Decision No. 66612

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation into the rates, rules, regulations, charges, allowances and practices of all common carriers, highway carriers and city carriers relating to the transportation of any and all commodities between and within all points and places in the State of California (including, but not limited to, transportation for which rates are provided in Minimum Rate Tariff No. 2).

Case No. 5432 Petition for Modification No. 300 (Filed May 29, 1963)

 J. C. Kaspar, J. X. Quintrall, <u>A. D. Poe</u>, for California Trucking Association, petitioner.
 <u>Armand Karp</u>, for Callison Truck Lines, Inc.; <u>Louis F. Rodriguez</u>, for Sweet Trucking & Rod Transportation, respondents.
 <u>Frank E. Lawless</u>, for Masonite Corp., <u>Meyer</u> <u>Kapler</u>, for American Forest Products Corp.; <u>B. R. Garcia</u>, for California Redwood Association, interested parties.
 <u>Edward E. Tanner</u> and <u>R. J. Carberry</u>, for the Commission staff.

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This matter was heard October 11, 1963, before Examiner Thompson at San Francisco and was submitted October 16, 1963, upon receipt of late-filed Exhibit 5.

California Trucking Association has petitioned the Commission to increase the rates and charges in Minimum Rate Tariff No. 2 (Items Nos. 690 through 710) applicable to the transportation of lumber and forest products so as to reflect certain increases in the costs to highway carriers of transporting lumber (more particularly labor expenses) since said minimum rates were last adjusted. There were no protests.

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Evidence was offered by petitioner and by the Commission staff. The evidentiary facts are:

1. The minimum rates in Items Nos. 690 and 700 were last adjusted effective December 16, 1961, pursuant to Decision No. 62782, said adjustment reflecting evidence of the cost of transporting property on November 1, 1961. The minimum rates, in Item No. 710 were last adjusted effective July 28, 1962, pursuant to Decision No. 63805 based, in part, on evidence of the cost of transporting lumber on September 20, 1961.

2. From November 1, 1961, to and including July 1, 1963, the wages of drivers have increased throughout the State of California with the increases ranging from 3.8 percent to 13.6 percent; there have been numerous increases in fringe benefits for drivers, such as increased contributions by employers to pension and welfare funds; and, payroll expenses, including social security taxes, unemployment taxes and workmen's compensation insurance rates have increased.

3. There are no known changes in operating conditions or other circumstances which would contribute to a reduction in the cost to highway carriers of transporting lumber and forest products.

Exhibits 233-9 and 233-10 were the cost studies introduced by the staff in the proceedings which led to the last adjustments of the minimum rates on lumber. An engineer of the Commission's Transportation Division presented supplements to those cost studies in which he substituted current labor costs in order to estimate the impact of the wage increases, added fringe benefits and payroll tax increases upon the cost of transporting lumber. The supplements show increases in the costs ranging from 2.2 percent to 8.3 percent.

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An assistant transportation rate expert of the Commission's staff suggested revisions in the minimum rates which would reflect the increased operating costs set forth in the supplements to the cost studies. The suggested changes are in Exhibit 5.

The testimony indicates that the rates in Items Nos. 690 and 700 are not frequently used by carriers engaged in transporting lumber from northern California mills. Rail carload rates, which may be used by highway carriers under the provisions of Items Nos. 200 through 240 of Minimum Rate Tariff No. 2, provide lower charges in most instances.

A shipper representative stated that the increase in the rates in Item No. 710, which apply to transportation between points within 150 miles of Los Angeles Zone 1, may disrupt present distribution practices in southern California. There was no evidence offered, however, which would show the nature of the alleged disruption or the consequences which might result.

We find that:

1. The presently effective minimum rates in Items Nos. 690 through 710 of Minimum Rate Tariff No. 2 are insufficient and are unreasonably low.

2. The rates proposed in Exhibit 5 are just, reasonable, and rondiscriminatory.

3. The increases in rates that would result from the establishment of the rates proposed in Exhibit 5 as minimum rates are justified.

From the foregoing findings of fact we conclude that the rates set forth in Exhibit 5 should be established as the just, reasonable and nondiscriminatory minimum rates to be charged by highway carriers for the transportation of lumber and forest

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products; that highway common carriers maintaining rates at levels of the present rates in Items Nos. 690 through 710 should be directed to increase said rates to levels no lower than those prescribed herein as minimum to become effective not earlier than the tenth day after the effective date of this order and not later than the effective date of the minimum rates prescribed herein on not less than ten days' notice to the Commission and to the public, and that common carriers should be authorized to continue to depart from the provisions of Section 460 of the Public Utilities Code under outstanding authorizations from the Commission.

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IT IS ORDERED that:

1. Minimum Rate Tariff No. 2 (Appendix D of Decision No. 31606, as amended) is further amended by incorporating therein, to become effective February 22, 1964, the following listed revised pages, which revised pages are attached hereto and by this reference are made a part hereof.

Fourth Revised Page 51-CC Ninth Revised Page 51-D Sixth Revised Page 51-DD

2. Tariff publications required to be made by common carriers as a result of the order herein may be made effective not earlier than the tenth day after the effective date of this order on not less than ten days' notice to the Commission and to the public and shall be made effective not later than February 22, 1964.

3. Common carriers, in establishing and maintaining the rates authorized hereinabove, are hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now

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maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; and schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

4. In all other respects Decision No. 31606, as amended, shall remain in full force and effect.

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

Dated at _____ San Francisco ____, California, this 14ch <u>rellatell</u>, 1964. day of

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MINIMUM RATE TARIFF NO. 2

Item No.	 	SE(CTION NO. 3	COMMODITY RATES (Continued) In Cents Per 100 Pounds				
	(Rates shown in this item will not apply to transportation between points for which rates are provided in Item No. 710.)							
			LUMBER AND FOREST PRODUCTS, treated or untreated, not finished beyond sanding and priming (See Notes 1 and 2), viz.:					
			Cross Arms, wooden Piling Poles Posts Shakes Shingles Shook, Box or Crato	Boards (See Note 3) Plywood (See Note 4) Sheets (See Note 3) Vencering (See Notc 4)		Lumbor Railroad Ties Timbers		
	MIL	ES	ØRATES					
	Over	But Not Over	Minimum Weight (In Pounds) 40,000 (See Note 5)	(In Po	Weight unds) 44,000	(In Po	Weight unds) 山山,000	
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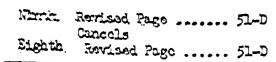
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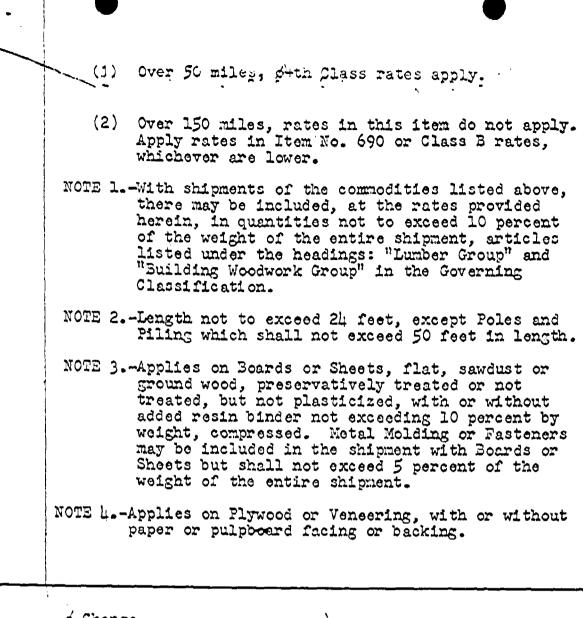
Item No.	SECTION NO. 3	COMMODITY R. (In Cents pe	ATES (Continued) er 100 Pounds)			
	LUMBER AND FOREST PRODU Lumber, Timbers and Minimum Weight 40,).			
	FROM Production Zone	Delivery Zon	e (See Note 3)			
	(See Note 2) 1 (Seiad) 2 (Happy Camp) 3 (Indian Creek)	• A(Hornbrook) 112 172 18	o B(Yreka) 15 18 182			
/	located on or within one actual State Highway No. 96 between H (c) In the event the vided in Section No. 2 or Iter than the charge accruing under accruing under Section No. 2 NOTE 2Production Zones are (a) Zone 1 (Seiad) in	equipment. diate in application fr al highway mile on eith Hamburg and Gottville. charge accruing under t m No. 690 of this tarif r the rates named herei or Item No. 690 will ap as follows: cludes that area within	om points er side of the rates pro- f is lower in the charge oply.			
é 700	actual highway miles on eithe Thompson Creek and the point and the Klamath River.	p) includes that area w r side of State Highway opposite the confluence cek) includes that area or side of State Highway opposite the confluence	within three y 96 between e of Elk Creck a within ten y 96 between e of Elk Creck			
	NOTE 3Delivery Zones are as follows: (a) Zone A (Hornbrook) includes that area within a radius of three air-line miles of the Southern Pacific Co. Depot at Hornbrook. (b) Zone B (Yreka) includes that area within a radius of six air-line miles of the intersection of Main Street and Miner Street, Yreka, and including all team tracks, side tracks, and spur tracks, together with loading areas, platforms and industries directly adjacent thereto, of the Southern Pacific Co. at Montague.					
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Item No.	SECTIO	on no. 3		COMIODITY RATES In Cents Per 1			
	LUMBER AND FOREST PRODUCTS, treated or untreated, not finished beyond sanding and priming (See Notes 1 and 2), viz.:						
	Boards (See Note 3)Railroad TiesCross Arms, woodenShakesLumberSheets (See Note 3)PilingShinglesPlywood (See Note 4)Shook, Box or CratePolesTimbersPostsVencering (See Note 4)						
	<u>Territorial Application</u> : Rates named in this item apply between points of origin and destination, all of which are located within 150 constructive miles of Los Angeles Zone 1 computed in accordance with the method provided in the Distance Table.						
-	NILES			◇RATES			
				Minimum Weight			
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EFFECTIVE FEBRUARY 22, 1964

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Correction No. 1427

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