

ORIGINALDecision No. 74823

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation
into the rates, rules, regulations,
charges, allowances and practices
of all common carriers, highway
carriers and city carriers relating
to the transportation of any and all
commodities between and within all
points and places in the State of
California (including, but not
limited to, transportation for which
rates are provided in Minimum Rate
Tariff No. 2).

Case No. 5432
Petition for Modification
No. 503
(Filed May 13, 1968)

In the Matter of the Application of
MITCHELL BROS. TRUCK LINES for
authority to publish a rate less
than the minimum rates set forth in
Minimum Rate Tariff No. 2.

Application No. 50233
(Filed May 13, 1968)

Norman Sutherland, for Mitchell Bros. Truck Lines,
applicant and petitioner.
Richard W. Smith, H. F. Kollmyer, A. D. Poe, for
California Trucking Association, interested
party.
Joseph C. Matson and Jerome Parke, for the
Commission staff.

O P I N I O N

By Decision No. 72639 dated June 20, 1967, in Case No. 5432
(Petition for Modification No. 461), Mitchell Bros. Truck Lines, a
corporation (hereinafter called applicant), was authorized (1) to
publish a less-than-minimum rate of 15 cents per 100 pounds, minimum
weight 50,000 pounds, for the transportation of lumber, timbers and
railroad ties from Crescent City to Arcata as a highway common
carrier and (2) to transport boards or sheets (particleboard), ply-
wood and veneering, as a highway contract carrier, for Hambro Forest
Products, Inc., and Simpson Wholesale Company from Crescent City to

Arcata at a less-than-minimum rate of 15 cents per 100 pounds, minimum weight 50,000 pounds. The published rate and authority were temporarily extended by an interim order in the captioned proceedings, to expire December 27, 1968, pending further review upon consideration of additional evidence adduced at a public hearing to be scheduled in such proceedings.

A duly noticed public hearing was held and the matters were submitted before Examiner Mallory on September 13, 1968, at San Francisco. Applicant presented oral and documentary evidence through five witnesses. Representatives of the California Trucking Association and the Commission staff assisted in the development of the record. No one opposed the granting of the relief sought.

Applicant's general manager testified as to applicant's operations and the circumstances surrounding the transportation services for which relief is sought. The witness also introduced exhibits showing equipment owned by applicant, balance sheets and operating statements, and estimates of revenues and expenses under the less-than-minimum rate authorities sought to be extended.

The witness's testimony is summarized in the following statements. Applicant is a corporation whose principal place of business is Portland, Oregon. It conducts operations as an irregular route common carrier in interstate commerce between points in several western states, including California. Applicant holds a certificate from this Commission as a highway common carrier for the transportation of lumber and building materials, and also holds a permit as a highway contract carrier.

Applicant transports lumber, particleboard and plywood under its certificate or permit from lumber mills or manufacturing plants in the vicinity of Crescent City to independent rail car-loading firms located in Arcata. The principal shippers of these

commodities are Hambro Forest Products, a manufacturer of particle-board, and Simpson Wholesale Company and Hubbard and Johnson, which are lumber sales organizations.

Applicant operates a terminal at Arcata, at which it maintains five drivers and three units of equipment. The transportation here under consideration is generally performed with equipment and drivers based at Crescent City; however, it also uses equipment or drivers from other terminals. The equipment based at Crescent City is regularly rotated with other equipment in applicant's fleet. Such equipment is generally rotated when major repairs or maintenance are required. Such repairs and maintenance are performed at applicant's main repair shop at Portland.

The witness presented exhibits to show that the transportation here in question has increased in the first six months of 1968 over prior periods; and that such transportation is a significant portion of its California intrastate operations. Applicant's operations as a whole have been profitable for the year 1967 and for the first six months of 1968.

The witness presented exhibits designed to show a comparison of revenues and expenses for the operations under consideration herein. Said exhibits were developed by showing the expenses for the operation of three separate units of equipment related to specific shipments transported on such vehicles. Said expenses were developed, in part, on data reflecting applicant's system average expenses. As the equipment and drivers are used for hauls other than between Arcata and Crescent City, expenses solely related to the hauls in question would be difficult to obtain. The witness asserted that his exhibits set forth the reasonable expenses attributable to the transportation services performed and that comparisons

of revenues and expenses on said exhibits indicate that the transportation services at the sought rate will be profitable.

The president of Hambro Forest Products, Inc. (Hambro) and the regional sales manager of Simpson Wholesale Company (Simpson) testified in support of the relief sought. Hambro manufactures particleboard at its plant near Crescent City, and ships its product by applicant to railhead at Arcata. Said transportation currently averages approximately 25 truckloads per week. Hambro's witness testified that its output had doubled in capacity since 1966, when the 15-cent rate was originally established; that the company had explored the use of its own vehicles for transportation to Arcata; that it had found that under current conditions it would be as profitable to operate its own trucking fleet as to ship by applicant; and that if applicant's rate is continued at a figure no higher than 15 cents per 100 pounds, Hambro would not operate its own vehicles.

Simpson's witness testified that Simpson, through its parent company, purchases the entire output of the McNamara and Peepe sawmill at Crescent City, and that a large part of the output of that mill is shipped by applicant to Arcata. The volume varies between 200,000 and 500,000 board feet per month, depending on market conditions. Simpson now operates trucking equipment at other locations and has the financial ability and experience to add additional equipment to its fleet. If the 15-cent rate is not continued, Simpson will enlarge its fleet of trucks to handle the transportation requirements of the sawmill at Crescent City.

An individual who engages as a for-hire carrier in the transportation of lumber and forest products from Crescent City to the San Francisco Bay Area also testified in support of the relief sought. The witness explained that the rates he assessed were

developed by combining, under alternative application of common carrier rate provisions of Minimum Rate Tariff No. 2, the published rates of Mitchell Bros. from Crescent City to Arcata and the rail carload rates beyond. Said combination of rates assertedly represents the highest rates shippers are willing to pay for the truck transportation of lumber from Crescent City.

Based on the record in these proceedings the Commission finds as follows:

1. The rates currently authorized to be assessed by Mitchell Bros. Truck Lines for the transportation of lumber, particleboard and plywood from Crescent City to Arcata are compensatory.
2. Said rates are reasonable and justified.
3. Unless said rates are authorized, the traffic of the two principal shippers involved will be lost to applicant.

The Commission concludes that applicant should be authorized to continue to assess the rates sought in the application and petition herein. Inasmuch as circumstances may change, the authority will be limited to a period of one year.

O R D E R

IT IS ORDERED that:

1. Mitchell Bros. Truck Lines, a corporation, is hereby authorized, as a highway common carrier, to publish and file, to expire with November 1, 1969, a rate of 15 cents per 100 pounds, minimum weight 50,000 pounds, for the transportation of lumber, timbers and railroad ties from Crescent City to Arcata.
2. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and to the public.

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3. Mitchell Bros. Truck Lines, a corporation, is hereby authorized to depart from the long- and short-haul provisions of Section 460 of the Public Utilities Code to the extent necessary to exercise the authority granted herein. Schedules containing the rate published under this authority shall make reference to this order.

4. Mitchell Bros. Truck Lines, a corporation, is hereby authorized, as a highway contract carrier, to transport boards or sheets (particleboard), plywood and veneering for Hambro Forest Products, Inc., and Simpson Wholesale Company from Crescent City to Arcata at a rate less than the applicable minimum rate but not less than 15 cents per 100 pounds, minimum weight 50,000 pounds.

5. The authority granted in ordering paragraph 4 above shall expire with November 1, 1969.

6. The authority granted in ordering paragraphs 1 and 4 above shall, on and after the effective date hereof, supersede the authority granted by Decision No. 74238 in this proceeding.

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

Dated at San Francisco, California, this 15th
day of OCTOBER, 1968.

William Lyons, Jr.
President
William R. Bernick
Augusta
Frederic P. Monseig
Commissioners