

ORIGINALDecision No. 71718

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 UNIVERSAL TRANSPORT SYSTEM, INC.,
 for authority to depart from the
 minimum rates, rules and regulations
 of Minimum Rate Tariff No. 7, pursuant
 to the provisions of Section 3666 of
 the Public Utilities Code for transpor-
 tation performed for PACIFIC READY-MIX,
 INC.

Application No. 48756
 (Filed September 1, 1966)

Handler, Baker & Greene, by Daniel W. Baker,
 for applicant.

John Rafael, for Pacific Ready-Mix, Inc.;

L. M. Watwood, for Kaiser Cement; E. O.

Blackman, for California Dump Truck Owners

Association; R. W. Smith, H. F. Kollmyer

A. D. Poe, for California Trucking Associa-
 tion; interested parties.

Robert W. Stich and Henry E. Frank, for the
 Commission staff.

O P I N I O N

After due notice, this application was heard October 11,
 1966 before Examiner Thompson at San Francisco and was submitted
 October 21, 1966 on the receipt of late-filed Exhibit 6.

Universal Transport System, Inc., proposes to enter into
 a contract with Pacific Ready-Mix, Inc. to transport aggregate,
 consisting of rock, sand and/or gravel, from three commercial
 producing plants in Alameda Production Area A to three batching
 plants of Pacific Ready-Mix, Inc., located in Santa Clara Delivery
 Zones 1, 2 and 3, such areas and zones being described in Minimum
 Rate Tariff No. 7. The rates it proposes to charge between certain
 of those points are lower than the minimum rates, and between
 certain other points are higher than the established minimum rates.
 It here seeks authority under Section 3666 of the Public Utilities
 Code to charge and assess rates lower than the established minimum
 rates.

The costs of providing the transportation, estimated by applicant, and the rates it proposes to charge for such services are set forth below.

Proposed Rates, Minimum Rates and Estimated
Costs for Transportation of Aggregate from
Alameda Production Area A to Points Shown
(In Cents Per Ton)

<u>Destinations</u>	<u>Minimum Rate</u>	<u>Proposed Rate</u>	<u>Estimated Cost</u>
Palo Alto Plants (via Oregon Ave.)			
Zone 1 (70 Homer Ave.)	90	93	84.0
Zone 2 (2785 Park Blvd.)	96	93	84.0
Palo Alto Plants (via San Antonio Rd.)			
Zone 1	90	109	98.2
Zone 2	96	109	98.2
Mountain View			
Zone 3 (605 E. Fairchild Dr.)	92	83	74.4

Applicant has proposed two different rates for transportation from the production area to the Palo Alto plants for the reason that the City of Palo Alto has closed Oregon Avenue to heavy truck traffic. Routing of shipments to those plants under present circumstances will be via San Antonio Road, involving a longer distance. According to applicant, it is likely that Oregon Avenue will be opened to trucks in the future. If and when it is, applicant will use that direct routing and desires to charge the rate proposed for that routing.

A vice president of Pacific Ready-Mix, Inc. testified that the company presently uses its own trucks to transport aggregate between the points involved. It uses applicant to transport cement to its plants and also engages it to transport shipments of aggregate Pacific cannot handle with its own trucks and which cannot be moved by railroad. He said that Pacific would prefer to

have applicant perform the truck transportation of aggregate as well as of cement, making it unnecessary to invest in trucking equipment. It would be willing to have applicant transport the shipments at the proposed rates; however, it is not economically desirable to have the transportation performed at the minimum rates.

Applicant's president stated that the proposed rates approximate the full costs of providing the service at a 90 percent operating ratio. He is of the opinion that the estimated full costs are somewhat overstated because transportation of aggregates would correlate well with the transportation of cement performed by applicant for Pacific. The cost estimates are based upon distances computed from applicant's terminal to point of pickup, to point of delivery and thence to applicant's terminal. Applicant's investigation of the traffic disclosed that except during inclement weather the shipper's daily requirement for aggregate is equivalent to at least eight truckloads.

Applicant's president and a certified public accountant employed by it were cross-examined extensively regarding the bases of the cost estimates. We find that the estimates reasonably reflect the operations involved in performing the transportation. We find that the proposed rates are reasonable.

Applicant points out that the Commission has held several hearings in Case No. 5437 to receive evidence in its investigation concerning the adjustment of the minimum rates for the transportation of aggregate. At those hearings the Commission's staff proposed increases in the minimum rates established for the transportation involved herein. Counsel for applicant stated that the Commission, in that proceeding, might establish

minimum rates higher than the applicant's proposed rates between the points where the applicant's proposed rates are higher than the present minimum rates. He stated that this was the reason for applicant's request for authority to charge the proposed rates.

Section 3666 provides that if any highway carrier other than a highway common carrier desires to perform any transportation or accessorial service at a lesser rate than the minimum established rates, the Commission shall, upon a finding that the proposed rate is reasonable, authorize the lesser rate. Only the proposed rates for transportation to the plant at 2785 Park Blvd., Palo Alto, via Oregon Avenue, and the proposed rates to the plant at Mountain View, are less than the minimum established rates. The order herein will authorize applicant to charge those rates. Applicant presently has authority to charge the other proposed rates. If in the immediate future minimum rates are established higher than said proposed rates, applicant may then petition the Commission to take notice of its finding herein that the proposed rates are reasonable. Appropriate relief may be offered if at such time operating circumstances and conditions are the same as those shown in this record.

It is anticipated that there may be a change in conditions on or before June 30, 1967 which will have an effect upon the costs of providing the service. In view of this circumstance, we conclude that applicant should be authorized to charge less than the minimum rates, but not less than its proposed rates, for the transportation of aggregate from Alameda Production Area A to Pacific Ready-Mix plants located at 2785 Park Blvd., Palo Alto, and 605 East Fairchild Avenue, Mountain View; and that said authority should expire June 30, 1967.

O R D E R

IT IS ORDERED that:

1. Universal Transport System, Inc. is authorized to transport aggregate (rock, sand and/or gravel) for Pacific Ready-Mix, Inc., from plants in Alameda Production Area A, on the one hand, to plants located at 2785 Park Boulevard, Palo Alto, and 605 East Fairchild Drive, Mountain View, on the other hand, at rates less than those established in Minimum Rate Tariff No. 7 but not less 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 twenty days after the date hereof.

Dated at San Francisco, California, this 20th day of DECEMBER, 1966.

[Signature]
President

[Signature]

[Signature]

Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.

Appendix A

Universal Transport System, Inc.

Schedule of Minimum Rates for
Transportation of Aggregate for
Pacific Ready-Mix, Inc.

Commodity: Concrete Aggregate (rock, sand and/or gravel)

From: (1) Pacific Cement and Aggregates' plant at
37151 Sequoia Road, Centersville.
(2) Pacific Cement and Aggregates' plant at
Rock Avenue, Niles.
(3) Rhodes & Jamieson, Ltd., plant at 2650
Jamieson Avenue, Fremont.

To: Pacific Ready-Mix, Inc., plants at:

(1) 2785 Park Boulevard, Palo Alto via Oregon Avenue.
(2) 605 East Fairchild Drive, Mountain View

Rates in Cents Per Ton, Minimum Weight 24 tons.

To Palo Alto plant via Oregon Avenue	93
To Mountain View plant	83

In all other respects the rates and rules in Minimum Rate Tariff
No. 7 shall apply.

End of Appendix A