

ORIGINALDecision No. 81859

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 the rates, rules and
regulations of Minimum Rate Tariff
No. 2 in connection with certain
transportation of commodities
requiring temperature control service
on pallets to be performed for
Safeway Stores Incorporated, under
provisions of Section 3666 of the
Public Utilities Code.

Application No. 54019
(Filed May 9, 1973)

Roland Schmidt, for Central Coast Truck Service,
Inc., applicant.

Scott D. Flegal, for Safeway Stores Incorporated;
and Ed Bill, H. Hughes, and A. D. Poe, Attorney
at Law, for California Trucking Association,
interested parties.

Alan E. Silvius, for the Commission staff.

O P I N I O N

Applicant Central Coast Truck Service, Inc., operating as a radial highway common carrier and a highway common carrier, requests authority to deviate from the minimum rates and rules in Minimum Rate Tariff 2 (MRT 2), Item 45--Empty Pallet Return, to allow it to return empty pallets free of charge up to a maximum distance of 220 miles (applicable maximum distance is 75 miles) where the concomitant palletized shipment requiring refrigeration is a minimum weight of 40,000 pounds (applicable minimum weight is 10,000 pounds), shipper load consignee unload. It also requests deviation authority to allow

it to return the empty pallets to a point intermediate between the origin and destination point of the palletized shipment. Current regulations in part require the destination of the empty pallets to be the origin point of the immediately preceding forward palletized haul. The transportation will be performed on behalf of Safeway Stores Incorporated. On May 30, 1973 we granted applicant interim authority for a period of six months to perform transportation under the requested deviation.

A hearing on the final disposition of the matter was held in San Francisco on July 20, 1973 before Examiner Pilling and on that date the matter was submitted. Parties in attendance at the hearing were the applicant, the Commission's staff, and the California Trucking Association.

Applicant contends that the present rate structure covering commodities requiring refrigeration in MRT 2 includes the cost of hand loading and hand unloading as provided in the tariff, and except for the minimum encouragement provided in present Item 45, MRT 2, which applicant seeks to expand, there is little incentive for a shipper to incur the expense of palletizing and mechanically loading its shipments. Applicant's estimated loading costs for a nonpalletized load is \$41.82 and for a palletized load \$8.42, or a difference in loading cost saving to applicant of \$33.40. Applicant experiences comparative cost savings in unloading.

Applicant also submitted a similar cost study based on actual operations in handling 106 palletized truckloads during June 1973 under the above-mentioned interim authority which showed a saving to applicant of \$64.18 per load, or a total saving on the 106 loads of \$6,803. Applicant contends that this saving is sufficient recompense to offset its expenses returning the empty pallets for distances up to the maximum requested. Furthermore, the less loading and unloading time, the less time it must keep its mechanical refrigeration unit in operation thus prolonging the unit's life. Applicant expects to transport an average of six truckloads of palletized commodities under the proposed deviation. ✓

Applicant's net worth as of December 31, 1972 was \$465,566.13, and during the year 1972 it netted \$79,681.08 after taxes on a gross revenue from trucking of \$4,779,159.15.

The representative of the Commission's staff in attendance at the hearing recommended on behalf of the staff that the application be approved. California Trucking Association offered no objection to the granting of the application, and the representative from Safeway Stores Incorporated stressed the importance of the proposed operation to his company and requested that the application be granted.

Findings

1. Applicant's estimated cost for hand loading a loose shipment of 40,000 pounds of the subject commodity is \$41.82, while its cost chargeable to loading a similar shipment on pallets with the loading being performed by mechanical means by the shipper is \$8.42. Comparative costs are experienced in unloading the two types of shipments.

2. Applicant estimated that it saved \$64.18 per load or a total of \$6,803 in transporting 106 loads during June 1973 under the interim authority heretofore mentioned.

3. The reduced loading and unloading time due to the palletizing of the shipments and the use by the shippers of mechanical loading devices will allow applicant to shorten the running time of its mechanical refrigeration units and thus prolong their life.

4. The above cost savings to applicant will fully compensate applicant for the expense of returning the empty pallets up to a distance of at least 220 miles.

5. The increase in allowable mileage from 75 to 220, the raising of the minimum weight to 40,000 pounds, and the return of the empty pallets to a point intermediate to origin and destination point of the concomitant palletized shipment without additional charge is reasonable.

6. Since transportation conditions may change, the authority granted herein should be made subject to an expiration date of one year from the effective date of this order.

7. The interim opinion and order dated May 30, 1973 granted herein by Decision No. 81438 should be canceled.

Conclusion

The application should be granted in the manner set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. Central Coast Truck Service, Inc., a corporation, is authorized to deviate from the minimum rates and rules set forth in Minimum Rate Tariff 2, Item 15, in the transportation of commodities requiring refrigeration but only to the extent as set out in Appendix A attached hereto and made a part hereof.

2. The authority granted herein shall expire one year from the effective date of this order.

3. The interim opinion and order of May 30, 1973 granted in Decision No. 81438 is canceled.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 22nd
day of SEPTEMBER, 1973.

William J. Brown President
William J. Brown
William J. Brown
William J. Brown
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
Page 1 of 2

CARRIER: CENTRAL COAST TRUCK SERVICE, INC.
SHIPPER: SAFEWAY STORES INCORPORATED
COMMODITIES: Commodities requiring Temperature Control Service
on Pallets

Section 1

RATES: The minimum rates and rules set forth in Minimum Rate Tariff 2 are applicable on all shipments of commodities requiring temperature control service except as provided in Section 2 herein and except that Items 200 to 241 of Minimum Rate Tariff 2 will not apply.

Section 2

APPLICATION OF RATE: When palletized shipments are transported by Central Coast Truck Service, Inc. under rates named herein, the empty pallets, platforms, or skids may be transported without charge from the original billed destination point to the point of origin or from the original destination point to an intermediate point between original origin and destination points, where loading of a new palletized shipment is made at the intermediate point for movement to a Safeway Distribution Center, by Central Coast Truck Service, Inc. subject to the terms and conditions in Notes 1 through 7 below.

NOTE 1. One hour free time will be allowed for loading and one hour free time will be allowed for unloading of shipments. Whenever the elapsed time between commencement and completion of the loading or unloading of shipments exceeds one hour, additional charges for delay time in excess of one hour shall be assessed as provided for in Item 145 of Minimum Rate Tariff 2.

NOTE 2. Shipper must indicate the number of pallets and weight thereof on bill of lading covering the loaded movements.

APPENDIX A
Page 2 of 2

- NOTE 3. Each unit of carrier's equipment used to transport commodities (other than empty pallets subject to this rule) moving under the provisions of this section shall be subject to a minimum weight of not less than 40,000 pounds.
- NOTE 4. This section will not apply on empty pallets which are moved for a distance exceeding 220 miles.
- NOTE 5. Carrier will assess applicable tariff charges on empty pallets under the following conditions:
- a. If consignee immediately upon receipt of shipment fails to provide carrier with up to a like number of pallets, either for a return movement or loaded for a beyond movement by carrier, or
 - b. For any empty pallets tendered in excess of the number of loaded pallets transported by carrier on said shipment.
- NOTE 6. For the purpose of this authority, empty pallets, platforms, or skids shall be as described in Item 150370, sub 1; Item 150380; Item 150390, sub 4; or Item 150430, sub 2 of the Governing Classification; six inches or less in height or nested solid (as defined in Rule 110 of the Governing Classification) and of wood, metal, or wood and metal construction.
- NOTE 7. The provisions of this section apply only on prepaid shipments, the transportation charges for which are paid by Safeway Stores Incorporated.