

ORIGINALDecision No. 66033

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 MITCHELL BROS. TRUCK LINES for)
 authority to publish a rate less)
 than the minimum rates set forth in)
 Minimum Rate Tariff No. 2.)

Application No. 45361
 (Filed April 19, 1963)

Norman E. Sutherland, for applicant.
R. D. Toll, J. K. Quintrall and A. D. Poe
 for California Trucking Association,
 interested party.
Geo. H. Morrison and John F. Specht, for
 the Commission staff.

O P I N I O N

This application was heard and submitted July 1, 1963,
 before Examiner Thompson at San Francisco. There are no protests.

Mitchell Bros. Truck Lines, a highway contract carrier
 of lumber and forest products, seeks authority to charge less than
 the established minimum rates for the transportation of veneering
 from Hayfork to Salyer and of plywood from Salyer to Kett for
 Carolina-California Plywood, Inc., hereinafter sometimes called
 shipper.

Shipper has a plywood manufacturing plant at Salyer,
 Trinity County. It also has facilities for making veneering used
 in plywood manufacture at that location. It requires veneering
 in addition to that made at its plant. Shipper has arranged to
 purchase veneering from Trinity Alps Lumber Company F.O.D. mill
 at Hayfork, Trinity County. Applicant has transported veneering
 from the mill at Hayfork to Salyer for the shipper. In the
 marketing of its plywood, it is the practice of shipper to ship
 to points in California via highway carrier and to ship to points

outside the State, which traffic constitutes the predominant distribution of its production, via railroad. The rail cars are loaded and tendered to the railroad at Kett, which is a point at railhead served by the Southern Pacific Company approximately 6 miles west of Redding. Shipper has what is commonly called a reload station at Kett which can accommodate 68 rail cars at one time. Applicant is also presently transporting plywood from Salyer to Kett for shipper.

Applicant has an office at the reload station at Kett. It has authority from shipper to have motor vehicle equipment at that point. Taking Kett as an initial point of reference, the operation by one of applicant's trucks is to proceed empty to Hayfork, load veneering, deliver the veneering to shipper at Salyer, load plywood, deliver the plywood at the reload station at Kett and then proceed to Hayfork for a load of veneering as before. The round-trip mileage for this operation is 236 miles. There are many more truckloads of plywood from Salyer to Kett than there are truckloads of veneering from Hayfork to Salyer so that many of applicant's trucks make round trips directly between Kett and Salyer without stopping at Hayfork. The round-trip distance in those instances is 190 miles.

During the period January 1, 1963, through June 18, 1963, applicant transported 62 truckloads of veneering, weighing 2,728,000 pounds, from Hayfork to Salyer and 429 truckloads of plywood, weighing 22,147,672 pounds, from Salyer to Kett. As stated above, all of the shipments to the reload station at Kett are for reshipment by rail beyond. Only occasionally is one of the rail shipments destined to a point in California. Almost all of the shipments are in interstate commerce. Applicant charges a rate of 27 cents per 100 pounds, minimum weight 50,000 pounds,

for the shipments in interstate commerce. It seeks authority here to charge the same rate on any similar shipments that may be in intrastate commerce. Additionally, it seeks authority to charge a rate of 15 cents per 100 pounds, minimum weight 50,000 pounds, for the transportation of veneering from Hayfork to Salyer. Those shipments are in intrastate commerce and the minimum rate established for said movement is 25 cents per 100 pounds, minimum weight 44,000 pounds.

Applicant presented an exhibit showing the revenue which would have been received at the proposed rates for the 429 loads transported from Salyer to Kett and the 62 loads transported from Hayfork to Salyer during the period January 1, 1963, through June 13, 1963, and the total miles (empty and laden) traversed in that service. It also presented an exhibit showing the tonnage, revenue, mileage and certain expenses related to said transportation performed during the month of February 1963. The expenses are those which relate directly to the transportation. Administrative and general expenses, as well as certain other indirect expenses, are not shown thereon. The exhibit shows a direct expense of 45.95 cents per traveled mile and revenue per traveled mile of 75.72 cents at the proposed rates for the period January 1 through June 13, 1963. Applicant's annual report shows that for all operations conducted by it during the year ended December 31, 1962, applicant operated 6,649,327 miles and had total expenses of \$4,076,351, or an expense per vehicle mile of 61.30 cents. Applicant transports lumber as a highway common carrier as well as a contract carrier in California. It also performs substantial

transportation in Oregon and other states. The circumstances surrounding the transportation here involved are favorable. We find that the transportation by applicant of veneering from Hayfork to Salyer and of plywood from Salyer to Kett, in the manner performed by applicant, is compensatory.

The circumstances in this application are different from those usually surrounding transportation for which applications are filed under Section 3666 of the Public Utilities Code. Except for an occasional shipment, the transportation of plywood from Salyer to Kett is in interstate commerce over which we have no jurisdiction. The transportation of veneering from Hayfork to Salyer, which is in intrastate commerce, is part of the over-all integrated operation. Because it is the smaller of the parts, it could be considered a backhaul for interstate transportation which this Commission has no power to regulate. We have said that in proceedings brought under Section 3666 of the Public Utilities Code authority to charge less than the minimum rates will be granted only upon a showing that the revenue under the proposed rate will exceed the full cost of the transportation involved without relation to backhaul. Applicant has not shown herein that the proposed rate of 15 cents per 100 pounds for the transportation of veneering from Hayfork to Salyer, standing alone, and without reference to the transportation of plywood from Salyer to Kett, is compensatory. It has been shown, however, by the testimony of applicant's traffic manager and of the production manager of the shipper, and by the form of proposed contract attached to the application, that the transportation services involved constitute a single operation over which the shipper has full control. It has been shown that the revenues which will be

received from the transportation exceed the cost of performing the total service. If the entire transportation were to be wholly intrastate, there would be no question that the proposed rates have been shown to be reasonable.¹ The entire transportation involves a single operation, wholly within California, which will be performed for one shipper under a single contract. Based upon the unusual circumstances and conditions in this case, we find that the proposed rates are reasonable and conclude that the application should be granted. Because the conditions under which the transportation is to be performed may change, the authority which will be granted will be limited to a period of one year unless sooner canceled, modified or extended by order of the Commission.

O R D E R

IT IS ORDERED that:

1. Mitchell Bros. Truck Lines, a corporation, is authorized to charge and collect rates less than the applicable minimum rates, but not less than the rates set forth in Appendix A, attached hereto and hereby made a part hereof, for the transportation of veneering and plywood for Carolina-California Plywood, Inc., between the points described in said Appendix A.

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It is noted that applicant showed that the revenues it would receive under the proposed rates exceeds, by a substantial margin, the revenues it would receive under the minimum vehicle unit rates in Minimum Rate Tariff No. 15. Applicant's traffic manager testified that the latter rates are not available to it for this operation because the Interstate Commerce Commission will not accept vehicle unit rates for the transportation of plywood from Salyer to Kett.

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2. The authority herein granted shall expire October 1, 1964, unless sooner canceled, modified 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 17th day of SEPTEMBER, 1963.

Stallman B. Beards
President
George H. Trover
Frederick B. Halbach
Commissioners

APPENDIX A

MITCHELL BROS. TRUCK LINES

Schedule of Minimum Rates for the Transportation of Veneering and Plywood for Carolina-California Plywood, Inc.

Section 1

Item 10. Application of Rates - General

The minimum rates, rules and regulations set forth in Minimum Rate Tariff No. 2 are applicable to all shipments of veneering and plywood except as specifically provided in Section 2.

Section 2

Item 20. Application of Rates

Rates in this section apply to the transportation of veneering from Hayfork to Salyer and of plywood from Salyer to Kett for Carolina-California Plywood, Inc.

Item 30. Exceptions to Rules in Minimum Rate Tariff No. 2

Rates in this section include services of vehicle and driver only. Shipper must load carrier's equipment and consignee must unload. Rates include not to exceed two hours for loading or waiting to load, and not to exceed two hours for unloading or waiting to unload. Time spent in excess of these allowances, not caused by carrier or his agent, will be charged for at \$6.50 per hour or portion thereof.

Item 40. Minimum Weight

Rates in this section are subject to a minimum truckload weight of 50,000 pounds per vehicle unit load.

Item 50. Commodity Rate

Veneering:

<u>From</u>	<u>To</u>	<u>Rate in Cents per 100 lbs.</u>
Hayfork	Salyer	15

Item 60. Commodity Rate

Plywood:

<u>From:</u>	<u>To</u>	<u>Rate in Cents per 100 lbs.</u>
Salyer	Kett	27

End of Schedule