

ORIGINAL

Decision No. 82703

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of John C. Dias and Mary B. Dias, co-partners, doing business as J & M Transportation Co. for authority to deviate from the minimum rates on lumber from Cloverdale to Healdsburg and from Calpella to Healdsburg for the account of Pendleton Forest Products pursuant to Section 3666 of the Public Utilities Code.

Application No. 54453
(Filed November 12, 1973)

John C. Dias, for himself, applicant.

R. C. Broberg and H. Hughes, for California Trucking Association, interested party.

O P I N I O N

John C. Dias and Mary B. Dias, doing business as J & M Transportation Co., operate as a highway permit carrier. In this application they seek authority under Section 3666 of the Public Utilities Code to charge less than the applicable minimum rates for the transportation of lumber for Pendleton Forest Products (Harris Pine Mills) from Calpella and Cloverdale to Healdsburg.

Public hearing was held and the matter submitted before Examiner Mallory at Eureka on March 14, 1974. Evidence in support of the application was presented by Mr. John Dias. The relief requested was supported by the California Trucking Association.

Mr. Dias presented oral and documentary evidence designed to show that the proposed rates would be compensatory, and he described the manner in which the operations will be performed. The evidence shows that applicants have regular hauls from the Eureka area and Fortuna to Cloverdale for the shipper involved in the application. The service to be performed under the sought rate deviation would be

conducted with the same equipment that is used for hauls from Eureka to Cloverdale. At the present time the hauls for which authority is sought are transported by the shipper in its equipment; if the relief sought is granted applicants' services will be used.

The cost data presented by applicants fail to include certain elements of operating expenses, such as depreciation of line-haul trucking equipment; the salary of one of the partners who performs bookkeeping, billing, and dispatching services for the trucking company; and certain other overhead and gross revenue expenses. However, the difference between the level of the sought rates and the expenses shown in applicants' cost analysis is so great that the addition of the omitted expenses would still provide an adequate margin of profit.

The California Trucking Association (CTA) supports the granting of the application. The representative of CTA stated that applicants have demonstrated that even though the cost data were presented on a simplified basis and certain expenses were omitted, adjustment of the cost data to reflect the omitted expenses would still provide a measure of profit.

In the circumstances the Commission finds that the granting of the application will permit the transportation service to be performed by a for-hire carrier which otherwise would be performed with proprietary trucking equipment; that a high utilization of applicants' equipment will be achieved under the proposed method of operation which will integrate hauls under the proposed rates with other hauls for the same shipper; that the proposed rates will be compensatory; and that the proposed rates are justified.

The Commission concludes that the application should be granted. Applicants requested at the hearing that the authority, if granted, be subject to any surcharge increases in rates in Minimum Rate Tariff 2 to recover increased fuel costs which would be issued after the date of hearing. The record shows that current fuel costs

are reflected on the data supplied by applicants; therefore, the present 3 percent fuel increase surcharge (Decision No. 82453 dated February 5, 1974 in Case No. 5432, Petition No. 780) would not be applicable to proposed rates.

The record shows that the hauling is performed on a seasonal basis, which ends in May. The authorization will be made to expire at the end of the next seasonal period, or in approximately one year.

O R D E R

IT IS ORDERED that:

1. John C. Dias and Mary B. Dias, doing business as J & M Transportation Co., are authorized to transport lumber for Pendleton Forest Products (Harris Pine Mills) at rates less than the established minimum rates, but not less than the rates set forth in Appendix A, attached hereto and made a part hereof.

2. The authority granted herein shall expire May 31, 1975, unless sooner changed, cancelled, or extended.

The effective date of this order is the date hereof.

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

Vermon L. Stevenson
President
William J. Brown
Richard J. ...
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Commissioners

APPENDIX A

John C. Dias and Mary B. Dias
doing business as J & M Transportation Co.

1. Commodity: Lumber as described on List "C" in Item 685 of Minimum Rate Tariff 2.
2. Minimum Weight: 45,000 pounds.
3. Authorized Rates:

<u>From</u>	<u>To</u>	<u>Rates</u> (In cents per 100 pounds)
Calpella	Healdsburg	19
Cloverdale	Healdsburg	10

4. The authorized rates are subject to all other provisions of Minimum Rate Tariff 2, except that the three (3) percent surcharge established in Decision No. 82453 in Case No. 5432, Petition No. 780, is not applicable.
5. The authorized rates will be subject to further surcharge increases applicable to Minimum Rate Tariff 2 established to offset increases in fuel costs.