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ORIGINAL

Decision No. 68348

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of ROLAND P. HOUGHAM, an individual)
for authority to deviate from the)
rates, rules and regulations pre-)
scribed in Minimum Rate Tariff No.)
15.)

Application No. 46962
(Filed September 10, 1964)

Silver and Rosen, by Bertram S. Silver
and Martin Rosen, for applicant.
Robert E. Walker and Edward M. Jennings,
for the Commission staff.

O P I N I O N

Applicant, a highway contract carrier, seeks authority under Section 3666 of the Public Utilities Code to charge less than the minimum rates set forth in Minimum Rate Tariff No. 15 (vehicle unit rates) for the transportation of rough lumber for Hi-Ridge Lumber Co., from Seiad Valley to Montague.

Public hearing was held and the matter submitted before Examiner Mallory at San Francisco on October 30, 1964. Evidence in support of the relief sought was presented by applicant and the involved shipper. The Commission's Transportation Division staff assisted in the development of the record. No one opposed the application.

Applicant explained his operations for Hi-Ridge Lumber Co. and the nature of the relief sought. He also presented evidence designed to show that the proposed rates would be reasonable. Applicant testified to the following effect: For several years applicant has transported rough lumber from Hi-Ridge's sawmill

at Seiad Valley to its planing mill at Montague at the minimum rates in cents per 100 pounds provided in Minimum Rate Tariff No. 2. Three truck-and-trailer units are used for this transportation during the full year. Shipments are loaded and unloaded by the shipper with forklifts, providing expeditious loading and unloading with a minimum cost to the carrier. During 1964, two increases were made in the rates in Minimum Rate Tariff No. 2, resulting in a rate increase from $14\frac{1}{2}$ cents per 100 pounds to $15\frac{1}{2}$ cents per 100 pounds. Applicant did not experience the increased wages which formed the primary basis for the increased minimum rates. The shipper and carrier believe that the minimum rate of $15\frac{1}{2}$ cents per 100 pounds is excessive for the transportation performed by applicant for Hi-Ridge; but they believe that the yearly vehicle unit rates as set forth in Minimum Rate Tariff No. 15, modified to the extent sought in the application, would be reasonable.

Applicant proposes to assess the base yearly vehicle unit rate and mileage rate set forth in Items Nos. 200 and 500, respectively, of Minimum Rate Tariff No. 15; but proposes to eliminate the extra daily charges provided under Item No. 520 for work performed on Saturdays, Sundays and holidays, and to apply the lowest hourly charge provided in Item No. 530 for all hours in excess of eight out of nine consecutive hours during a single day. In support of this request, applicant testified that the drivers in his employ are paid on the basis of a flat amount per trip, including trips performed on Saturdays, Sundays and holidays. Therefore, applicant does not incur the overtime wages designed to be recovered in the higher charges provided in Items Nos. 520 and 530 of Minimum Rate Tariff No. 15. Applicant stated that work was performed on several Saturdays during the first six months of

1964, but that Sunday and holiday work is seldom performed. Applicant presented balance sheets as of December 31, 1963 and June 30, 1964, and income statements covering the year 1963 and first six months of 1964, for his total operations. The income statements show that applicant's operations were conducted at a profit during these periods. The income statements, however, do not serve to show the profitableness of the haul for which relief is sought herein, as they cover, in addition, log hauling operations performed by applicant. Revenues for the separate operations were furnished, but expenses were not segregated.

The secretary of Hi-Ridge Lumber Co. affirmed applicant's testimony concerning conditions surrounding the hauling performed by applicant for Hi-Ridge, and presented a study prepared from that company's records estimating the revenue which would have been received by applicant during the year 1963 and the period covering the first six months of 1964 had the sought relief been granted. The witness testified that during 1963 applicant received \$93,804 from Hi-Ridge, and would have received \$80,489 under the sought rates; during the first six months of 1964, applicant received \$48,355 from Hi-Ridge and would have received \$41,426 under the sought rates. The witness testified that in the opinion of his company the charges for the transportation in question determined under the applicable minimum rates are excessive because of the year-round nature of the transportation service, the reduction in cost to the carrier because loading and unloading is performed by the shipper, and because applicant did not incur increased labor costs concurrent with the latest adjustments in the minimum rates. According to this witness two avenues would be explored by the company if the sought relief is not granted. The first would be

the purchase and operation of proprietary equipment; the second would be the use of lower interstate rates covering the joint movement by truck into the planing mill at Montague and the movement by rail from the planing mill to ultimate destination. The witness indicated that applicant's services are preferred by Hi-Ridge to either alternative but, if Hi-Ridge is to continue to use applicant's services, the sought rate relief is necessary.

The primary relief sought is to eliminate the daily charges for service performed on Saturdays, Sundays and holidays. The record indicates that service is required to be performed by applicant on a significant number of Saturdays during the year. The base yearly vehicle unit rates in Minimum Rate Tariff No. 15 are designed to reflect driver's wages for services performed during the period Monday through Friday; the tariff provides additional daily charges to be added to the base charge for service on days other than Monday through Friday and on holidays. It is applicant's contention that he does not incur the wage costs reflected in the minimum rates, and that the sought overall revenues on a yearly basis will be sufficient to compensate applicant for the services performed on Saturdays without collection of the prescribed additional charges for Saturday work. The latter contention is not supported by the record, as there was no showing made comparing the anticipated overall revenues with the corresponding expenses.

The record shows that applicant does not incur overtime and premium pay for his drivers. The application also seeks exemption from the assessment of accessorial charges based on overtime and premium time wages. We find that relief from the requirements for assessment of overtime and premium time wage

rates is justified and that the resulting rates and charges are reasonable. We conclude that the application should be granted to the extent provided in the following order, and in all other respects it should be denied. Inasmuch as the circumstances under which the service is performed may change at any time, the authority will be limited to one year.

O R D E R

IT IS ORDERED that:

1. Roland P. Hougham is authorized to assess rates less than the established yearly vehicle unit rates in Minimum Rate Tariff No. 15 for the transportation of rough lumber for Hi-Ridge Lumber Co. from Seiad Valley to Montague, but not less than the rates set forth in Appendix A attached hereto, which by this reference is made a part hereof.

2. The authority granted herein will expire one year after the effective date of this order unless modified or extended by further order of this Commission.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 15th day of DECEMBER, 1964.

Fredrick B. Halbluff
President
George T. Hoover
William W. Bennett
Commissioners

Appendix A

APPLICATION OF RATES

Carrier: Roland P. Hougham

Shipper: Hi-Ridge Lumber Co.

1. Commodity: Rough lumber.
2. Points: From Seiad Valley to Montague.
3. Equipment: Flatbed diesel trucks and flatbed trailers.
4. Rates:
 - a. Base yearly vehicle unit rate per period between billing dates \$1,143.
 - b. Mileage rate per unit of equipment \$0.20 per mile.
 - c. Vehicle unit rate for Saturdays, Sundays and holidays \$14 per round trip.
 - d. Rate for all hours in excess of 8 out of nine consecutive hours in a single day \$5.90 per hour.
5. In all other respects, the provision of Minimum Rate Tariff No. 15 shall apply.

End of Appendix A