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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 OTTO TURK, a contract carrier, for)
 authority to charge less than mini-)
 mum rates on shipments of groceries)
 and related items, under Section)
 3666, Sacramento to Oroville. }

Application No. 44382

Otto Turk, applicant.Arthur F. Burns and Geo. H. Morrison,
for the Commission staff.O P I N I O N

Public hearing was held before Examiner J. E. Thompson at Oroville on July 12, 1962 and the matter was submitted.

Applicant is a highway contract carrier whose principal business is the transportation of property for Currier Brothers Market of Oroville. His operations follow a regular pattern. Each month he transports about ten loads of groceries from Valley Wholesale Co., Sacramento, five loads of feed from Stockton and one load of salt from Newark, all of said shipments having point of destination at Currier Brothers Market in Oroville. In addition, he usually has one load of beverages from Oroville to Susanville each month and, whenever it does not interfere with his scheduled services for Currier Brothers, he transports one or two shipments per month for other shippers.

By this application, he seeks authority to transport groceries and other articles from Valley Wholesale to Currier Brothers at a rate of 22 cents per 100 pounds, minimum weight

30,000 pounds. Applicant testified that Currier Brothers has informed him that unless the authority sought is granted, they will obtain their own truck, in which case applicant would lose virtually all of the business he now enjoys.

Applicant estimated that his cost of operation amounted to 27 cents per mile. He presented in detail the expenses that he has incurred and is likely to have in the future, as well as his schedule of operations. He operates one unit of power equipment, namely, a 1955 Mack three-axle truck and a 1949 van-type two-axle trailer. Applicant drives the truck and performs some of the maintenance and repair work. The equipment is garaged at Currier Brothers at no cost to the applicant. There are specified times when applicant is required to be at Valley Wholesale for loading. Employees of that company assist in the loading of the shipments. At Currier Brothers, employees of that company unload the vehicles. Although the vehicles are in use for as much as nine hours in connection with said shipments, because the truck is unloaded by Currier Brothers and is garaged at their place of business, applicant, as driver of the truck, is not required to be engaged during the entire time. Ninety-five percent of the shipments weigh 40,000 pounds or more.

In proceedings under Section 3666 of the Public Utilities Code, one of the tests of the reasonableness of the proposed rate is that the revenue from the transportation will exceed the reasonable cost of providing the service. The latter does not necessarily mean the actual recorded cost. Where the ownership of the carrier is vested in an individual, as is the case here, books of account often do not reflect compensation to that individual for driving,

doing repair work, or performing the bookkeeping. In determining the reasonable cost of providing services at less than the minimum rates, it is ^{appropriate} ~~necessary~~ to consider that the work is being done at wages and under working conditions not less than those prevailing in the area involved.

As stated above, applicant made a presentation of all of the facts necessary to determine a reasonable cost of providing the transportation here involved. On the basis of such presentation, we find the following to be the reasonable cost per trip of transporting groceries and related articles from Valley Wholesale Co., Sacramento, to Currier Brothers Market, Oroville, in shipments of 40,000 pounds as performed by applicant.

Expenses:

Maintenance & Repair ^{1/}	\$ 8.00
Labor Cost ^{2/}	37.50
Fuel	3.00
Tires	3.00
Insurance	3.00
Licenses and Taxes	3.50
Administrative	3.50
Depreciation	<u>10.00</u>
Total	\$76.50

^{1/} 160 miles @ 5 cents per mile.

^{2/} Includes estimated wages and other payroll expenses under conditions prevailing in the area involved.

At the proposed rate of 22 cents per 100 pounds the charge for transporting 30,000 pounds, the proposed minimum weight, is \$66. The proposed rate is not reasonable. Applicant testified that 95 percent of the shipments weight 40,000 pounds or more. The rate of 22 cents per 100 pounds on 36,000 pounds will provide

a charge of \$79.20. Upon consideration of all of the facts and circumstances, we find that a rate of 22 cents per 100 pounds, minimum weight 36,000 pounds, is reasonable for the transportation by applicant of groceries and related articles from Valley Wholesale Co., Sacramento, to Currier Brothers Market, Oroville.

Some articles transported are not included in the list of articles described as groceries in Minimum Rate Tariff No. 2. The former include paper articles, such as towels and waxed paper, aluminum foil and similar articles normally sold by wholesale and retail grocers. In the circumstances, the rate which will be authorized will be made applicable to articles regularly sold or offered for sale by Valley Wholesale Co., in its wholesale grocery business.

In accordance with the Commission's policy in these matters, the authority to be granted will be scheduled to expire in one year unless sooner canceled, modified or extended.

O R D E R

Based on the evidence and on the findings and conclusions set forth in the preceding opinion,

IT IS ORDERED that:

1. Otto Turk is authorized to charge and collect a rate less than the applicable minimum rate but not less than twenty-two cents per one hundred pounds, subject to a minimum weight of 36,000 pounds, for the transportation for Currier Brothers Market of groceries and related articles regularly sold or offered for sale by Valley Wholesale Co., from the latter's wholesale grocery establishment at Sacramento, to Currier Brothers Market, Oroville.

2. The authority granted herein shall expire September 30, 1963 unless sooner canceled, modified or extended by order of the Commission.

3. In all other respects Application No. 44382 is denied. The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 11th day of SEPTEMBER, 1962.

George G. Grover
President

E. J. Fox

Fredrick B. Holdhoff

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

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