

**ORIGINAL**Decision No. 51456

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 CLARK COFFELT, doing business as )  
 an individual, for permission for )  
 relief from the Tariff provisions )  
 requiring weight being obtained on )  
 each shipment, and for authority to )  
 assess rates based upon a unit of )  
 measurement different from that in )  
 which the minimum rates and charges )  
 in Tariff No. 2 are stated. )

Application No. 41925

Pete H. Dawson, for applicant.  
Albert R. Day, for the Commission staff.

O P I N I O N

Clark Coffelt, an individual, operates as a highway contract carrier of lumber between points in the Humboldt Bay area. By this application, as amended, he seeks authority to transport lumber for Brightwood Lumber Company from its sawmill near Arcata to the latter point, at a rate which is less than the applicable minimum rate. Applicant also seeks relief from certain other provisions of outstanding minimum rate orders.

Public hearing of the application was held before Examiner Carter R. Bishop at Eureka on September 16, 1960. With the filing of a revised cost study, by applicant, on October 28, 1960, the matter was taken under submission.

The movement here in issue is from the above-mentioned plant of Brightwood Lumber Company, located 2.7 miles west of Arcata, to the planing mill of All-Brite Lumber Company at the latter point. The applicable minimum rate for this transportation

is a distance commodity rate of  $4\frac{1}{2}$  cents per 100 pounds, subject to a minimum weight of 44,000 pounds, as set forth in Item No. 690 series of Minimum Rate Tariff No. 2.<sup>1/</sup> Petitioner seeks authority herein to apply, in lieu thereof, a rate of  $2\frac{1}{2}$  cents per 100 pounds, minimum weight 44,000 pounds.

Additionally, petitioner seeks relief from the requirement that shipments be weighed. Instead, he proposes to utilize, in connection with the sought rate, an estimated weight of three pounds per board foot.

Applicant testified that he has been transporting rough lumber between the above-mentioned mills for the past eleven years. As the operation is presently conducted three drivers, each working an eight-hour shift, transport an aggregate of 750,000 pounds of lumber per day from the Brightwood mill to the planing mill in Arcata. Practically all of applicant's truck operations are devoted to this haul.<sup>2/</sup>

The transportation here in issue, the record discloses, is an unusually efficient one. Loading and unloading are quickly accomplished by the use of fork-lift trucks, and there is practically no standby time at either mill. Loading and unloading are performed by mill employees and equipment. The movement between the mills is carried on approximately 17 hours each work day.

In support of the request for relief from the necessity of weighing shipments and for authority to assess transportation charges

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<sup>1/</sup> Effective September 23, 1960 the minimum rate for the distance involved herein was increased from 4 cents to  $4\frac{1}{2}$  cents per 100 pounds.

<sup>2/</sup> According to the record, there is a relatively small amount of backhaul movement of rejected lumber from Arcata to the Brightwood mill. Also, applicant occasionally transports lumber from Arcata to the Eureka docks.

on the basis of an estimated weight in lieu of actual weights, applicant testified as follows: The direct route between sawmill and planing mill is 2.7 miles. There is no public scale on this route. To go to the nearest scale with a load involves an additional round-trip distance of 1.6 miles beyond the destination mill. This extra haul consumes approximately 23 minutes. Test weights have been made by applicant which indicate that the average weight of the lumber transported by him for Brightwood Lumber Company is three pounds per board foot. As hereinbefore stated, this is the estimated weight for which authority is herein sought.

Applicant testified concerning a study which he had made of the estimated costs of operation of the transportation services involved herein. The study, revised as hereinbefore stated, purports to show what the costs would be if an estimated weight were used and applicant's trucks were not required to make the off-route haul to the scale. According to the study, the use of the sought rate of  $2\frac{1}{2}$  cents per 100 pounds under the above-stated circumstances would result in monthly gross operating revenue of \$4,062, gross operating expense of \$2,942 and net operating revenue before income taxes, of \$1,120. This last figure applicant converted to a 12-month net income for the operations here in issue of \$13,440. These estimates of revenues and expenses reflect an estimated operating ratio under the sought rate of 72.5 percent, before income taxes.

In his estimate of operating expenses applicant made provision neither for depreciation expense nor for his compensation as manager of the trucking operation. To this extent the estimated operating expenses are understated. Applicant explained that his vehicles are fully depreciated, and that his compensation as manager is included in the profits.

It appears that a management salary for applicant should be included in the estimate of operating expenses. Also, while applicant's equipment is fully depreciated, it is clear that the operation in question cannot continue indefinitely without provision for depreciation expense. If reasonable allowances were included for these expenses, the estimated operating ratio under the sought rate, before provision for income taxes, would not exceed 90 per cent.

One of the partners of Brightwood Lumber Company testified that if the sought rate were not authorized his company would find it necessary to perform the transportation in question with its own equipment. This, he stated, the company is able to do, as it is already engaged in other proprietary trucking operations. His company, he further testified, hoped that such action would not be necessary, as the services of applicant have been eminently satisfactory.

No one opposed the granting of the application.

After careful consideration of all the evidence of record we are of the opinion and hereby find that the proposed rate of 2½ cents per 100 pounds will be reasonable. We further find that the sought relief from the weighing requirement of the minimum rate tariff, and the use in lieu thereof of an estimated weight of three pounds per board foot of lumber have been justified. 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.

ORDER

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

IT IS ORDERED that:

1. Clark Coffelt, operating as a highway contract carrier, is hereby authorized to transport lumber between the mill of Brightwood Lumber Company, located approximately three miles west of Arcata, and Arcata, at a rate less than the established minimum rate, but not less than 2½ cents per 100 pounds, subject to a minimum weight of 44,000 pounds.

2. Applicant is hereby authorized to assess charges for the transportation described in numbered paragraph 1 of this order on the basis of an estimated weight of three pounds per board foot of lumber, in lieu of actual weights.

3. 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 7th day of FEBRUARY, 1961.

[Signature]  
 President

[Signature]

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Frederick B. Hallock  
 Commissioners