

ORIGINAL

Decision No. 67572

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 fresh or green fruits and vegetables)
and related items (commodities for which)
rates are provided in Minimum Rate)
Tariff No. 8).

Case No. 5438
(Petition for Modification
No. 44)
(Filed March 30, 1964)
(Amended June 8, 1964)

Calhoun E. Jacobson and Francis P. Pusateri,
for petitioner, Potato Growers Association
of California.

A. J. Konici and William Greenham, for
Pacific Motor Trucking Company, respondent.
Arlo D. Poe, J. C. Kaspar and H. F. Kollmyer,
for California Trucking Association; Ralph
Hubbard, for California Farm Bureau
Federation, interested parties.

J. M. Jenkins and Robert E. Walker, for the
Commission staff.

O P I N I O N

Potato Growers Association of California, a nonprofit corporation composed of potato growers and shippers, seeks on behalf of the interested shippers of potatoes, the establishment in Minimum Rate Tariff No. 8 of a reduced rate of 28 cents per 100 pounds, minimum weight 46,000 pounds per unit of carrier's equipment for the transportation of potatoes in bulk from fields located in the vicinity of Guadalupe to potato packing sheds located in or near Shafter. The present minimum rate is a temporary rate of 34 cents per 100 pounds, minimum weight 40,000 pounds.^{1/}

Duly noticed public hearing on this matter was held before Examiner Mallory at Los Angeles on June 4 and 17, 1964. The matter was submitted on June 17, 1964. The California Trucking Association

1/ The present rate expires September 30, 1964.

opposed the granting of the relief sought. Representatives of the California Farm Bureau Federation and the Commission staff assisted in the development of the record through cross-examination of petitioner's witnesses.

The evidence presented by petitioner was adduced through a trucker who had participated in the hauling in question, by petitioner's executive manager, and by representatives of the two shippers involved. The trucker testified concerning the facts surrounding the transportation and to the study of his company's cost of providing such transportation. His testimony showed that the transportation service consists of the movement of truck loads of potatoes from the fields in and around Guadalupe to packing sheds at Shafter. The equipment used consists of a tractor and two semi-trailers which are equipped with temporary bulk bins. Unloading of the vehicles is accomplished by tilting the bins through use of equipment furnished by the packing sheds. The shipments are loaded in the field by equipment and personnel furnished by the shipper. The method employed is the use of mechanical conveyors which elevate sacks to the bulk bins on the carrier's vehicle. The sacks are dumped by shipper personnel. Generally there are no delays at the loading or unloading points. Based upon his study, the witness testified that the proposed reduced rate of 28 cents per 100 pounds, minimum weight 46,000 pounds, would be remunerative. The study covered the 1963 costs of transportation of potatoes from the Guadalupe area to the Shafter area and were developed by prorating, with two exceptions, the costs incurred by the carrier for all transportation performed by it during 1963. These exceptions were drivers' wages and rental of the bulk bins. Drivers' wages are paid and were included in the study on a percentage of revenue based upon the proposed rate of 28 cents per hundred pounds.

The witness also testified concerning the similarity of the movement of potatoes from field to packing house with the transportation of cull potatoes. According to this witness, the sought rate of 28 cents per 100 pounds is the same as that applicable to the transportation of culls for the same distance, except that the sought minimum weight is greater. The equipment and personnel necessary to the movement of potatoes from the field to the packing shed is similar to that used for cull hauling. On the other hand, movements to markets, which take higher rates, require the use of helpers to unload.

Representatives of the California Potato Growers Association, the Charles Sill Company and of petitioner testified as follows concerning the need for the reduced rate. The two companies are the only shippers of potatoes involved in the movement from fields in and around Guadalupe to packing sheds at Shafter. According to their testimony, the type of potato (white rose) which they grow in the Guadalupe area requires careful handling and packing in order to compete in the market place. Each grower has invested substantial amounts in modern packing facilities in or near Shafter. All of the potatoes grown for these shippers in the Guadalupe area are packed for market in their Shafter plants. This operation has proved to be feasible and will be continued. A permanent rate for the transportation involved is necessary. Each grower also packs potatoes raised in the Arvin-Bakersfield area and other growing areas. The potatoes grown in the Guadalupe area are harvested at times when the packing plants are not otherwise in use, as the Guadalupe area harvest season falls between the harvest seasons for other areas. The harvest season for potatoes grown in the Guadalupe

area is in the late summer and early fall, from approximately August 5 through November 20 of each year. A regular movement of potatoes involving several units of highway carrier equipment is made during the harvest season.

The representative of one of the growers also testified as to a second method of loading potatoes, utilizing a mechanical harvester which digs, partially cleans, and loads potatoes directly into the carrier's equipment in one operation. This witness stated that his company employs this method of loading and that it assisted the carrier by changing wheels and pulling equipment through the fields with farm tractors approximately 75 percent of the time during the 1963 harvest season. The witness testified that his company had made a charge for this service during the 1963 season, but that if the reduced rate is authorized, it did not intend to do so during the forthcoming harvest season.

One of the growers maintains a fleet of proprietary vehicles and supplements this fleet with for-hire trucks as needed. The grower testified that the use of its fleet would be reduced if the sought lower rate was established.

The witnesses also testified concerning equipment used and circumstances attendant to the movement of potatoes from the field to the packing shed, and for the movement of cull potatoes from their packing sheds to feed lots and other locations for cutting and drying, preparatory to use as animal feed. According to this testimony more delays are encountered in the movement of cull potatoes than in the movement of potatoes from the fields to the packing plants. The equipment used is similar.

The witnesses asserted that the movement from Guadalupe to Shafter is the only movement of field-run potatoes subject to minimum rates, as the other movements of which they have knowledge are for distances of less than 75 miles. Minimum Rate Tariff No. 8 exempts from the minimum rates set forth therein the movement of potatoes from fields to packing plants for distances less than 75 constructive miles.

The record shows that the Commission staff has undertaken full-scale cost and rate studies of the movement of commodities under Minimum Rate Tariff No. 8, and that such studies are being conducted in two phases. The studies in the initial phase, involving market hauling, will be completed shortly. The second phase, which involves the type of traffic here under consideration, will be completed in October, 1964.

The California Trucking Association opposed the establishment of a rate lower than the present rate, but had no objection to the continuation of the present rate until the time such rate can be reviewed by the Commission in the proceeding in which the staff studies will be presented. It opposed the lower rate on two bases. The first was that the cost evidence adduced herein is not of the quality usually required by the Commission to serve as a basis for adjustment of minimum rates. The second was that low value of the commodity undoubtedly was an important consideration in the establishment of the minimum rates for cull fruits and vegetables, and that it has not been shown that field-run potatoes are of low value.

We have carefully considered the evidence and arguments. The record clearly shows that a permanent rate for the transportation involved herein is required. Inasmuch as the rate level will be subject to review when staff studies are ready for presentation to

the Commission, the rate in issue herein will be for the current growing season only. Section 3661 of the Public Utilities Code states that it is the policy of the State to be pursued by the Commission to establish such rates as will promote the free movement of agricultural products at the lowest lawful rates compatible with the maintenance of adequate transportation service. The record indicates that the movement here under consideration is the only movement of potatoes from the field to the packing plant subject to minimum rates, and that the lowest lawful rate is necessary for the involved shippers to meet the competition of other potato packers. While field-run potatoes are not as low in value as cull potatoes, field-run potatoes are lower in value than potatoes prepared for the retail market. As pointed out by the California Trucking Association, the cost evidence offered in support of the reduced rates has certain shortcomings. However, we conclude that the evidence is sufficient to support a finding that the proposed rate will be reasonable.

The cost evidence offered in support of the reduced rate made no provision for the cost of removing wheels and the pulling of the carrier's equipment through the fields with farm tractors supplied by the shipper. If these added costs are incurred by carriers, the proposed 28-cent rate would not be compensatory. Therefore, the tariff item established by the order herein should provide that the rate will apply only when the shipper performs all services necessary to accomplish loading and assumes all expenses incidental thereto.

In the circumstances, it appears and the Commission finds that the establishment of the proposed minimum rate of 28 cents per 100 pounds minimum weight of 46,000 pounds per unit of carrier's equipment, subject to the condition specified above, is reasonable. The Commission concludes that the petition should be granted.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff No. 8 (Appendix "C" to Decision No. 33977, as amended) is further amended by incorporating therein, to become effective August 29, 1964, Fifteenth Revised Page 34, which revised page is attached hereto and by this reference made a part hereof.

2. Tariff publications authorized 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, and may be made effective on not less than ten days' notice to the Commission and to the public if filed not later than sixty days after the effective date of the minimum rate tariff pages incorporated in this order.

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 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 the aforesaid Decision No. 33977, as amended, shall remain in full force and effect.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 21st day of July, 1964.

Frederick B. Hubbert
President

Paul E. Smith

George G. Grover

William L. Land

Commissioners

Commissioner George G. Grover
present but not voting.

Item No.	SECTION NO. 2 - POINT TO POINT COMMODITY RATES (In Cents per 100 Pounds)			
POTATOES (OTHER THAN SWEET POTATOES OR YAMS) AND ONIONS, Minimum Weight 40,000 Pounds (See Note 3)				
TO Delivery Zone (See Note 2)	Potatoes or Onions in 100-pound Sacks or Crates and 110-pound Crates		Potatoes or Onions in Sacks or Cartons, 50 Pounds or Less	
	FROM (See Note 1) Area A Area B		FROM (See Note 1) Area A Area B	
1	52	56	56	60
2	48	54	50	57
3	38	36	40	36
4	52	48	56	50
335	<p>NOTE 1: Producing Areas are described as follows:</p> <p>(a) Area A includes all points within a radius of five miles of the town of Pixley, in Tulare County, and the points south thereof on U. S. Highway No. 99 to the Kern County line; also all points in Kern County lying north of State Highway No. 178.</p> <p>(b) Area B includes all of Kern County lying south of producing Area A; and the area bounded as follows: from the Kern County line southerly along U. S. Highway No. 99 to a point $\frac{1}{4}$ mile south of State Highway 138, easterly along an imaginary line $\frac{1}{4}$ mile south of State Highway 138 to U. S. Highway No. 6, northerly along U. S. Highway No. 6 to the Kern County line, westerly along the Kern County line to point of beginning.</p> <p>NOTE 2: Delivery Zones are as follows:</p> <p>(a) Zone 1 includes all of Alameda County and the San Francisco pickup and delivery zone as described in Item No. 272.</p> <p>(b) Zone 2 is the Sacramento Territory as described in Item No. 282.</p> <p>(c) Zone 3 is the Los Angeles Territory as described in Item No. 281.</p> <p>(d) Zone 4 is the San Diego Territory as described in Item No. 282.</p> <p>NOTE 3: If the charges accruing under the rates named in this item, applied on shipments from, to or between points intermediate between origin and destination points via Routes Nos. 8, 9, 10 and 11, shown in Item No. 700, are lower than charges accruing under the distance commodity rates in Items Nos. 300 and 301 on the same shipment via the same route, such lower charges will apply.</p>			

✓POTATOES, in bulk, loaded by the consignor and unloaded by gravity, Minimum Weight 46,000 pounds *per unit of carrier's equipment (See Note)

✓336

From	To	Rate
Guadalupe and all points and places within ten air miles of the City of Guadalupe.	Shafter and all points and places within one air mile of the City of Shafter.	628

*NOTE.-Rate applies when shipper performs all services necessary to accomplish loading and assumes all expenses incidental thereto, except for services of carrier's driver in connection with operation of carrier's motor power equipment.

✓ Change)
 * Addition)
 ◇ Increase) Decision No. **67572**
 6 Reduction)

EFFECTIVE AUGUST 29, 1964

Issued by the Public Utilities Commission of the State of California,
 San Francisco, California.
 Correction No. 383