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Decision No. 83835

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of MHC Trucking Company, Inc.,  
for authority to apply less than minimum  
rates to shipments of undried sea salt in  
bulk form only, from both Ocean Salt  
Company, Inc., in Long Beach (Zone 251)  
and Leslie Foods, Inc., in Newark  
(Zone 120) for Sawyer Building Material  
under Sections 3666 and 5195 of the  
Public Utilities Code.

Application No. 54892  
(Filed May 20, 1974)

Gene E. Sawyer, for applicant.  
A. D. Poe, Attorney at Law, R. C. Broberg, and  
H. W. Hughes, for California Trucking Association,  
and Bill Hale, for Bill Hale Salt & Brine Service;  
interested parties.  
George L. Hunt and Raymond Toohey, for the  
Commission staff.

### O P I N I O N

Applicant seeks authority to assess less than the minimum rates set forth in Minimum Rate Tariff 2 for the transportation of undried sea salt in dump truck equipment from Long Beach and Newark to various points in California.

Public hearing was held before Examiner O'Leary at Santa Maria on August 15, 1974. The matter was submitted on September 6, 1974, the date the transcript was filed.

At the hearing applicant amended its application to increase the rates originally sought by approximately seven percent. The increased rates are set forth in Exhibit 1. The president of applicant testified that the deviation is being sought to stabilize the rates for the transportation of salt. The witness also testified that the cost of operation for the transportation in question is 43 cents per mile for direct costs and 10 cents per mile

for indirect costs. The 43 cent per mile figure was arrived at by dividing \$199,012.59, the total of certain direct costs for the year 1973, by 690,811, the total miles traversed in 1973. The witness testified that the following expenses make up the \$199,012.59 figure: repairs, \$29,291.00; tires and tubes, \$13,140.00; other maintenance, \$528.00; dispatcher's salary, \$9,980.00; drivers' and helpers' salary, \$103,983.37; fuel and oil, \$26,297.98; purchased transportation, \$3,334.00; and other transportation expenses, \$12,457.00. The sum of the above figures is \$199,011.35. The minor discrepancy will not affect the calculation arrived at by applicant. The witness further testified that the 10 cents per mile for indirect costs was arrived at by dividing \$70,221.28 by the 690,811 mileage figure. The \$70,221.28 includes the bookkeeper's salary, the president's salary, and bonuses paid to the officers of the corporation.

It is extremely difficult if not impossible to determine from the record just how applicant arrived at the 43 cent per mile direct expense figure; \$199,012.59 divided by 690,811 equals 28.8 cents per mile, not 43 cents per mile. Additionally, applicant has not included in its direct expense figure, costs of depreciation, payroll, taxes, and insurance; further the indirect expense figure does not include many expenses properly includable such as rent, travel and promotion, utilities advertising, office expenses, professional services, and other expenses which are set forth on its statement of income for 1973. Applicant also did not present any evidence that unusual circumstances exist in its transportation which are not present in the ordinary transportation of this commodity.

This Commission has consistently held in applications seeking deviations from minimum rates that a showing that the proposed rates will exceed the costs of providing service is indispensable to the requisite finding that the proposed rates are reasonable, Re Paper Transport (1964) 63 CPUC 690.

A. 54892 b1

The Commission finds that applicant has not shown that the proposed rates will exceed the cost of providing service, nor that unusual circumstances exist in its transportation which are not present in the ordinary transportation of this commodity, and therefore has not sustained its burden of proof that the proposed rates are reasonable and concludes that the application should be denied.

O R D E R

IT IS ORDERED that Application No. 54892 is denied.

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

Dated at San Francisco, California, this 14th  
day of DECEMBER, 1974.

Vernon L. Steiner  
President  
William J. Spence

Ed. Dal...

Commissioners

I abstain  
Robert E. Merland  
Commissioner

Commissioner THOMAS MORAN

Present but not participating.