

ORIGINALDecision No. 72243

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 WESLEY L. HANSEN and HERBERT W.)
 HAMMOND, Co-partners, doing business)
 as H & W TRUCKING, under Section 3666)
 of the Public Utilities Code of the)
 State of California, for Authority to)
 charge rates less than those pre-)
 scribed in Minimum Rate Tariff No. 15)
 for the transportation of animal feed)
 and related articles for the account)
 of SALYER GRAIN & MILLING CO. within)
 a radius of 125 miles of Corcoran,)
 California.)

Application No. 48697
 (Filed August 10, 1966)

William H. Kessler, for applicants.
R. W. Smith, Arlo D. Poe and H. F. Kollmyer,
 for California Trucking Association,
 interested party.
Joseph C. Matson and Robert W. Stich, for
 the Commission staff.

O P I N I O N

Applicants transport animal feed between the plant of Salyer Grain and Milling Co. at Corcoran and various cattle feeding lots and ranches within 125 miles of Corcoran. The animal feed is loaded by the shipper into specially equiped trailers owned by Salyer. Actually applicants furnish only a tractor and driver to move the shipper's trailers. Applicants seek authority herein to perform this transportation at a rate of 32 cents per round-trip mile in lieu of the minimum rates named in Minimum Rate Tariff No. 15.

Public hearing on the application was held before Examiner Turpen at Fresno on November 3, 1966. One of the partners testified in support of the sought authority. Representatives of the California Trucking Association and of the Commission's staff assisted in developing the record by cross-examining the witness.

Salyer's plant at Corcoran is available for loading 24 hours a day and seven days a week. The trailers are loaded by gravity and are equipped with a mechanical unloading device.

The witness presented a tabulation of operations performed for Salyer for the months of April through September, 1966. This showed that the revenue received, under the provisions of Minimum Rate Tariff No. 15, amounted to \$50,913, and if the sought rate had been applied that the revenue would have amounted to \$51,540. Another exhibit showed that during the same period total revenue from all of applicants' for-hire carrier operations amounted to \$91,102, of which 55.88 percent was from the Salyer operation. According to this exhibit operating expenses amounted to \$83,516, of which 55.88 percent was allocated to the Salyer traffic producing expenses of \$46,673 for the Salyer operation. The witness offered no evidence to show that the costs of the two operations are equally proportional to the revenues, or any other basis to show that costs should be allocated in proportion to the respective revenues.

On cross-examination it was developed that an expense item labeled "Other Transportation Expense," amounting to \$8,591, actually was the cost of gypsum for sale, and an undisclosed amount representing the selling of this gypsum was included in the total revenue figures. It also was developed that the drivers in the Salyer operation receive higher wages than the drivers in the other operations.

This Commission has consistently held in applications seeking deviations from the minimum rates that a showing that the proposed rates will exceed the costs of providing the service is indispensable to the requisite finding that the proposed rates are reasonable.

The Commission finds that:

1. Applicants have not shown that allocation of operating expense based on percentage of revenue is proper; accordingly for the purpose of this proceeding the alleged operating expense of \$46,673 for the Salyer operation cannot be accepted as having any probative value.

2. Applicants have not shown what the actual cost of performing this transportation amounts to.

3. Applicants have not shown that the proposed rates will exceed the cost of providing the service and therefore have not sustained the burden of proof that the proposed rates are reasonable.

The Commission concludes that the application should be denied.

O R D E R

IT IS ORDERED that Application No. 48697 is denied.

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

Dated at San Francisco, California, this 17th day of APRIL, 1967.

[Signature]
President

[Signature]

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Commissioners