

ORIGINALDecision No. 70951

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of ROBERT D. THOMPSON)
 for decrease in existing Public)
 Utilities Commission rates for haul)

Application No. 48280
 (Filed March 3, 1966)

Robt. D. Thompson, applicant.
C. D. Gilbert, H. F. Kollmyer and A. D. Poe
 for California Trucking Association, interested
 party.
J. C. Matson and R. J. Carberry, for the Commission
 staff.

O P I N I O N

This application was heard April 14, 1966 before Examiner Thompson at Sacramento. It was submitted May 9, 1966 after the receipt of late filed exhibits. Copies of the application and notice of hearing were served in accordance with the Commission's procedural rules. There are no protests.

Robert D. Thompson is a highway contract carrier engaged in transporting green lumber from Sattley, Sierra County, to Rocklin and Chico for Holstrom Lumber Co. He seeks authority to charge a rate of \$9.00 per thousand board feet, minimum truckload 9,500 board feet, for transportation from Sattley to Rocklin and \$11.00 per thousand board feet, minimum 9,500 board feet, from Sattley to Chico.

Holstrom Lumber Co. operates a mill at Sattley the total production of which is sold to one millwork company at Rocklin and a moulding manufacturer at Chico. Its owner testified that he presently sells the output of his mill F.O.B. Sattley so that the receivers pay for the transportation charges. For several years past he has engaged Thompson to transport logs and has also tendered him shipments of lumber to be transported for the consignees. He said that

because of Thompson's superior service he desires to engage him to transport the entire output of his mill and in order to accomplish that result is willing to ship the lumber F.O.B. destination, to load applicant's trucks during working hours and to provide a fork lift for applicant's use for loading at times other than regular working hours. His problem in shipping F.O.B. destination is that he must sell at a fixed price per thousand board feet and the minimum rate structure for the transportation of green lumber will not permit him to determine, with any degree of accuracy, the transportation cost which he must include in the price of the lumber. He said that in his operation it is necessary to operate on a small profit margin per unit which prevents him assuming any risk that actual transportation charges will be greater than those considered in setting the price for the lumber. He said that the weight per 1,000 board feet of the output of his mill varies widely, that this variance is caused by many factors, including such things as the elevation at which the tree was felled, the direction of the slope of the mountain on which it grew as well as the species of tree. Unless he can be assured of a fixed cost per 1,000 board feet for the transportation he will be unable to undertake to sell his lumber F.O.B. destination.

Applicant testified that he transported some of the output of Holstrom Lumber Co.'s mill at Sattley in 1965 and is familiar with the transportation conditions at origin, enroute and at the destinations. Exhibit 3 is a statement of revenues and expenses of this particular lumber haul in 1965. It shows that Thompson earned gross revenues of \$38,790 for this transportation at a full cost of \$32,971.63. Exhibit 2 sets forth estimates of the cost per trip. A summary of that exhibit follows:

Estimate of Revenue and
Expense per trip from Sattley

	<u>To Rocklin (216 miles round trip)</u>		<u>To Chico (260 miles round trip)</u>	
	<u>9,500 BFM</u>	<u>10,000 BFM</u>	<u>9,500 BFM</u>	<u>10,000 BFM</u>
Footage Hauled				
Revenue per Trip	\$85.50	\$90.00	\$104.50	\$110.00
Expenses per Trip				
Direct	\$61.65	\$61.65	\$ 73.90	\$ 73.90
Indirect	10.05	10.55	10.59	11.12
Revenue Expense	<u>1.57</u>	<u>1.65</u>	<u>1.92</u>	<u>2.02</u>
Total Expense	\$73.27	\$73.85	\$ 86.41	\$ 87.04
Net Revenue per Trip	\$12.23	\$16.15	\$ 18.09	\$ 22.96

Both applicant and the owner of the mill testified that, in the main, the loads will have 10,000 or more board feet of lumber and that only occasionally will the green lumber be so heavy as to prevent applicant from transporting 10,000 board feet. In almost every instance applicant's equipment will be able to transport in excess of 9,500 board feet.

We find that the proposed rates are reasonable and conclude that the application should be granted. In accordance with Commission policy the authority to be granted will be scheduled to expire in one year. The lumber haul is in progress and there being no protests to this application the order herein shall be made effective this date.

ORDER

IT IS ORDERED that:

1. Robert D. Thompson is authorized to charge and collect rates less than the minimum rates for the transportation of green lumber for Holstrom Lumber Company from Sattley, on the one hand, to

Rocklin and Chico, on the other hand, but such rates shall be no lower than those set forth in Appendix A, attached hereto and by this reference made a part hereof.

2. The authority granted herein shall expire June 30, 1967 unless sooner canceled, modified or extended by order of the Commission.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 12th day of JULY, 1966.

John S. Madhill
President

George T. Grover

Fredrick B. Holbrook

Augustus

William B. Bennett
Commissioners

APPENDIX A

Robert D. ThompsonSchedule of Minimum Rates for
the Transportation of Green Lumber
for Holstrom Lumber Company

Section I

Item No. 10: Except as otherwise provided in Section 2, herein, the rates and rules set forth in Minimum Rate Tariff No. 2 shall apply.

Section II

Item No. 20: Rates in this section apply to the transportation of green lumber from the mill and facilities of Holstrom Lumber Company at Sattley to Rocklin and Chico.

Item No. 25: Commodity Rates in dollars per 1000 BFM from Sattley.

<u>To:</u>	<u>Rates in dollars per MBFM</u> <u>Minimum 9,500 BFM</u>
Rocklin	\$ 9.00
Chico	11.00

End of Schedule