

**ORIGINAL**

Decision No. 67995

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. 350  
(Filed August 4, 1964)

OPINION AND ORDER

E. F. and Edward F. Gossett hold a highway contract carrier permit. By this petition, they 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 Loyalton via Paxton Junction, Quincy and Portola.

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 route as an emergency service for western Drug Supply and McKesson-Robbins, Inc., wholesale drug supply businesses located in Sacramento. The distance involved in transporting any particular shipment is not in excess of 181 miles. The commodities transported are wholesale drug supplies consisting principally of pharmaceutical supplies.

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 such delivery allows the carrier to obtain a profit which it 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 route 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 carrier 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 minimum charges. According to the petition, Western Drug Supply and McKesson-Robbins, Inc., have informed the carrier that they will be forced to discontinue using its service if the existing minimum charges are adhered to.

The petition shows that the carrier 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.

Previously the Commission has received petitions from several carriers transporting small shipments of drugs seeking relief from the minimum rates upon a showing similar to that made herein by petitioners. The authorities were granted as deviations and not as exemptions. Under the circumstances, this petition shall be handled as a deviation from the minimum rates.

A copy of the verified petition was mailed to California Trucking Association on or about August 1, 1964. That organization by letter dated September 2, 1964, states that it has no objection to the granting of deviations from minimum rates to meet special circumstances.

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 petition will be granted.

IT IS ORDERED that E. F. Gossett and Edward F. Gossett are 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 Loyalton, via Paxton Junction, Quincy, and Portola 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	175
25	50	225
50	75	275

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

Dated at San Francisco, California, this 6th day of October, 1964.

Frederick B. Holdhoff  
President  
John P. Ditchell  
George T. Crover  
William A. Bennett

Commissioners

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