

ORIGINAL

Decision No. 68234

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)
FLOUR TRANSPORT, INC., a California)
corporation, for authority to deviate)
from minimum rates pursuant to)
Section 3666 of the Public Utilities)
Code for the transportation of flour)
in bulk for specified shippers.)

Application No. 46825
(Filed July 20, 1964)

Russell and Schureman, by Carl H. Fritze,
for applicant.
James Quintrall, A. D. Poe and J. C. Kaspar,
for California Trucking Association,
interested party.
George Hunt and Robert C. Labbe,
for the Commission staff.

O P I N I O N

Flour Transport, Inc., is a highway contract carrier engaged in the transportation of flour in bulk between points in the Los Angeles metropolitan area. It seeks authority to charge less than the minimum rates for the transportation of flour, in bulk, for certain specified shippers from plant sites and rail sidings to bakeries located in Los Angeles and Orange Counties.

Decision No. 67584, dated July 24, 1964, in this proceeding authorized applicant to assess the proposed rates until December 1, 1964, pending decision on evidence to be adduced at a public hearing. Public hearing was held before Examiner Mallory at Los Angeles on October 6, 1964, and the matter was submitted on that date. Evidence in support of the application was adduced by applicant's secretary-manager and by representatives of two of the shippers using applicant's services. The California Trucking

Association and the Commission's Transportation Division staff participated in the proceeding through cross-examination of applicant's witnesses. No one opposed the relief sought.

The evidence presented by applicant's secretary-manager is summarized in the following statements. Applicant's sole operation is the transportation of flour, in bulk, between points in Los Angeles and Orange Counties for the shippers named in the application. Applicant is the only for-hire carrier in that area providing transportation of flour, in bulk, in pneumatic hopper truck equipment. Six of the sixteen shippers are flour milling companies with plant facilities in that area. Four of these shippers provide loading facilities which permit the loading of equipment in five minutes or less. A fifth shipper will soon provide such facilities. For the shippers which do not maintain plant facilities in the area, shipments are unloaded from rail-cars at rail sidings. Rates $1\frac{1}{2}$ cents per 100 pounds higher than the rates otherwise sought are requested for shipments loaded at rail sidings.

Applicant has transported flour in bulk in the area involved since commencing operations in February, 1962. Applicant has performed the transportation in question at the rates sought since April 27, 1963. The request for relief is necessary because of the changes in the rates in Minimum Rate Tariff No. 2 effective July 25, 1964. On that date the rates previously in effect on flour in bulk were cancelled from Minimum Rate Tariff No. 2, and higher rates previously applicable to flour in packages became the applicable minimum rates. The sought rates, which applicant

had been assessing prior to July 25, 1964, are higher than the previously applicable bulk rates, but lower than the minimum rates which became effective July 25, 1964.

A comparison of the minimum rates subject to a minimum weight of 40,000 pounds published in Minimum Rate Tariff No. 2 prior to July 25, 1964, those effective on that date, and rates sought by applicant is as follows:

| <u>Miles</u> | | <u>RATES</u> (In Cents Per 100 Pounds) | | |
|--------------|---------------------|---|-------------------------------------|----------------------------|
| <u>Over</u> | <u>But Not Over</u> | <u>Prior to July 25, 1964 MRT2</u> | <u>Effective July 25, 1964 MRT2</u> | <u>Sought By Applicant</u> |
| 0 | 10 | 7.25 | 9.5 | 9.5 |
| 10 | 15 | 7.75 | 11.0 | 10.0 |
| 15 | 20 | 8.25 | 12.0 | 10.5 |
| 20 | 25 | 9.25 | 13.0 | 11.0 |
| 25 | 30 | 10.50 | 14.0 | 11.5 |

Operations within the Los Angeles drayage area are integrated with the operations for which rate relief is sought herein. By Decision No. 67073 dated April 7, 1964, in Application No. 45431, applicant was authorized to assess rates substantially on the same levels as sought herein, for service within the Los Angeles drayage area.

Applicant presented profit and loss statements for recent periods, which showed that its operations under its current less-than-minimum-rate authorities were conducted at a profit. The profit and loss statements cover the integrated operations. For the most recent period, covering operations from January 1, 1964 through August 31, 1964, applicant enjoyed an operating ratio of 89.25 percent.

Traffic managers for two of the flour milling companies for which rate relief is sought herein testified in support of the application. They stated that they use applicant's services exclusively for truck deliveries of flour in bulk in the Los Angeles metropolitan area; that applicant's services are satisfactory; and that rates on the levels sought herein are necessary to retain the business to for-hire carriage. The witnesses stated that their companies engage in performing proprietary transportation services in other marketing areas; that their companies have not entered proprietary carriage in the Los Angeles area because applicant's services and present rates are satisfactory; but that if applicant is not authorized to assess the rates sought, their companies would explore the use of proprietary vehicles.

Based upon the record in this proceeding, we find that the rates proposed by applicant will be compensatory and are reasonable for the services to which they will apply. We conclude that the application should be granted. Because conditions under which the services are performed may change at any time, the authority will be limited in duration to one year, subject to change or extension upon further order of the Commission.

O R D E R

IT IS ORDERED that:

1. Flour Transport, Inc., is authorized to transport grain or rice flour (including chemical or other ingredients not to exceed 4 percent of the weight of the shipment transported), in

bulk, and semolina or semolina and grain flour, in bulk between points in Los Angeles and Orange Counties for the milling companies named in Appendix A attached hereto and by this reference made a part hereof at rates and subject to the conditions also set forth in said Appendix A.

2. The authority granted herein shall expire on December 1, 1965, unless otherwise ordered by the Commission.

The effective date of this order shall be December 1, 1964.

Dated at San Francisco, California, this 11th day of NOVEMBER, 1964.

Fredrick B. Holcomb
President
George G. Grover
William B. Beaudin
Commissioners

APPENDIX A
Page 1 of 2
APPLICATION OF RATES

By: Flour Transport, Inc.

For: California Milling Corporation, Capitol Milling Company, Centennial Mills Incorporated, Colorado Milling & Elevator Co., Fisher Flouring Mills Co., General Mills Inc., Inglehart Operations, The Ismert-Hincke Milling Co., Kansas Milling Company, New Era Milling Company, The Pillsbury Company, Quaker Oats Company, Russell Miller Milling Co., Salt Lake Flouring Mills, Sheridan Flouring Mills.

1. Commodity:

Grain or Rice Flour, in bulk. Grain or Rice Flour, in bulk, chemical or other ingredients not to exceed four percent. Semolina or Semolina and Grain Flour, in bulk.

2. Rates:

Rates in Cents per 100 Pounds
Subject to Provisions in Notes One to Nine
Mileage to be Computed in Accordance with the Commission's Distance
Table Applicable to Minimum Rate Tariff No. 2

| <u>Miles</u> | | <u>Rates</u> | |
|--------------|---------------------|---|---|
| <u>Over</u> | <u>But Not Over</u> | <u>Minimum Weight 30,000 Pounds</u> | <u>Minimum Weight 40,000 Pounds</u> |
| 0 | 10 | 11.5 | 9.5 |
| 10 | 15 | 12.0 | 10.0 |
| 15 | 20 | 12.5 | 10.5 |
| 20 | 25 | 13.0 | 11.0 |
| 25 | 30 | 13.5 | 11.5 |

Note 1 - Loading Time: An additional charge of \$3.00 shall be assessed for each 45 minute period or fraction thereof after the first 45 minutes of free time.

Note 2 - Rail Car-Service: Add 1.5 cents per 100 pounds for rail car service. Add an additional .5 cents (total 2.0 cents) if Flour Transport, Inc. furnishes electrical power at designated team track.

Note 3 - Weighing Service: Add \$15 per car for weighing service provided in connection with unloading of rail cars.

Note 4 - Rate Computation: When charges accruing on a shipment based on actual weight exceed the charges computed on a rate based on a greater minimum, the latter shall apply.

Note 5 - Demurrage: If delivery cannot be accomplished and the trailer is put out of service without driver in attendance, a charge of \$1.50 per hour will be assessed after the first two hours. If a driver is in attendance, a charge of \$14.00 per hour will be assessed.

Note 6 - Returns: If flour is delivered to consignee, refused, returned to mill or car for unloading, a charge of one and one-half times normal applicable rate will be made.

APPENDIX A
Page 2 of 2

- Note 7 - Sunday Delivery: Add 3.0 cents per 100 pounds when Sunday delivery is specified.
- Note 8 - Special Set Up: Add 3.0 cents per 100 pounds when delivery is made to a bakery not equipped for truck delivery (220 three-phase power and reasonable access).
- Note 9 - Shipping Notice: Add 2.0 cents per 100 pounds when shipment must be made with less than twelve hours notice if driver call back is required.
- Note 10 - In all other respects the provisions of Minimum Rate Tariff No. 2 are applicable.