and regulations, applicable thereto specified in the order which follows, are just, reasonable and nondiscriminatory minimum rates for the transportation of lumber, timbers and veneering between the points named therein.

Applicants stated that if the proposed rates are established as minimum rates, they would not desire to proceed further with their applications. Accordingly, the applications will be dismissed.

O R D E R

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

IT IS ORDERED:

1. That Minimum Rate Tariff No. 2 (Appendix "D" of Decision No. 31606, as amended) be and it is hereby further amended by incorporating therein, to become effective June 1, 1956, Thirteenth Revised Page 7 Cancels Twelfth Revised Page 7, Eleventh Revised Page 9 Cancels Tenth Revised Page 9, and Fourth Revised Page 56-A Cancels Third Revised Page 56-A, which revised pages are attached hereto and by this reference made a part hereof.

2. That tariff publications authorized to be made by common carriers as a result of the order herein may be made effective on not less than five days' notice to the Commission and to the public if filed not later than sixty days after the effective date of the tariff changes here involved.

3. That in all other respects said Decision No. 31606, as amended, shall remain in full force and effect.

4. That the first supplemental application of Thomas B. Watt, Jr., and Walter J. Nelson and the applications of Sam W. Hobbs, Roland Hougham and Paul R. Blunt and James H. Lance be and they are hereby dismissed.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 8th day of May, 1956.

Edward E. Bell
President
Arthur J. Cravens
Paula J. Cravens
Thomas B. Watt, Jr.
Walter J. Nelson
Sam W. Hobbs
Roland Hougham
Paul R. Blunt
James H. Lance
Commissioners

INDEX OF COMMODITIES (Continued)

COMMODITY	Item Number	COMMODITY	Item Number
Lime, Chlorinated	730		
Liners	365		
Liners, Polished Rod	365		
Liners, Measuring	365		
Links	365		
Lipsticks, medicated (chap sticks)	395		
Liquid, cigar or cigarette lighter (M)	723-726		
Liquors; Malt	360; 600		
Liquors, Vinous	360, 600		
Lubricant, Grease Binder	723-726		
Lumber,	*660, 690, 700		
Lye, Concentrated	730		
Macaroni (M)	653, 654		
Macaroni, except canned	360		
Macaroni (prepared)	(1)		
Machines, Oil Well Pulling	365		
Machines, Rotary Drilling	365		
Maize	652; 652 $\frac{1}{2}$; 654		
Malt	652, 652 $\frac{1}{2}$, 654		
Malt, milk and cocoa compound	360, 375		
Malt Sprouts	652; 652 $\frac{1}{2}$; 654		
Malted milk	360, 375		
Mantel Shelves	660, 690		
Margarine	(M) 315, 605		
Mash	652, 652 $\frac{1}{2}$; 654		
Meal, Alfalfa	652 $\frac{1}{2}$; 653; 654		
Meal, Babassu Nut	652 $\frac{1}{2}$; 653; 654		
Meal; Bean Straw	652 $\frac{1}{2}$; 653; 654		
Meal; Clover	652 $\frac{1}{2}$; 653; 654		
Meal; Coconut	652 $\frac{1}{2}$; 653; 654		
Meal; Copra	652 $\frac{1}{2}$; 653; 654		
Meal; Corn Germ	652 $\frac{1}{2}$; 653; 654		
Meal; Corn Oil (M)	652 $\frac{1}{2}$; 654		
Meal, Cottonseed	652 $\frac{1}{2}$; 653; 654		
Meal; Fish	652 $\frac{1}{2}$; 653; 654		
Meal; Flaxseed	653; 654		
Meal; Gluten	652; 652 $\frac{1}{2}$; 654		
Meal; (Grain)	652, 652 $\frac{1}{2}$; 654		
Meal; Hemp Seed	652 $\frac{1}{2}$; 653; 654		
Meal, Kapok Seed	652 $\frac{1}{2}$; 653; 654		
Meal; Linseed	652 $\frac{1}{2}$; 653; 654		
Meal; Meat	652 $\frac{1}{2}$; 654		
Meal; Mesquite (M)	652 $\frac{1}{2}$; 654		
Meal; Palm	652 $\frac{1}{2}$; 653; 654		
Meal; Palm Kernel	652 $\frac{1}{2}$; 653; 654		
Meal, Peanut	652 $\frac{1}{2}$; 653; 654		
Meal, Perilla	653, 654		
Meal, Perilla Seed	652 $\frac{1}{2}$; 653; 654		
Meal, Rape Seed	652 $\frac{1}{2}$; 653; 654		
Meal, Rice	652 $\frac{1}{2}$; 654		
		Meal, Velvet Bean	652 $\frac{1}{2}$, 653, 654
		Meats, cooked, cured or preserved	(1)
		Meat other than fresh	360
		Meat Substitutes	360
		Mechanics' Tools (M)	365
		Medicine Cabinets	660, 690
		Middlings	652, 652 $\frac{1}{2}$, 654
		Military toilet kits	395
		Milk (condensed or evaporated) liquid	(1)
		Milk and cocoa compound	375
		Milk; dried	652 $\frac{1}{2}$, 654
		Milk, Malted	360, 375
		Milk; sour skim	652 $\frac{1}{2}$, 654
		Milk, sterilized	(1)
		Milo Maize	652, 652 $\frac{1}{2}$, 654
		Mince Meat	(1)
		Molasses	(1), 652 $\frac{1}{2}$, 654
		Molding, Carpenters'	660, 690
		Molding, Casing	660, 690
		Mud Mixer Parts	365
		Mustard	360
		Mustard (prepared)	(1)
		Noodles	360
		Noodles (M)	653, 654
		Nuts, edible, shelled	360
		Oats	652, 652 $\frac{1}{2}$; 654
		Oats, rolled	652; 652 $\frac{1}{2}$; 654
		Offal	652, 652 $\frac{1}{2}$, 654
		Oil, cooking	730
		Oil; Fish (M)	652 $\frac{1}{2}$, 654
		Oil; Olive	(1)
		Oil, (other than medicinal) (M)	723-726
		Oil, petroleum medicinal (M)	723-726
		Oil, Salad	(1), 730
		Olives	(1)
		Onion Chips	(1)
		Onion Powder	(1)
		Ornaments, Gable	660, 690
		Outfits, insect destroying (M)	723-726
		Outfits, Oil, Water or Gas Well	365
		Outfits, Wire Line Pumping	365
		Packers	365
		Paint, asphaltic (M)	723-726
		Paint, liquid (M)	723-726
		Paint, liquid or paste	377
		Pancling	660, 690

Meal, Safflower Seed	653, 654	Parts, Boiler (M)	365
Meal, Sesame Seed	652 ² , 653, 654	Parts, Mud Mixer	365
Meal, Soya Bean	652 ² , 653, 654	Paste, Alimentary	360
Meal, Sunflower Seed	652 ² , 653, 654	Paste, Confectioners'	360
Meal, Tucum Nut	652 ² , 653, 654	Paste, Tomato	(1)
		Peanut Butter	(1)

* Change, Decision No. **53044**

(1) See "Canned Goods and Other Articles as described in Item No. 610."

(2) Denotes articles on which application of rates is limited to mixed shipments.

EFFECTIVE JUNE 1, 1956

Issued by the Public Utilities Commission of the State of California,
Correction No. 680 San Francisco, California.

INDEX OF COMMODITIES (Concluded)			
COMMODITY	Item Number	COMMODITY	Item Number
Shoes, Casing	365	Tank Steel (M)	365
Shook, box or crate	660, 690	Tapioca	360
Shortening	360	Tapioca (M)	653, 654
Shorts	652, 652 $\frac{1}{2}$, 654	Tea	360
Shrock Kaffir	652, 652 $\frac{1}{2}$, 654	Telephone Cabinets	660, 690
Sideboards	660, 690	Temper Screws	365
Silo Material, wooden	660, 690	Templates, Box and Pin	365
Sinkboards	660, 690	Thief Hole Covers	365
Sink Sets	660, 690	Ties, railroad	660, 690
Skimmings	652, 652 $\frac{1}{2}$, 654	Timbers	700
Slips	365	Timbers, mining	660, 690
Smokestacks (M)	365	Timbers, rough	660, 690
Soap	730	Toilet Preparations	395
Soap, liquid	723-726, 730	Tongs, pipe	365
Soap Powder	730	Tonics	600
Soda (Beverage)	600	Tools, Drilling or Fishing	365
Soda, Washing	730	Tools, Mechanics (M)	365
Solvent (M)	723-726	Tooth Brushes	395
Solvent, Drain pipe	730	Towers, Atmospheric Water	(L) 365, 660
Soups	(1)	Cooling	690
Spaghetti (M)	653, 654	Traveling toilet kits	395
Spaghetti, except canned	360	Trucks, Steam Boiler (M)	365
Spaghetti (prepared)	(1)	Tubes, Boiler	365
Spaghetti and Cheese	(1)	Tubing, iron or steel, Plate or Sheet, Cast or Wrought	365
Spelt	652, 652 $\frac{1}{2}$, 654	Tubs, Cooling	365
Spices	360	Underreamers	365
Spiders	365	Valves (M)	365
Spindles	660, 690	Valves, Pump Working Barrel	365
Sprouts, Malt	652, 652 $\frac{1}{2}$, 654	Varnish	377
Spudding Shoes and Rings	365	Vegetable Oil Shortening	730
Stain, wood (M)	723-726	Vegetables (not dehydrated, dried, evaporated nor fresh)	(1)
Stair Work	660, 690	Veneering	*600, 690, 700
Stakes	660, 690	Vermicelli (M)	653, 654
Starch, liquid	730	Vermicelli, except canned	360
Staves	660, 690	Vermicelli (prepared)	(1)
Steam Boiler Trucks (M)	365	Vinegar	(1)
Steel, plate or sheet (M)	365	Wagons, Casing or Bit	365
Steps, pole, wooden	660, 690	Wainscoting	660, 690
Stirrups, Discon- nocting	365	Washing Powders	730
Stock, battery separator	660, 690	Washing soda	730
Stools, Window	660, 690	Water as described	600
Stout	310, 360, 600	Wax, automobile, boat, floor or furniture (M)	723-726
Straw	657, 658	Wedges	365, 660, 690
Sugar	360, 390, 740 750	Wedges, mine	660, 690
Swabs	365	Welsh Rarebit	(1)
Swivels, Hydraulic Rotary	365	Wheat	652, 652 $\frac{1}{2}$, 654
Syrup	(1)	Wheat, Egyptian	652, 652 $\frac{1}{2}$, 654
Syrup, Fruit	360	Wheels, Band, Bull or Calf	365
Syrup, grape juice	600	Witch hazel extract	395
Syrup, Malt	360, 600	Window Seats	660, 690
Tank Material, wooden	660, 690	Wine	400
Tanks, Iron or Steel (M)	365	Wire Rope (M)	365
Tanks, oil and gas separating (M)	365	Wobblers	365
		Wrenches	365
		Yeast	360

* Change)
Addition) Decision No. 53044

- (1) See "Canned Goods and Other Articles as described in Item No. 610."
- (2) Denotes articles on which application of rates is limited to mixed shipments.

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Correction No. 681

RATES ON THIS PAGE ARE NOT SUBJECT TO PROVISIONS OF SUPPLEMENT NO. 30

Fourth Revised Page 56-A

 Cancels

Third Revised Page 56-A

MINIMUM RATE TARIFF NO. 2

Item No.	SECTION NO. 3	COMMODITY RATES (Continued) (In Cents per 100 Pounds)	
	#LUMBER AND FOREST PRODUCTS, VIZ.: Lumber, Timbers and Veneering Minimum Weight 40,000 pounds (See Note 1).		
	FROM Production Zone (See Note 2)	TO Delivery Zone (See Note 3)	
		A(Hornbrook)	B(Yreka)
	1 (Seiad)	13	13½
	2 (Happy Camp)	16	16½
	3 (Indian Creek)	16½	17
	<p>NOTE 1.--(a) Rates are not subject to Item No. 85. The minimum weight applies to each unit of equipment.</p> <p>(b) Rates are intermediate in application from points located on or within one actual highway mile on either side of State Highway No. 96 between Hamburg and Gottville.</p> <p>(c) In the event the charge accruing under the rates provided in Section No. 2 or Item No. 69C of this tariff is lower than the charge accruing under the rates named herein the charge accruing under Section No. 2 or Item No. 690 will apply.</p>		
	<p>NOTE 2.--Production Zones are as follows:</p> <p>(a) Zone 1 (Seiad) includes that area within ten actual highway miles on either side of State Highway 96 extending from Hamburg to Thompson Creek.</p> <p>(b) Zone 2 (Happy Camp) includes that area within three actual highway miles on either side of State Highway 96 between Thompson Creek and the point opposite the confluence of Elk Creek and the Klamath River.</p> <p>(c) Zone 3 (Indian Creek) includes that area within ten actual highway miles on either side of State Highway 96 between Thompson Creek and the point opposite the confluence of Elk Creek and the Klamath River except that area included in Zone 2.</p>		
	<p>NOTE 3.--Delivery Zones are as follows:</p> <p>(a) Zone A (Hornbrook) includes that area within a radius of three air-line miles of the Southern Pacific Co. Depot at Hornbrook.</p> <p>(b) Zone B (Yreka) includes that area within a radius of six air-line miles of the intersection of Main Street and Miner Street, Yreka, and including all team tracks, side tracks, and spur tracks, together with loading areas, platforms and industries directly adjacent thereto, of the Southern Pacific Co. at Montague.</p>		
	# Addition) & Reduction)	Decision No. 53044	
EFFECTIVE JUNE 1, 1956			
Issued by the Public Utilities Commission of the State of California, San Francisco, California.			
Correction No. 682			

6700-D
Cancels
700-C