

ORIGINAL

Decision No. 81109

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application
 of CENTRAL COAST TRUCK SERVICE,
 INC., a corporation, for authority
 to depart from rates, rules and
 regulations of Minimum Rate Tariff
 No. 2 under the provisions of the
 Highway Carrier's Act, on trans-
 portation for Spreckels Sugar
 Division, Amstar Corporation.

Application No. 53505
 (Filed August 4, 1972)

Roland Schmidt, Attorney at Law, for Central Coast
 Truck Service, Inc., applicant.
Arthur D. Maruna, H. Hughes, and A. D. Poe, Attorney
 at Law, for California Trucking Association;
Asa Button, for Spreckels Sugar Division, Amstar
 Corporation; and Philip G. Blackmore, Jr., for
 California & Hawaiian Sugar Co.,; interested
 parties.
J. L. Glovka, for the Commission staff.

O P I N I O N

This matter was heard and submitted January 19, 1973
 before Examiner Thompson at San Francisco. There are no protests.

Central Coast Truck Service, Inc., a corporation, operates
 as a highway permit carrier. By this application it seeks authority
 to depart from the minimum rates in Minimum Rate Tariff 2 (MRT 2)
 for the transportation of sugar, in packages, for Spreckels Sugar
 Division, Amstar Corporation, from Spreckels to points in California
 by (1) providing for an allowance of 5 cents per 100 pounds when the
 shipments are loaded by the shipper without expense to the carrier
 and (2) returning the empty pallets to the shipper without charge.
 By interim order in Decision No. 80642 dated October 25, 1972,
 applicant was granted the authority sought for a period of six
 months. That authority is scheduled to expire April 25, 1973.

Applicant transports shipments of sugar from Spreckels' refinery to Spreckels' warehouses, wholesale grocers, and distributors at numerous points and places in California. Applicant has terminals at a number of points in the State and utilizes 40- to 45-foot semitrailers in its trucking operations. The transportation is described generally in Decision No. 80642. The secretary-treasurer of applicant testified that currently the operation consists of a line-haul driver picking up an empty trailer (or in some instances one laden with the shipper's pallets) at applicant's terminal at Watsonville and dropping it off at the Spreckels plant, then picking up a loaded trailer, having it weighed, and then proceeding to destination. Ordinarily there are four trailers spotted at the plant. Applicant may pick up the loaded trailers at its convenience. There is no waiting time involved in spotting the trailers nor does the driver have to wait for the trailers to be loaded by the shipper. The secretary-manager stated that applicant not only incurs no costs in the loading of the trailers but also there is substantial cost savings to applicant resulting from the increased flexibility of scheduling use of equipment because the trailers are moved at its convenience.

Spreckels has arranged with all of its customers to tender to applicant upon unloading the sugar the same number of empty pallets as there are in the load. Applicant takes those pallets to one of its terminals and they are held until there is space on equipment that is being dispatched to Watsonville.

The cost of providing transportation from Spreckels to each individual point of destination was not shown. In a proceeding to authorize a lesser rate than the established minimum rate the principal cost consideration is the cost savings directly attributable to the transportation involved and not the ability of an individual carrier to operate at lower costs than other carriers similarly situated. (William E. Daniel, (1964) 63 CPUC 147.) The

substantial cost savings here are because (1) the shipper performs all loading, (2) while the equipment is being loaded there are no costs for the driver or tractor being incurred by applicant for this transportation because the driver and tractor are dispatched to other revenue producing operations, (3) the shipper permits applicant's trailers to occupy space at its shipping platform after being loaded, thereby affording applicant flexibility of operations and full utilization of its equipment, and (4) Spreckels permits applicant to accumulate empty pallets and to transport them at its convenience, and has instructed its customers to tender empty pallets to applicant in a manner that provides little or no out-of-pocket cost to applicant in returning empty pallets to the shipper. All of these activities result in cost savings and efficiencies to applicant and involve a cost to Spreckels. Spreckels pays the cost of loading the equipment, it has a cost in the land and facilities occupied by applicant's trailers, and it must maintain a large supply of pallets which will permit the accumulation and transportation of empties at applicant's convenience. The transportation service provided by applicant for Spreckels is different from and less than the transportation service contemplated to be performed by common carriers and for-hire carriers at the established minimum rates. We find that the less-than-minimum rates proposed by applicant are reasonable. The unusual circumstances recited above can be changed. We conclude that the transportation conditions should be subject to annual review and therefore the authority to charge the proposed rates should expire in one year unless sooner canceled, modified, or extended by further order.

O R D E R

IT IS ORDERED that:

1. Central Coast Truck Service, Inc., a corporation, is authorized to depart from the minimum rates and rules set forth in Minimum Rate Tariff 2 for the transportation of sugar, in packages, from Spreckels to points in California as more specifically set forth in Appendix A attached hereto and by this reference made a part hereof.

2. The authority hereinabove granted shall expire one year after the effective date of this order unless sooner canceled, modified, or extended by order of the Commission.

The effective date of this order shall be April 25, 1973.

Dated at Los Angeles, California, this 6th day of MARCH, 1973.

Vernon L. Sturgeon
President
William Spence

[Signature]
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

CARRIER: CENTRAL COAST TRUCK SERVICE, INC.

SHIPPER: SPRECKELS SUGAR DIVISION OF AMSTAR CORPORATION

COMMODITY: Sugar, in packages

FROM: Spreckels, California

TO: Points in California

RATES: Rates named in Minimum Rate Tariff 2 applicable on shipments of sugar weighing 10,000 lbs. or more, less an allowance of 5 cents per 100 pounds when shipments are loaded by shipper without expense to carrier under one of the following circumstances:

- (a) By the consignor with power equipment furnished and used without expense to the carrier and when no services are performed at carrier expense or by carrier personnel.
- (b) By the consignor when the carrier's equipment is a trailer or semitrailer left for loading without the presence of carrier's employees.

NOTE 1: When palletized shipments of sugar are transported under rates named herein, the empty pallets shall be returned free.

NOTE 2: All other applicable provisions of Minimum Rate Tariff 2 shall apply except that Items 200 to 241 shall not apply.

(END OF APPENDIX A)