

Decision No. 61054**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SIERRA DISTRIBUTING, LTD., a)
 California corporation, for author-)
 ization to transport trisodium)
 phosphate for Procter & Gamble Co.,)
 in California at a rate below)
 Minimum Rate Tariff Number 2.)

Application No. 41230

Additional Appearances

J. C. Kaspar, for California Trucking Associations,
 Inc., interested party.
Thomas W. Morley and A. R. Day, for the Commission
 staff.

OPINION ON REHEARING

By Decision No. 60026, dated May 3, 1960, in this proceeding, the Commission denied the application of Sierra Distributing, Ltd., a highway contract carrier, for authority to charge less than the minimum rates named in Minimum Rate Tariff No. 2 for the transportation of chlorinated trisodium phosphate from Richmond to Sacramento for the Procter & Gamble Company. The denial was based mainly on applicant's failure to present any evidence relating to the cost of performing the service. Applicant has petitioned for rehearing, stating that it is now prepared to present cost evidence.

Rehearing was granted by the Commission, by order dated August 2, 1960, and was held before Examiner William E. Turpen at Sacramento on October 11, 1960.

The authority sought by applicant is to assess the Class E rate, subject to a minimum weight of 45,000 pounds, instead of the

now applicable 5th Class rate, subject to a minimum weight of 36,000 pounds.^{1/} The conditions surrounding the transportation here involved are described in detail in Decision No. 60026. It is not necessary to repeat that discussion herein. At the rehearing, both the applicant and the shipper stated that conditions have not changed since the original hearing in March, except for a slight increase in volume.

Applicant's president and general manager testified as to the costs of performing the transportation. He testified that he keeps cost control data on the various segments of his company's operations. As the movement of the phosphate would always consist of a back-haul following a shipment of other commodities to Richmond and other Bay Area points for Procter & Gamble, the witness explained how he developed the cost of a round trip from Sacramento to the Bay Area. He stated that the full cost of such a round trip amounts to \$149.69. The witness stated that the average load to the Bay Area from Procter & Gamble amounts to 47,250 pounds, and that the lowest rated commodity carried bears a rate of 33 cents per 100 pounds, which would produce revenues of \$155.92, or more than the cost even when the trucks return empty, as is usually the case.

According to the president, on a trip when phosphate is to be transported from Richmond, the outbound haul from Sacramento would be limited to 25,000 pounds from Procter & Gamble, due to the necessity of transporting the empty containers in which the phosphate is carried. Such a trip would produce revenues of \$82.50 on the 25,000 pounds, and \$16.50 on the empty containers, or a total of \$99.00. Under the rate proposed here, the 45,000 pounds of phosphate

^{1/} The 5th Class rate named in Minimum Rate Tariff No. 2 applicable from Richmond to Sacramento is 31 cents per 100 pounds. The Class E rate is 21 cents per 100 pounds.

would produce revenues of \$97.90. This, then, the witness said, would provide total revenues for the round trip of \$196.90, compared to a cost of \$149.69.

From the evidence adduced at the rehearing, it is now clear that, under the conditions surrounding the transportation here involved, the total revenues for the round trip movement under the proposed rates will exceed the cost of providing the service. In the circumstances, the Commission is of the opinion and hereby finds that applicant's proposed Class E rating is reasonable. The application will be granted. Because the conditions under which the service is performed may change at any time, the authority will be limited to a one-year period. As Decision No. 60026, which denied this application, became effective, the order therein will be revoked.

ORDER ON REHEARING

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

IT IS ORDERED:

1. That the Order in Decision No. 60026, dated May 3, 1960, in this proceeding, be and it is hereby revoked.
2. That Sierra Distributing, Ltd., be and it is hereby authorized to assess a rate on the level of the Class E rate in Minimum Rate Tariff No. 2, (including applicable surcharge), subject to a minimum weight of 45,000 pounds, for the transportation of chlorinated trisodium phosphate from Richmond to Sacramento for the Procter & Gamble Company.

3. That the authority hereinabove granted shall expire one year after the effective date of this order unless sooner canceled, changed, or extended by order of the Commission.

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

Dated at San Francisco, California, this 15th day of November, 1960.

[Signature]
President

[Signature]

[Signature]

[Signature]

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Commissioners