

Decision No. 67396

ORIGINAL

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. 357
(Filed August 31, 1964)

OPINION AND ORDER

Walter S. Scott holds a highway contract carrier permit. By this petition, he seeks exemption from the established minimum rates in connection with the transportation of shipments of wholesale drug supplies weighing 75 pounds or less between Paxton and Susanville via State Routes 36 and 89.

Petitioner, in addition to transporting the Sacramento Bee, a daily newspaper published in Sacramento, transports small shipments of wholesale drug supplies to various drug stores along his 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 60 miles. The commodities transported are wholesale drug supplies consisting principally of pharmaceutical supplies.

Petitioner states that the delivery of the shipments or parcels benefits him, the distributors, retail druggists and the customers of the 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 petitioner 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 his services 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. Petitioner states that he can make a profit on the transportation of the 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 petitioner. 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 31, 1964. This 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 petitioner's operation is 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 Walter S. Scott 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 Paxton and Susanville via State Routes 36 and 89 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
<u>Over</u>	<u>But Not Over</u>	<u>(In Cents)</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 10th day of October, 1964.

Frederick P. Habluff
President
W. S. D. D. D.
George H. Traver
William L. Berwind

Commissioners

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