

Decision No. 82313

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
M.A.P. Transportation, Inc., a Corpor-
ation, for an order authorizing
departure from the rates, rules, and
regulations of Minimum Rate Tariff No. 2,
pursuant to the provisions of Section
3666 of the Public Utilities Code, for
the transportation of glass, flat, not
bent, from Fresno, California, to a
described area in Southern California.

Application No. 53908
(Filed March 21, 1973)

Manuel J. Silva and John K. Grissom, for M.A.P.
Transportation, Inc., applicant.
William R. Kinnaird and William H. Kessler, Attorney
at Law, for American Transfer Company, protestant.
R. C. Broberg, A. D. Poe, Attorney at Law, and H. W.
Hughes, for California Trucking Association,
interested party.
J. L. Glovka, for the Commission staff.

O P I N I O N

In this application, M.A.P. Transportation, Inc. (M.A.P.), a highway permit carrier, seeks authority under Section 3666 of the Public Utilities Code to assess less than the established minimum rates for the transportation of glass from Fresno to a described area in Southern California for Pittsburgh Plate Glass Co. (PPG).

Public hearing was held and the matter submitted before Examiner Porter at Fresno on August 7, 1973. Evidence was presented on behalf of M.A.P. by its operations officer and by a transportation consultant. A vice president of American Transfer Company (American) testified in opposition to the relief sought. Representatives of California Trucking Association and the Commission staff assisted in the development of the record through examination of the witnesses.

The testimony of applicant's witnesses shows the following: M.A.P. is affiliated with Hain Trucking Company (Hain), a highway permit carrier. M.A.P. began operations in early 1973 when the contract carrier permit of Hain was transferred to applicant.

Hain specializes in the transportation of glass, imported from foreign countries, principally from Los Angeles Harbor to points in the Los Angeles Basin Territory. M.A.P. was formed to perform intrastate transportation of glass for the same customers for whom Hain performs foreign transportation services. Hain's operations in 1972 resulted in a loss in excess of \$30,000 on gross revenues in excess of \$365,000.

American has authority (since 1967) to depart from the established minimum rates by assessing the rail carload rate on glass from the PPG production plant at Fresno to its off-rail customers in the Los Angeles Metropolitan area. M.A.P. assertedly desires to obtain the same authority as that granted to American. However, M.A.P. seeks to apply the sought rates to destinations outside the area to which American has relief.

The transportation consultant employed by applicant developed estimated operating costs for the proposed transportation service. Inasmuch as M.A.P. only recently began operations, the witness relied upon the 1972 operating data of Hain as the basis for the development of driver labor costs and similar expenses. The witness failed to include in his cost estimates certain expenses incurred by M.A.P. Neither the consultant nor the operating officer of M.A.P. showed that the operations conducted by Hain in 1972 are similar to the operations proposed to be performed by M.A.P. under the sought rate deviation.

Even with the omission of certain known operating costs, the proposed rates would not exceed the estimated costs without consideration of revenues from return loads. The return loads

consist of commodities other than glass hauled for different shippers and such traffic is unrelated to the outbound movements of glass. The testimony of the operating witness indicated that the return loads were merely speculative and are not assured.

Exhibit 2 consists of letters from eight receivers of glass indicating that such companies would use applicant's service in the event that the relief is granted. The record shows that PPG controls the routing of the involved glass shipments and pays the freight charges thereon. The record does not disclose that PPG would use applicant's service if the sought relief was granted.

The Commission finds:

1. M.A.P. is a permit carrier which recently began operations upon the transfer of a highway contract permit from Hain.
2. M.A.P. has conducted limited operations since its formation and has had insufficient experience on which to base estimated operating revenues and expenses for a future period.
3. The estimated operating expenses presented by M.A.P. herein reflect 1972 operations of Hain, which are unrelated to the service proposed to be performed by M.A.P. Moreover, the 1972 operations of Hain were conducted at a loss.
4. Certain known operating expenses were omitted or understated in the consultant's estimate of operating expenses submitted in support of the relief sought.
5. A showing that the proposed rates will be compensatory is essential to the required finding under Section 3666 of the Code that the proposed less-than-minimum rates will be reasonable.
6. Applicant has failed to show that the proposed rates will be compensatory or that said rates will be reasonable.

The Commission concludes that the application should be denied.

O R D E R

IT IS ORDERED that the relief requested is denied.

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

Dated at San Francisco, California, this 9th day of JANUARY, 1974.

Thomas L. Sturgeon
President
William J. Quinn
William L. Quinn
William L. Quinn
William L. Quinn
Commissioners