

Decision No. _____

64107

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Petition of)
 VINCENT GANDUGLIA TRUCKING, a)
 corporation, for an order author-)
 izing departure from the rates,)
 rules and regulations of Minimum)
 Rate Tariff No. 2 pursuant to the)
 provisions of Section 2 Items 500)
 Series, Class rates for hauling.)

Application No. 44263

William P. Irwin and A. R. Kerstetter, for
Vincent Ganduglia Trucking, applicant.
J. K. Miller, Arlo D. Poe and J. K. Quintrall,
for California Trucking Associations, Inc.,
interested party.
Henry E. Frank and George H. Morrison, for the
Commission staff.

O P I N I O N

By this application, filed March 13, 1962, Vincent Ganduglia Trucking seeks authority, under Section 3666 of the Public Utilities Code, to charge less than the minimum rates named in Minimum Rate Tariff No. 2 for the transportation of clay (Bentonite) from the plant of Wilbur Ellis Co., doing business as Fresno Agricultural Chemical Company, at Fresno.

Public hearing on the application was held before Examiner William E. Turpen at Fresno on May 10, 1962. Evidence was presented by several witnesses on behalf of applicant. Representatives of the California Trucking Associations and of the Commission's staff assisted in developing the record.

The record shows that the shipper, Fresno Agricultural Chemical Company, has its mill at Fresno at which it grinds the crude clay into a powder and ships it in 100-pound paper multiwall

bags. The crude clay is brought from the shipper's deposits located about 100 miles away. The ground clay takes a rating of Class C subject to a minimum weight of 40,000 pounds. Applicant seeks authority to apply a Class E rating.

The shipper's production manager testified that his company formerly used applicant's services for the transportation of clay, but found that the Class C rates increased the delivered cost of the clay so that for the longer hauls his company could not compete in price with clay shipped by rail from Wyoming. The witness said that a little over a year ago his company leased a truck and since then has been performing its own transportation. He said, however, that such an arrangement has not been entirely satisfactory, and if the sought Class E rating is authorized, his company will again use for-hire trucking.

Attached to the application was a statement showing ten actual shipments (commodity not shown) which if rated at Class E would have produced total revenues of \$1,408. The statement also alleges that cost studies show the cost to be 65 cents per mile, and if applied to the total miles of the ten shipments, would produce a total cost of \$1,197. Applicant did not supply details of how the cost studies were made.

An accountant testified he had made an analysis of all shipments handled by applicant during the period October 1 to 18, 1961. Of a total of 79 truckloads, 18 were subhauls. The remaining 61 shipments involved several different commodities, of which 49 were fertilizer and only 4 were clay. The accountant determined the average weight and distance of these shipments and then calculated that if all of the 61 shipments had been rated Class E applicant would have received 32 percent more revenue than actually

was received. He then concluded that since applicant showed a 2.8 percent profit in 1961, a Class E rating on clay would increase applicant's profit.

We have repeatedly stated that in applications seeking rates less than the minimum rates under Section 3666, a showing that the proposed rate will exceed the cost of providing the service is indispensable in order to make the necessary finding that the proposed rate is reasonable. Applicant offered no evidence relating to the costs of providing the transportation for which the authority is sought. About the only conclusions that can be reached from the evidence offered by applicant is that it has transported a number of shipments of various commodities which collectively produced less revenue than if they had all been rated at Class E, and that it believes the costs incurred in handling such shipments were less than the revenues received. The record does not enable us to determine if the same costs would be incurred if these shipments had been clay.

It is clear that applicant has not shown that the proposed rating will provide revenues which would exceed the cost of performing the service. Also, the record does not contain any other evidence which would show that the proposed rate is reasonable. Therefore, the Commission hereby finds that the less-than-minimum rate sought herein has not been shown to be reasonable. The application will be denied.

O R D E R

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

IT IS ORDERED that Application No. 44263 be and it is hereby denied.

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

Dated at San Francisco, California, this 14th day of AUGUST, 1962.

George J. Grover
President
Robert K. Ditchell
Fredrick B. Holoboff
Commissioners

C. Lyn Fox

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.