

Decision No. 83171

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
RUSSELL T. PHILLIPS, an individual,
for authority to charge at a rate less
than those prescribed in Minimum Rate
Tariff 2, for the transportation of
meat, fresh and frozen for Armour and
Company from Dixon, California, to the
Los Angeles area, pursuant to Section
3666 of the Public Utilities Code.

Application No. 54711
(Filed February 13, 1974)

Silver, Rosen, Fischer & Stecher, by Michael J.
Stecher, Attorney at Law, for applicant.
Richard W. Smith, Attorney at Law, and Herbert Hughes,
for California Trucking Association, interested
party.

O P I N I O N

Russell T. Phillips requests authority pursuant to
Section 3666 of the Public Utilities Code to charge less than the
minimum rates prescribed in Minimum Rate Tariff 2 for the trans-
portation of fresh meat in refrigerated units between Dixon, Cali-
fornia and the Los Angeles area for Armour and Company (Armour).

By Orders Nos. SDD-241 dated February 23, 1974 and SDD-247
dated March 5, 1974, the sought authority was granted until
August 23, 1974. Order No. SDD-247 ordered a public hearing scheduled
for the receipt of evidence. Public hearing was held before Examiner
O'Leary at San Francisco on May 30 and June 3, 1974. The matter
was submitted on the latter date.

Evidence was presented through applicant, his bookkeeper,
Armour's transportation pricing manager, and the transportation
manager of Armour's plant, located at Dixon. A representative of
California Trucking Association (CTA) cross-examined applicant's
witnesses.

Applicant transports fresh and frozen meat from Armour's plant at Dixon to approximately 13 destinations in the Los Angeles vicinity, Fresno, and Bakersfield.

The mechanics of the operation are as follows: Applicant spots two empty trailers at Armour's plant in Dixon and then picks up two trailers which have been loaded by Armour personnel and transports the meat to the destinations specified via applicant's terminal located at Fresno where the driver picks up the freight bills. Each shipment is a split delivery shipment and the various drops are made pursuant to a prearranged schedule.

Applicant seeks authority to assess the following rates for the above described transportation: \$1.29 per hundred weight on fresh meat not requiring temperature control, \$1.34 per hundred weight on fresh meat requiring temperature control, and \$1.40 per hundred weight on frozen meat. All rates are subject to a minimum weight of 30,000 pounds per unit of equipment utilized. An additional charge of \$25 per delivery will be assessed for deliveries in Metropolitan Zones 252, 256, Fresno, and Bakersfield in lieu of the split delivery charge set forth in Minimum Rate Tariff 2.

The manager of Armour's Dixon plant testified that meat never moves without refrigeration and that the preponderance of movements are fresh meat requiring refrigeration. Armour's manager of corporate transportation and research testified that Armour transports a portion of the shipments from Dixon to the Los Angeles area on a proprietary basis and that if the deviation is not granted all hauls from Dixon would be proprietary. He also testified that Armour will tender applicant northbound shipments as return movements from the Los Angeles area.

Revenue and expense data submitted by applicant (Exhibits 1 to 5, inclusive) disclose that during March 1974 applicant transported 33 shipments for Armour, the average rate per shipment was \$1.34 (the rate herein requested for shipments of fresh meat requiring refrigeration), the average weight per shipment was 33,179, the average split

delivery revenue per shipment was \$63.39, the average one-way miles per shipment was 446, and the cost per mile was 84 cents. The cost per mile figure was at its highest in March; the average cost per mile figure for the period October 1973 to March 1974 was 80 cents.

Analysis of the above figures discloses that the transportation at the average revenue per shipment would be \$507.99 ($33,179 \times 134 \text{ cwt} = 444.60 + \$63.39 = \$507.99$). The average round-trip cost per shipment using the 80 cent figure would be \$713.60 ($446 \times 2 \times .80 = \713.60). At the conclusion of the hearing applicant advised that he would have no objection to a condition that the sought relief apply only when Armour tendered 100,000 pounds of northbound freight to applicant weekly. Applicant testified that the average rate for northbound freight would be \$1.60 per hundred pounds. During March 1974 applicant transported approximately seven loads per week from Armour's plant at Dixon. Expanding the above calculations to a weekly basis we find that applicant's average weekly revenue from shipments originating at Dixon would be \$3,555.93 (507.99×7). His average weekly northbound revenue from Armour would be \$1,600, a total weekly revenue of \$5,155.93. Applicant's weekly cost for transporting the shipments would be \$4,995.20 (713.60×7). Applicant transports return loads northbound either in the form of a subhaul or a shipment from accounts other than Armour. Applicant's weekly profit from the Armour account would be \$160.73 if his costs remained constant. Should additional costs be incurred, applicant could incur a loss in its transportation service for Armour. However, rates 5 cents higher than those proposed herein would increase applicant's weekly profit by \$165.90.

Findings

1. No shipments of fresh meat not requiring refrigeration are transported by applicant from Armour's Dixon plant.
2. Applicant's weekly profit if it is guaranteed \$1,600 compensation for northbound hauls tendered by Armour based on seven southbound hauls at the 1.34 rate proposed herein would be \$160.73.

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3. Should additional costs be incurred applicant could incur a loss performing service at the proposed rates.

4. The proposed rates have not been shown to be reasonable and justified.

5. Rates 5 cents higher than the rates proposed herein would be reasonable and justified for the transportation of fresh meat and frozen meat requiring temperature control provided applicant is tendered northbound shipments from Armour which will guarantee applicant freight charges not less than \$1,600 per week. Said northbound shipments shall be destined to points within 500 constructive miles of the Los Angeles Territory as described in Minimum Rate Tariff 2.

Based on the foregoing findings the Commission concludes that the application should be granted to the extent provided in the ensuing order.

Since conditions under which the service is performed may change at any time, the authority granted in the ensuing order will be made to expire at the end of one year, unless sooner canceled, changed, or extended by order of the Commission.

O R D E R

IT IS ORDERED that:

1. Russell T. Phillips is authorized to perform transportation for Armour and Company at rates less than the minimum rates set forth in Minimum Rate Tariff 2 to the extent set forth in Appendix A, attached hereto and by this reference made a part hereof.

2. To the extent not granted herein Application No. 54711 is denied.

3. The authority granted herein supersedes the authority granted by Orders Nos. SDD-241 dated February 23, 1974 and SDD-247 dated March 5, 1974 which are hereby rescinded.

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4. The authority herein granted shall expire one year after the effective date of this order unless sooner canceled, changed, or extended by order of the Commission.

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

Dated at San Francisco, California, this 23rd day of JULY, 1974.

Vernon L. Livingston
President
William J. Symon
William J. Symon
William J. Symon
William J. Symon
Commissioners

APPENDIX A

Carrier: Russell T. Phillips.

Shipper: Armour and Company.

Commodities: Meat, carcass, part carcasses, primal and fabricated cuts, fresh and frozen.

Origin: Armour and Company, Dixon, California.

Destinations: Metropolitan Zones:

202	235
204	237
220	242
215	244
221	252
229	256
234	

And: Fresno and Bakersfield

Rates: \$1.39 when transported fresh with temperature control.
\$1.45 when transported frozen with temperature control.

Notes:

1. The rates are intended to include refrigeration service without additional charge.
2. All of the foregoing rates are subject to the following minimum weights: 30,000 lbs. for 1 unit of equipment; 60,000 lbs. for 2 units of equipment; 90,000 lbs. for 3 units of equipment; and 120,000 lbs. for 4 units of equipment.
3. For split deliveries in Metropolitan Zones 252 and 256 and Fresno and Bakersfield, an additional charge of \$25 per delivery will be assessed in lieu of the regular split delivery charge.
4. The above rates apply only when shipper tenders to the carrier sufficient northbound freight having its destination within 500 constructive miles of the Los Angeles Territory which will produce freight charges of at least \$1,600 weekly.
5. In all other respects the rates and rules in Minimum Rate Tariff 2 shall apply.