

Decision No. 70426**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of WALTER F. PETERS, an individual,
doing business as PETERS TRUCK LINES,
for authority to depart from minimum
rates, rules and regulations applica-
ble in connection with certain trans-
portation.

Application No. 47969
(Filed October 13, 1965)

Frank Loughran, for applicant.
C. D. Gilbert, H. F. Kollmyer and A. D. Poe,
for California Trucking Association, inter-
ested party.
R. J. Garberry and Arthur F. Burns, for the
Commission staff.

O P I N I O N

Decision No. 69851, dated October 26, 1965, in this pro-
ceeding, authorized applicant to assess less than minimum rates for
the transportation of potatoes from Macdoel and points within 15
airline miles thereof to Sacramento, Santa Rosa, Monterey, Stockton,
Modesto and points within the San Francisco Bay area for specified
shippers. Said authority was granted without hearing, subject to
cancellation or revision by the Commission upon consideration of
evidence to be adduced at a public hearing.^{1/}

Public hearing was held and the matter submitted before
Examiner Mallory at San Francisco on January 28, 1966. There are no
protests. Representatives of the California Trucking Association
and the Commission's Transportation Division staff assisted in the
development of the record through examination of applicant's witnesses.

At the hearing the relief sought was amended to include
two additional shippers and to increase the level of rates to
certain of the destination points.

^{1/} The authority in Decision No. 69851, in any event, expires April
1, 1966, unless otherwise ordered by the Commission.

Testimony and exhibits were presented by applicant and by a member of a firm of certified public accountants employed by him. Applicant testified concerning the nature of his highway carrier operations, the circumstances surrounding the transportation of potatoes, and the necessity for the relief sought.^{2/} Applicant testified that he conducts a less-than-truckload highway common carrier service between central California points and Yreka using insulated van equipment. The freight transported in such service is predominantly northbound. In order to achieve a balanced usage of his equipment, he has endeavored to develop a southbound movement. The only commodities available from the Yreka area which are available for transportation in van-type equipment are potatoes from the Macdoel area and from southern Oregon, and a limited amount of grain from southern Oregon. Applicant testified that a southbound payload is necessary in order that his round-trip operations will be profitable. Applicant asserted that, without continuation of the rate relief sought herein, the transportation of potatoes from the Macdoel area would be lost to him, and that the potatoes would move from Oregon by carriers exempted from rate regulation by the Interstate Commerce Commission.

Applicant's accountant presented a study of applicant's costs of transporting potatoes. The data used therein were developed from applicant's books and records. The study is based on the premise that Peter's equipment is used from his southern terminals in Oakland and Sacramento to Yreka in northbound common carrier service, and southbound in permitted carrier service in the transportation of potatoes. The mileages used in the cost study were computed from Yreka to Macdoel, from Macdoel to the destination points of the potatoes, and from said destination points to the nearest terminal (Oakland or Sacramento), where the equipment again would enter highway common carrier service. Assertedly, all equipment units used

^{2/} The general circumstances surrounding the transportation of potatoes and the necessity of the relief sought are discussed in detail in Decision No. 69851.

in a southbound direction for the hauling of potatoes are used in northbound service in the less-than-truckload transportation of general commodities from Oakland or Sacramento to Yreka. Costs developed in this manner were compared with the proposed rates. This comparison showed that charges under the proposed rates will exceed the developed costs for the transportation of potatoes. However, with respect to certain destinations, such charges exceed the corresponding costs by only a small amount.

Discussion, Findings and Conclusions

Applicant has chosen to develop cost information only for that portion of the round-trip service which does not include his highway common carrier operations. In past decisions this Commission has declined to grant rate relief unless it has been shown that the round-trip operations would be profitable, that revenues for the portion of the haul not included in the sought deviation were assured, and that the traffic included in the round-trip service for which no rate relief was sought was for the same shipper as the traffic for which rate relief was sought.

As a highway common carrier, applicant is required to provide a regularly scheduled transportation service for general commodities to the Yreka area. The record shows that while the northbound tonnage varies from day to day, the service generally requires the same number of vehicles each day. Applicant schedules only the number of vehicles southbound in the hauling of potatoes that are required for the northbound transportation of general commodities. If no southbound loads were available, this number of vehicles would be scheduled empty southbound, in order to meet the needs of applicant's scheduled northbound service. Although the northbound traffic is unrelated to the southbound transportation of potatoes in that the traffic is for different shippers, under applicant's method of operations the north and southbound services are integrated and

northbound revenues are assured. Therefore, we find that the method of cost development employed in this proceeding is reasonable for applicant's operations. We also find that, in the absence of the authority herein requested, the transportation of potatoes from the points of origin in California specified herein would not move by regulated highway carriers.

As heretofore stated, the proposed rates to certain points exceed the developed costs by only a small amount. The proposed rates to such points should be increased to exceed the estimated costs by a greater amount.

In the circumstances, the Commission finds that the less-than-minimum rates proposed in the application, as amended, modified to the extent indicated above, will be reasonable and are justified by transportation conditions. The authority granted by Decision No. 69851 should be superseded by the authority contained in the order which follows, and such authority should be made to expire after a period of approximately one year.

O R D E R

IT IS ORDERED that:

1. Walter F. Peters is authorized to transport potatoes, in sacks, boxes or bins, from Macdoel and points within a radius of 15 airline miles of Macdoel for the companies named and to the points named in Appendix A, attached hereto and by this reference made a part hereof, at the rates and subject to the conditions also set forth in said Appendix A.
2. The authority granted herein shall expire with April 1, 1967, unless otherwise ordered by the Commission.

3. Concurrently with the effective date of this order, Decision No. 69851, in this proceeding is rescinded.

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

Dated at San Francisco, California, this 15 day of MARCH, 1966.

Frederick B. Hallock
President

John E. McMillan

George E. Trover

Alvin J. ...

William W. Bernard
Commissioners

APPENDIX A

APPLICATION OF RATES

Carrier: Walter F. Peters

SHIPPERS FOR WHOSE ACCOUNT SERVICE IS TO BE PROVIDED:

Butte Valley Farms, Inc.	Bob Cheyne
Macdoel Potato Co.	Wesley McKegg
Geo. Yost	Safeway Stores, Inc.
Carl Colson Farms	Klamath Potato Distributors, Inc.
Nick Dellis Co., Inc.	Sunnystate Produce
L and K Produce	A. Levy and J. Zentner, Inc.

1. Commodity:

Potatoes, fresh, in sacks, boxes or bins.

2. Rates

<u>FROM:</u>	<u>Rates in Cents Per 100 Pounds</u>	
	<u>Minimum Weight 42,000 Pounds</u>	<u>Minimum Weight 45,000 Pounds</u>
Macdoel and points and places within a radius of 15 airline miles of Macdoel.		
<u>TO:</u>		
Sacramento	45	--
Fairfield, Suisun,) Travis Air Base)	48	--
Richmond, Berkeley,) Emeryville, Oakland,) San Leandro, San) Lorenzo, Hayward)		50
San Francisco,) South San Francisco)	52	
Santa Rosa	--	50
Monterey, Ford Ord	--	66
Stockton	--	48
Modesto	--	51

3. In all other respects the provisions of Minimum Rate Tariff No. 8 are applicable.