

ORIGINAL

Decision No. 59403

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
RAVISCIONI TRUCKING, INC., a corpora-)
tion, for an order authorizing de-)
parture from the rates, rules and)
regulations of Minimum Rate Tariff)
No. 2, pursuant to the provisions of)
Section 3666 of the Public Utilities)
Code for the transportation of)
Alfalfa Pellets from the Murietta)
Farms Plant, twelve miles southwest)
of Mendota of Kerman.)

Application No. 41354

Sherwood Green, for applicant.
J. C. Kaspar, A. D. Poe and J. X. Quintrall,
for California Trucking Associations, Inc.;
Ralph Hubbard, for California Farm Bureau
Federation; interested parties.
A. R. Day and John F. Specht, for the Commis-
sion's staff.

O P I N I O N

Raviscioni Trucking, Inc., operates as a radial highway common carrier and as a highway contract carrier between points in this state. By this application, as amended, it seeks authority to transport alfalfa pellets in bulk from Murietta Farms^{1/} to Kerman for Madera Milling Company at a rate less than that established as minimum.

Public hearing of the application was held before Examiner Carter R. Bishop at Madera on September 24, 1959.

The present rate for the transportation here under consideration is 8½ cents per 100 pounds, subject to a minimum

1/ Murietta Farms is located on State Highway No. 33 about 12 miles southwest of Mendota.

weight of 40,000 pounds^{2/}. Applicant seeks in lieu thereof a rate of 5 cents per 100 pounds, minimum weight 45,000 pounds.

Testimony of applicant's president shows that the carrier has been transporting alfalfa pellets (an animal feed) and other commodities for the aforesaid milling company for several years; that in April of this year the latter company established a new plant at Murietta Farms for the production of alfalfa pellets and that shortly thereafter applicant began transporting the entire output of the plant from Murietta Farms to the milling company's warehouse at Kerman.

The type of transportation here in issue, the president stated, is an unusually efficient one. The movement is performed in so-called sets of doubles, each consisting of a tractor and two hopper-bottom trailers. Both loading and unloading of trucks are accomplished very quickly by gravity. There is no delay at either point of origin or destination, and loading and unloading may be accomplished at carrier's convenience any time during the 24-hour period. The average number of round trips is three per day and the average load is 25 tons. The equipment is empty on the return movement from Kerman to Murietta Farms. No commodities other than alfalfa pellets are transported by applicant between these points.

Applicant's accountant introduced an exhibit reflecting his calculations of estimated operating results under the sought rate. Applicant had made no actual cost analysis of the operations here in issue. The accountant utilized in his calculations a

^{2/} At the time of the hearing the applicable rate, according to the record, was 6½ cents per 100 pounds, minimum weight 30,000 pounds, plus a surcharge of 10 per cent, per Item No. 654½-C of Minimum Rate Tariff No. 2. Effective October 30, 1959, the present rate was established, per Items Nos. 652½-C and 654½-E of the aforesaid tariff.

hypothetical cost per mile which had been developed in a study prepared for Murietta Farms by a transportation consultant. That study did not, in any respect, include operating expenses of applicant.

It is, therefore, of no value for the purposes of this proceeding.

The application includes a revenue and expense statement reflecting applicant's over-all operations for the first six months of 1959. After the accountant had adjusted the figures in the expense portion of this statement, by adding allowances for managerial salary of the president and driver services of another member of his family, and by making appropriate deductions from the items of insurance, taxes, licenses and permits, which had been paid on an annual basis, he divided the resultant total expense figure by the total vehicle mileage of the carrier for the same six month period to arrive at an over-all cost per mile. This latter figure, as modified to reflect a further adjustment in total expenses by the elimination therefrom of interest payments, is 26.4 cents per mile.

The foregoing cost figure purports to be an average for all of applicant's operations for the first six months of 1959. Its president testified that the particular transportation embraced by this proceeding is, for the reasons hereinbefore set forth, by far the most efficient of all the services rendered by his company. He was firmly of the opinion that the full per-mile cost of hauling alfalfa pellets from Murietta Farms to Kerman, including the empty return movement of the vehicles, would be less than the above-stated "system" average cost.

By applying said cost of 26.4 cents per mile to the total daily mileage (based on three round trips) between Murietta Farms and Kerman, an estimated cost for the service in question of \$38.65 per day is produced. This latter amount, when subtracted from the revenue (at minimum weight of 45,000 pounds) which would be earned

under the proposed rate, namely, \$67.50 per day, produces an estimated net operating revenue per day of \$28.85, reflecting an operating ratio, before income taxes, of 57.3 per cent.

According to applicant's president, there are strong indications that if the relief sought herein is not granted, Madera Milling Company will itself undertake to perform the services in question by the purchase or lease of suitable vehicles and operation of same. Under such circumstances, the president said, the traffic here in issue, and probably other traffic as well, would be lost to the carrier.

No one opposed the granting of the application. Representatives of the California Farm Bureau Federation, California Trucking Associations, and of the Commission's transportation Engineering Economics Branch and its Rate Branch assisted in the development of the record.

As previously stated, no specific study has been made of the cost of performing the service for which rate relief is sought herein. However, the record contains sufficient evidence upon which to reach the conclusion that applicant will be able to perform the transportation of alfalfa pellets in bulk from Murietta Farms to Kerman at the sought rate on a compensatory basis.

The Commission is of the opinion and hereby finds that the proposed rate of five cents per 100 pounds is reasonable. The application will be granted. Because the conditions under which service is performed may change at any time, the authority will be made to expire at the end of one year, unless sooner canceled, changed or extended by order of the Commission.

Applicant asks that the effective date of the order granting rate relief be made effective on the date of its issuance. This request, however, has not been justified. It will be denied.

ORDER

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

IT IS ORDERED that:

1. Raviscioni Trucking, Inc., operating as a highway contract carrier, be and it is hereby authorized to transport alfalfa pellets in bulk from Murietta Farms to Kerman at a rate less than the established minimum rate, but not less than five cents per 100 pounds, subject to a minimum weight of 45,000 pounds.

2. 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.

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

Dated at San Francisco, California, this 15th day of December, 1959.

[Signature]
 President

[Signature]

[Signature]

[Signature]
 Commissioners