

ORIGINAL

Decision No. 72154

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
YANDELL TRUCKAWAY, INC., for
authority to depart from the rates
in Minimum Rate Tariff No. 2, under
the provisions of Section 3666 of the
Public Utilities Code of the State
of California.

Application No. 48893
(Filed October 26, 1966
Amended December 12, 1966)

E. H. Griffiths and George B. Dill, for applicant.
Donald M. Enos and Reed B. Tibbetts, for Owens-
Illinois, Inc., interested party.
Robert W. Stich and Joseph C. Matson, for the
Commission staff.

O P I N I O N

Application No. 48893, as amended, was heard and submitted on December 12, 1966, before Examiner Gagnon at San Francisco. Copies of the application and the notice of hearing were properly served. The Commission's Transportation Division staff assisted in the development of the record. There were no protests.

Yandell Truckaway, Inc., (Yandell) is engaged in the for-hire transportation of property under Radial Highway Common Carrier Permit No. 1-8107, Contract Carrier Permit No. 1-8108 and City Carrier Permit No. 1-8109.

Yandell seeks authority, pursuant to Section 3666 of the Public Utilities Code, to charge less than the minimum rates named in Minimum Rate Tariff No. 2 for the transportation of glassware (Glass Bottles, Demijohns or Jars, other than cut, with or without their equipment of Caps, Covers, Stoppers or Tops) in lots of 20,000 pounds or more, for the account of Owens-Illinois, Inc., from said company's Oakland plant, warehouse and storage sites to various California destinations. Yandell proposes to assess rates

one cent per 100 pounds less than the otherwise applicable class rates contained in Minimum Rate Tariff No. 2. The sought relief is restricted to shipments which have been loaded into Yandell's truck equipment by employees of Owens-Illinois, with power equipment as defined in Item No. 11 of Minimum Rate Tariff No. 2, without the assistance of and expense to applicant. ^{1/}

Prior to September, 1965, the loading of Owens-Illinois palletized shipments of glassware into Yandell's trucks was performed by the carrier's employees, using fork-lift equipment. In September, 1965, Owens-Illinois entered into an agreement with local teamster union representatives whereby the drivers of Owens-Illinois proprietary trucks would perform the loading of applicant's trucks when hauling for Owens-Illinois. Applicant is notified when loading of its equipment is completed and a driver is then dispatched to tie down the load and commence the transportation service. Applicant maintains a terminal for its truck equipment directly across the street from the Oakland plant of Owens-Illinois and carrier's empty equipment is assertedly readily available for loading as needed by the shipper.

Since the cost of loading into Yandell's trucks is now assumed by Owens-Illinois, it has requested compensation for such service in the amount of one cent per 100 pounds to partially offset the loading costs which would normally be borne by applicant. It is understood that such compensation is to apply only in connection with shipments moving under the class rates named in Minimum Rate Tariff No. 2 and not to shipments rated under alternatively applied rail carload rates.

^{1/} Item No. 11 of MRT 2 defines "Power Equipment" as any gasoline, diesel, electric or gas driven equipment, including electric powered cranes and lift-truck equipment.

The Secretary-Treasurer for Yandell Truckaway, Inc., introduced evidence in support of the sought authority. He stated that the Owens-Illinois account represented 70 percent of applicant's volume of traffic and that Yandell may be considered a so-called "captive carrier" of Owens-Illinois. The carrier witness presented in evidence financial operating statements, extracted from applicant's accounting records, which indicate, in addition to total assets, as of June 30, 1966, of approximately \$448,000, that Yandell Truckaway enjoyed an operating ratio of 87.1 percent during the period January 1, 1966 through June 30, 1966. The carrier witness also presented an estimate of the hourly costs to Yandell Truckaway for the operation of one fork-lift and one employee operator at Oakland as of July 1, 1966. A summary of the estimated hourly loading costs and the anticipated savings under the sought authority are set forth below:

| | <u>Overtime</u> | <u>Straight Time</u> |
|---|-----------------|--------------------------|
| Total loading cost for one-third hour | \$2.37 | \$2.13 |
| Less proposed 1-cent rate reduction (minimum weight 20,000 pounds.) | <u>2.00</u> | <u>2.00</u> |
| Loading cost savings | .37 | .13 |

Pursuant to the decision of Owens-Illinois to perform the power loading of its shipments, applicant established a fork-lift rental service as a means of utilizing the labor and equipment previously required to load Owens-Illinois shipments. Yandell assertedly performs fork-lift rental service for various shippers other than Owens-Illinois for which hourly rates ranging between \$9.00 to \$12.50 per hour are assessed. As an alternative to the

establishment of a fork-lift rental service, applicant's Secretary-Treasurer explained that it would be necessary to terminate the services of two of its terminal employees in order to realize the full savings in loading costs made possible by Owens-Illinois determination to load its shipments.

The Pacific Regional Traffic Manager for Owens-Illinois, Inc., also testified in support of the sought authority. He confirmed the allegation that Owens-Illinois requested applicant to file for the requested authority. The traffic manager also explained that Owens-Illinois conducts a rather substantial proprietary operation and that the cost of loading experienced by applicant, as set forth in Exhibit No. 3, was comparable to that experienced by Owens-Illinois proprietary operations.

The Commission's Minimum Rate Tariff No. 2, in several instances, gives recognition to the cost savings made available to highway carriers when shippers perform the loading of their palletized shipments with power equipment without assistance and expense to the carrier. For example, when a common carrier rate is used in constructing a rate for highway transportation and such rate does not include accessorial loading services, Item 240 of the tariff provides that no additional charge shall be assessed when such loading is performed by the shipper with power equipment without expense to and assistance by the carrier. Accessorial loading charges of 5 cents and 3 cents per 100 pounds are also provided in Item 240 of the tariff and applicable to shipments loaded by various specified methods with varying degrees of carrier assistance or expense. Minimum Rate Tariff No. 2 also provides for the free transportation of empty pallets returning for distances not exceeding 35 constructive miles when palletized shipments are loaded by the

shipper with power equipment without expense to and assistance by the carrier.^{2/}

It has been clearly demonstrated that the one cent per 100 pounds reduction in rates proposed by applicant will only partially offset the costs for power loading Yandell's trucks. Such loading costs will, however, be borne completely by Owens-Illinois in connection with its shipments tendered to applicant. It is also noted that the proposed partial offset of loading costs is considerably less than like allowances currently provided in the Commission's Minimum Rate Tariff No. 2.

We find that the cost of loading with power equipment, as developed in this particular instance, is reasonable for applicant's operations; that, in the absence of the authority herein requested, the transportation involved may be diverted from regulated highway carriers; and that the less-than-minimum rates proposed in the application, as amended, will be just and reasonable for the transportation services involved. In view of the above findings, we conclude that the sought authority should be granted and, because transportation conditions are subject to change, the authority should be limited for a period of one year.

^{2/} For similar Commission action see Decision No. 70029, dated November 30, 1965, in Application Nos. 47786 and 47879.

O R D E R

IT IS ORDERED that:

1. Yandell Truckaway, Inc., a corporation, operating as a highway carrier, other than a highway common carrier, is authorized to transport Glass Bottles, Demijohns or Jars, other than cut, with or without their equipment of Caps, Covers, Stoppers or Tops, for Owens-Illinois, Inc., from said company's plant, warehouse and storage sites all located within the City of Oakland, to destinations located in northern, central and southern California, at rates less than the minimum rates, but in no event lower in volume or effect than one cent per 100 pounds less than the otherwise applicable class rates contained in Minimum Rate Tariff No. 2, subject to the following conditions:

(a) Minimum weight per shipment (per unit of carrier's equipment used) shall be not less than 20,000 pounds.

(b) Shipments shall be palletized and loaded with power equipment, as defined in Minimum Rate Tariff No. 2, by Owens-Illinois, Inc., without the assistance of and any expense to the carrier.

(c) Shipments shall be restricted to those moving under the otherwise applicable class rates named in Minimum Rate Tariff No. 2.

2. The authority granted herein shall expire on April 3, 1968, unless otherwise ordered by the Commission.

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

Dated at San Francisco, California, this 14th day of 1 MARCH, 1967.

[Signature]
President
[Signature]
Secretary
[Signature]
Fred P. [Signature]
Commissioners