

ORIGINAL

Decision No. 67326

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. 338
(Filed April 13, 1964)
Petition for Modification
No. 341
(Filed May 6, 1964)

OPINION AND ORDER

By Petitions for Modification Nos. 338 and 341, Leo W. Schoenhoff and Charles E. Zimmerman, respectively, seek exemption from the established minimum rates in connection with the transportation of shipments of wholesale drug supplies weighing 75 pounds or less between Sacramento and various points in northern California.¹

Petitioners, in addition to transporting the Sacramento Bee, a daily newspaper published in Sacramento, transport small shipments of wholesale drug supplies to various drug stores along their routes as an emergency service for Western Drug Supply, McKesson-Robbins, Inc., Brunswig Drug Company and Flexco Pharmaceuticals, Inc., wholesale drug supply businesses located in Sacramento. The distance involved in transporting any particular

¹ Both carriers hold highway contract carrier permits and request that operations be limited to the following areas: Leo W. Schoenhoff between Sacramento and Knights Landing, Arbuckle, Williams, Willows, Orland and Colusa; and, Charles E. Zimmerman between Sacramento and Isleton via Courtland and Walnut Grove.

shipment is not in excess of 170 miles. The commodities transported are wholesale drug supplies consisting principally of pharmaceutical supplies.²

Petitioners state that the delivery of said shipments or parcels benefits them, the distributors, retail druggists and the customers of said retail druggists by reason of the fact that it allows the carriers to obtain a profit which they would not otherwise obtain and allows the shipment of pharmaceutical supplies in a much shorter period of time than by United States mail or general freight carriers. The service also provides for quick transportation of certain pharmaceuticals which are normally kept under refrigeration and which have to be delivered from Sacramento to the drug stores along the routes of petitioners on the same day, and the service furnishes druggists with pharmaceutical supplies necessary to fill prescriptions which could not otherwise be filled because it is not practicable for the drug stores to maintain large inventories of all these pharmaceutical supplies.

Assertedly the minimum charges established in Minimum Rate Tariff No. 2 will not move the shipments of said merchandise shipped by the drug distributors via the carriers to the retail druggists for the reason that, while the shipments are a distinct benefit to the retail druggists, the profit margin to the distributors is not great enough to allow a profit under the established

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Petitioners point out that by Decision No. 48710 dated June 16, 1953, in Case No. 4808, Cal-Central Trucking Co., Inc. and R. P. Trimble were granted the exemption herein sought. Subsequent to said decision, F. W. Young, Sr. acquired a portion of Cal-Central's operations and was granted a similar exemption by Decision No. 50853 dated December 14, 1954, in Case No. 5432 (Petition for Modification No. 49). Petitioners state that they have succeeded to the operations of Young and Trimble and that the conditions surrounding their operations are identical to those which existed when the original exemption was granted.

minimum charges. The petitioners state that Western Drug Supply, McKesson-Robbins, Inc., Brunswig Drug Company and Flexco Pharmaceuticals, Inc., have informed the carriers that they will be forced to discontinue using their services if the existing minimum charges are adhered to.

The petitions show that the carriers and the drug distributors have agreed to proposed charges on a varied scale on shipments up to and including 75 pounds. Shipments in excess of 75 pounds would be charged the prevailing rates in Minimum Rate Tariff No. 2. Petitioners state that they can make a profit on the transportation of said shipments at the agreed charges.

Copies of the verified petitions were mailed by Leo W. Schoenhoff and Charles E. Zimmerman to California Trucking Association on or about April 10 and May 6, 1964, respectively. No objections to the granting of the petitions have been received.

In the circumstances, it appears, and the Commission finds, that petitioners' operations are of a specialized nature differing substantially from those for which the established minimum rates were primarily designed and that the proposed charges are reasonable for the transportation service involved. A public hearing is not necessary. The petitions will be granted.

IT IS ORDERED that:

1. Leo W. Schoenhoff is hereby authorized to transport shipments of wholesale drug supplies, each weighing 75 pounds or less, for Western Drug Supply, McKesson-Robbins, Inc., Brunswig Drug Company and Flexco Pharmaceuticals, Inc., between Sacramento and Knights Landing, Arbuckle, Williams, Willows, Orland and Colusa, at charges

per shipment less than the established minimum charges per shipment but not less than the following:

Weight of Shipment (In Pounds)		Minimum Charge (In Cents)
<u>Over</u>	<u>But Not Over</u>	
0	25	150
25	50	200
50	75	250

2. Charles E. Zimmerman is hereby authorized to transport shipments of wholesale drug supplies, each weighing 75 pounds or less, for Western Drug Supply and McKesson-Robbins, Inc., between Sacramento and Isleton via Courtland and Walnut Grove, at charges per shipment less than the established minimum charges per shipment but not less than the following:

Weight of Shipment (In Pounds)		Minimum Charge (In Cents)
<u>Over</u>	<u>But Not Over</u>	
0	25	140
25	50	150
50	75	175

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

Dated at San Francisco, California, this 3rd day of June, 1964.

William M. Brown
President

George L. Crover
Commissioners

Fredrick B. Hallock
Commissioners