

ORIGINALDecision No. 73661

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application
of Thompson Bros. Freight Forwarding
Co., Inc., a Corporation, to depart
from the rates, rules and regulations
of Minimum Rate Tariff No. 2 for
the transportation of bulk salt and
sugar in shipper owned container.

Application No. 49587
(Filed August 4, 1967)

Harold F. Culy and E. J. McSweeney, for Thompson
Bros. Freight Forwarding Co., Inc., applicant.
Keith M. Brown, for Spreckels Sugar Co., Ronald
C. Broberg, A. D. Poe and H. F. Kollmyer, for
California Trucking Association, interested
parties.
R. J. Carberry and John W. Henderson, for the
Commission staff.

O P I N I O N

By Decision No. 73161, dated October 3, 1967, Thompson Bros. Freight Forwarding Co., Inc., was granted interim authority, pending public hearing and final determination of its application, to assess rates less than the established minimum rates set forth in Minimum Rate Tariff No. 2 otherwise applicable to transportation performed for Campbell Soup Company on: (1) bulk salt between Sacramento and Newark; (2) sugar between Sacramento, on the one hand, and Tracy and Crockett, on the other hand; and (3) used empty bins returning from Sacramento to Newark, Crockett, Tracy, Woodland and Clarksburg. The temporary authority granted in said decision is scheduled to expire on April 7, 1968.

Public hearing was held before Examiner Gagnon at San Francisco on December 18, 1967 and the matter was submitted on that date. Applicant's general traffic manager presented evidence

in support of the application. Representatives of the California Trucking Association and the Commission staff also participated in the proceeding. The sought relief is not opposed.

Applicant was granted interim authority to assess a rate of 29 cents per 100 pounds, minimum weight 45,000 pounds per shipment, for the salt and sugar and to provide a rating of 50 percent of fourth class, subject to a minimum rate of 32 cents per 100 pounds for the empty used bins returning. The proposed rate for the salt and sugar is 2 cents per 100 pounds higher than applicant's predecessor (Sierra Distributing, Ltd.) was previously authorized to assess for such transportation, and a minimum weight of 5,000 pounds rather than 2,000 pounds governs the proposed rating on the empty bins.^{1/} The application states that Campbell Soup Company, by mutual agreement with Sierra Distributing, Ltd., requested applicant to take over the transportation service involved herein and has agreed to increase the rates formerly charged by Sierra Distributing, Ltd., to offset the increased labor costs incurred by applicant as of April 1, 1967.

Applicant's general traffic manager further explained the revenue, expense and labor cost data submitted with the application. Applicant's development of estimated gross revenues under the proposed rates, previously submitted with the application, was updated in order to reflect the additional revenue anticipated from the movement of empty used bins returning under the increased minimum rates which became effective as of September 23, 1967. In addition, applicant's witness introduced evidence (Exhibit 2) showing the movements of sugar, salt and used empty bins returning

^{1/} The temporary authority granted to Sierra Distributing, Ltd. (Decision No. 71328, dated September 27, 1966, in Application No. 48682) expired October 7, 1967.

actually transported under the temporary authority granted by Decision No. 73161 between the period October 9, 1967 to and including November 17, 1967. The witness stated that, since the shipper is currently tendering shipments which weigh more than applicant anticipated, the actual revenue earned under the existing authority is greater than initially estimated by applicant. A comparison of applicant's estimated revenue and cost development for the transportation herein with the revenues actually experienced for such transportation under the temporary authority granted by Decision No. 73161 is summarized below:

<u>Between Sacramento And:</u>	<u>Newark</u>	<u>Crockett</u>	<u>Tracy</u>	<u>Clarksburg</u>	<u>Woodland</u>
<u>Estimated</u>					
Cost of Operation	\$141.77	\$132.69	\$111.47	\$ 70.38	\$ 89.96
Operating Revenues	<u>162.18</u>	<u>164.29</u>	<u>161.69</u>	<u>111.27</u>	<u>121.74</u>
Net Revenue	20.41	31.60	50.22	41.24	31.78
Operating Ratio	87%	81%	69%	63%	74%
<u>Actual</u> <u>(10/9/67 - 11/17/67)</u>					
Average Revenue Per Round Trip	<u>\$175.50</u>	<u>\$167.88</u>	<u>\$169.97</u>	<u>\$114.47</u>	<u>(1)</u>
Net Revenue	33.73	35.19	58.50	44.09	-
Operating Ratio	81%	79%	66%	61%	-

(1) No movements recorded during period covered by Exhibit No. 2.

From the above summary, it is clear that the transportation is now and may reasonably be expected to be a profitable operation in the immediate future. In this connection it should be noted that the cost data submitted in support of the rate proposal was overstated to the extent the cost of tires was included in both of applicant's estimates for fixed expenses and the running costs per mile. Applicant's general traffic manager also testified that shipments are power loaded and unloaded by the consignor and consignee without expense to the carrier. He also expressed the opinion that

the level of applicant's proposed rates is sufficient to absorb the increase in labor costs, effective as of April 1, 1968, which the witness estimates will be approximately 20 cents per hour.

From the evidence now before us, it has been shown that Thompson Bros. Freight Forwarding Co., Inc. can perform the transportation service and realize a net operating profit therefrom. It is equally apparent that the highly favorable circumstances surrounding the movement justifies the further extension of the authority previously granted.

We find that:

1. Applicant's results of operations under the interim authority granted by Decision No. 73161 have been profitable.
2. The present authorized rates are not less than applicant's current cost of performing the transportation.
3. Applicant's present rates are compensatory, reasonable and justified under existing transportation conditions.

We conclude that extension of the interim authority granted by Decision No. 73161 should be authorized and, since transportation conditions are subject to change, such extended authority should be scheduled to expire on April 7, 1969.

O R D E R

IT IS ORDERED that:

1. Thompson Bros. Freight Forwarding Co., Inc., a corporation, is authorized to transport salt, sugar and used empty bins for Campbell Soup Company at rates less than the established minimum rates but not less than those set forth, and subject to the provisions specified, in Appendix A attached hereto and by this reference made a part hereof.

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2. The authority granted herein shall, on and after April 7, 1968, supersede the authority granted by Decision No. 73161 and shall expire with April 7, 1969, unless sooner canceled, modified or extended by order of the Commission.

The effective date of this order shall be April 7, 1968.

Dated at San Francisco, California, this 30th
day of JANUARY, 1968.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

APPENDIX A

THOMPSON BROS. FREIGHT FORWARDING CO., INC.

Item No. 1

COMMODITY: Common Salt, in shipper owned bins of not less than 60 cubic feet capacity.
BETWEEN : Campbell Soup Company plant, Sacramento, on the one hand,
AND : Newark, on the other hand.
RATE : 29 cents per 100 pounds, subject to Note 1.

COMMODITY: Refined Sugar, in shipper owned bins of not less than 60 cubic feet capacity.
BETWEEN : Campbell Soup Company plant, Sacramento, on the one hand,
AND : Tracy and Crockett, on the other hand.
RATE : 29 cents per 100 pounds, subject to Note 1.

NOTE 1 : Minimum weight 45,000 pounds per shipment. Rate applies to the combined weight of the commodity and bins. The weight of the bins must be shown separately on the bill of lading and may not be used to make up the minimum weight of the shipment.

Item No. 2

COMMODITY: Used empty BINS, for return paying load of Commodities in Item No. 1.
FROM : Campbell Soup Company plant, Sacramento.
TO: : Newark, Crockett, Tracy, Woodland and Clarksburg.
RATING : 50% of 4th Class rating subject to a minimum rate of 34 cents per 100 pounds or actual 4th class rate whichever is lower.
MINIMUM : 5,000 pounds per shipment.

Item No. 3

LOADING AND UNLOADING CARRIER'S EQUIPMENT:

The loading and unloading of carrier's equipment will be performed by the shipper's lift trucks. One hour free time will be allowed for loading and unloading bins commencing from the time carrier's equipment is placed at the designated loading or unloading place. Delay in excess of free time will be charged for as provided in Item No. 145 of Minimum Rate Tariff No. 2.

Item No. 4

OTHER PROVISIONS:

All other provisions of Minimum Rate Tariff No. 2 are to apply.

END OF APPENDIX A