

Decision No. 61627**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 L. G., Inc., a corporation, for authority
 to depart from minimum rates, rules, and
 regulations applicable or to become
 applicable in connection with certain
 transportation to be performed for
 FALSTAFF BREWING COMPANY.

Application No. 42958

OPINION AND ORDER

L. G., Inc., a California corporation with principal place of business in San Jose, is engaged in the business of transporting property as a highway permit carrier. It transports malt liquors in bottles and in cans, and empty containers returning, from the San Jose plant of Falstaff Brewing Co. to points within a radius of 125 miles of San Francisco under the monthly vehicle unit rates provided in Minimum Rate Tariff No. 2.

In Decision No. 60621 dated August 23, 1960, in Case No. 5432, Petitions for Modifications Nos. 178 and 181, the Commission ordered that the monthly vehicle unit rates in Minimum Rate Tariff No. 2 be increased. L. G., Inc., together with Continental Can Co., petitioned for rehearing, which petitions were granted. After it filed the petition but before rehearing was held, L. G., Inc., simultaneously with the filing of this application, requested the Commission to discontinue rehearing in the above matter insofar as the receipt of any evidence from L. G., Inc., may be involved. In its application, it states that it did this because the cost figures, which its cost accountant developed for the purpose of the rehearing, are peculiar to the unusually favorable circumstances of the transportation it performs for Falstaff Brewing Company.

The Commission has today issued its decision on rehearing in Case No. 5432, Petitions Nos. 178 and 181. The monthly vehicle unit rates were established at the same levels as their counterparts in City Carriers' Tariff No. 1-A (Rate Basis A), City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A (Rate Basis B) and Minimum Rate Tariff No. 5 (Rate Basis C).

The following table compares the rates proposed by applicant with the minimum rates established on rehearing as described above.

Monthly Vehicle Unit Rates
(Exclusive of Saturdays, Sundays and Holidays)
Capacity of Equipment over 40,000 Pounds

	Applicant's Proposal	Minimum Rate Tariff No. 2 Rate Basis		
		A	B	C
Basic Rate Per Month	\$1,350	\$1,155	\$1,205	\$1,200
Maximum Miles	1,050	672	1,050	1,050
Excessive Mileage Rate	22¢	30¢	30¢	18½¢
Excessive Hours Rate	\$5.40	\$6.95	\$6.85	\$5.54

Minimum Rate Tariff No. 2 provides that when service is performed between or within more than one Rate Basis, such combined transportation shall be subject to the highest charge applicable under the provisions of either Rate Basis under which the combined transportation is performed (Item 760 (i)).

Applicant states that vehicle movements involving 4,125 miles and 188.8 hours per month is typical of its operations conducted for Falstaff Brewing Co. The following compares the charge for such transportation computed under the proposed rates with those under the several bases prescribed in Minimum Rate Tariff No. 2.

	Proposed	Rate Basis		
		A	B	C
Basic Rate	\$1,350.00	\$1,155.00	\$1,205.00	\$1,200.00
Excessive Mileage	676.50	1,035.90	921.50	568.88
Excessive Hours (20.8)	115.23	144.56	142.48	115.23
Total	\$2,141.73	\$2,335.46	\$2,268.98	\$1,884.11

The operations conducted by applicant include transportation to San Francisco, therefore Rate Basis A would provide the lowest lawful charges that could be assessed for such transportation.

Applicant presented an analysis of the cost of performing transportation for Falstaff Brewing Company. The following shows the results of such analysis applied to the transportation referred to above. The expenses are based upon cost levels as of October 1, 1960.

Expenses:

Labor 168 hours @ \$3.203	\$ 538.10
20.8 hours @ \$4.103	85.34
Running Costs, 4,125 miles @ \$.156	643.50
Fixed vehicle cost	<u>278.33</u>
Total Direct Expense	\$1,545.27
Indirect (12.5% of Direct)	193.15
Gross Receipts (7.756% of Revenue)	<u>166.11</u>
Total Expenses	\$1,904.53
Total Revenue	<u>2,141.73</u>
Net Revenue	\$ 237.20
Operating Ratio	88.9%

The following compares the proposed rates with the costs developed by applicant for the services involved. The basic monthly rate, and the costs developed therefor, reflect transportation service for 1,050 miles during 21 days of 8 hours each. The excessive mileage rates and the rates for excessive hours are to be assessed for miles operated or time expended in addition thereto.

	<u>Proposed Rate</u>	<u>Cost</u>
Monthly Usage	\$1,350.00	\$1,195.48
Excessive Mileage	22 cents	19.1 cents
Excessive Hours	\$5.40	\$5.004

All interested parties participating in the rehearing in Case No. 5432, Petition for Modification No. 178, were made aware of the authority being sought herein. No one has protested the granting of the authority. From the facts recited in the application and the

exhibits attached thereto, we find that the proposed rates are reasonable for the transportation on which they are to apply and that a public hearing is not necessary, therefore,

IT IS ORDERED that L. G., Inc., is authorized to transport property between the San Jose plant of Falstaff Brewing Company, on the one hand, and points within 125 actual miles of said plant, on the other hand, at the monthly vehicle unit rates set forth in Appendix A attached hereto, and by this reference made a part hereof, subject to the limitations and conditions set forth in said Appendix A.

IT IS FURTHER ORDERED that the authority herein granted shall expire February 28, 1962, unless sooner canceled or extended.

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

Dated at San Francisco, California, this 7th day of March, 1961.

President
E. J. [Signature]

George D. [Signature]

Fredrick B. [Signature]

Commissioners

Schedule of Minimum Monthly Vehicle
Unit Rates for Transportation of
Property for Falstaff Brewing Company

Rates per month in dollars per unit of Carrier's equipment:

<u>Capacity of Carrier's Equipment in Pounds</u>	<u>Base Rate</u>
40,000 lbs.	1,350

Subject to the following conditions:

(a) Rate includes exclusive monthly use of equipment except Saturdays, Sundays, New Year's Day, Washington's Birthday, Memorial Day, Christmas, Fourth of July, Labor Day, Thanksgiving Day, and December 24th.

(b) Rate applies for a maximum mileage of 1050 miles and is limited to 3 hours out of each 9 consecutive hours per day. For use in excess of this, a charge of 22 cents shall be made for each additional mile of operation per month, and of \$5.40 for each additional hour per day.

(c) Rate applies only to operation of equipment in the area within 125 actual miles of the San Jose plant of Falstaff Brewing Company, and only to movement of traffic which has either origin or destination at the Falstaff plant in San Jose.

(d) Rate applies for a calendar month or for 30 days from the date specified in the written agreement hereinafter described.

(e) The rate includes the service of a driver only. Additional help will be supplied at the rate of \$4.30 per man hour, or any fraction thereof, minimum charge one hour for each man used. Time for computing charges for extra help shall not be less than the actual time engaged in performing service. The minimum charge shall be at the rate of one hour for each helper used.

(f) The rate applies only when prior to use of equipment a written agreement is made subject to the conditions herein specified covering the specific use of an identified unit of equipment of the specified capacity for a period of not less than 30 successive days.

(g) The written agreement shall include the following information:

- (1) Date of agreement, date transportation service is to commence, the monthly period, and duration of the agreement.
- (2) Identification of the equipment by license number or otherwise.
- (3) Capacity of equipment as shown on equipment list filed with the Commission.
- (4) Base rate and maximum mileage per month, and maximum hours per day.
- (5) Rates per mile for excess mile and per hour for excess hours.
- (6) Basing point of operations and counties in which service is to be performed.
- (7) A clause that the agreement is canceled if the charges are not remitted by the shipper and collected by the carrier as required by Condition (h).
- (8) The agreement shall be in substantially the following form:

Date _____

In accordance with the provisions of Decision No. _____, in Application No. _____, I hereby elect to have _____

_____ (Identify Transaction) transported by _____ under the rates and

_____ (Name of Carrier) provisions of said decision, subject to the following terms:

Easing Point _____ (Street Address) _____ (City)

Counties of Service _____

Period of Agreement _____

Capacity of Equipment _____ pounds.

Identification of Equipment _____

Type of Service to be Performed _____

Maximum Mileage _____

Base Monthly Rate \$ _____

Rate per Mile for Excessive Mileage _____

Rate per Hour for Excessive Hours _____

Shipper _____ (Name in Full) By _____ (Name in Full)

Confirmed: Carrier _____ By _____

NOTE: This agreement is canceled if the charges are not remitted by the shipper and collected by the carrier as provided for in said decision.

(h) Within 7 calendar days after the end of the monthly period as set forth in the written agreement, the carrier shall present a bill to the shipper which shall set forth:

- (1) The monthly transaction period.
- (2) Identification of equipment.
- (3) Base monthly rate.
- (4) Maximum mileage as provided in written agreement.
- (5) Mileage in excess of maximum, and rate and charges therefor.
- (6) Number of hours in excess of 8 hours per day, and rate and charges therefor.
- (7) Number of hours for helper, and rate and charges therefor.
- (8) The freight bill shall be in substantially the following form:

FREIGHT BILL FOR TRANSPORTATION OF PROPERTY AT MONTHLY VEHICLE UNIT RATES

Name of Carrier _____ Bill No. _____
(Name of Carrier must be same as shown on Permit) Permit No. _____

NAME OF SHIPPER _____

STREET ADDRESS _____

CITY _____

Period equipment unit is engaged and identification of equipment:	Date Started	Date Completed	Base Rate	Charges

Miles Operated _____ Maximum Miles _____
Number of Excessive Miles _____ Rate per Mile _____

Number of Excessive Hours _____ Rate per Hour _____

Number of Hours for Helpers _____ Rate per Hour _____

Other Charges _____

Total to Collect _____

Certification of Data:

Shipper _____ Carrier _____

By _____ By _____

(i) Within 20 days after the completion of the monthly transaction period the shipper shall remit and the carrier shall collect the charges, or, in the event shipper does not agree with the charges so determined, he shall within the aforementioned 20-day period notify the carrier of the exceptions taken to the charges.

(j) The original or a copy of the written agreement and the freight bill shall be retained and preserved by the carrier, subject to Commission inspection, for a period of not less than three years from the date of their issuance.