

Decision 90 10 007 OCT 12 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Par Trucking, Inc., a California)
Corporation, for authority to)
establish a cement carrier rate less)
than the maximum reasonable rate)
pursuant to the provisions of)
Sections 452 and 452.1 of the Public)
Utilities Code and General Order)
No. 150-A.)

ORIGINAL
Application 90-02-040
(Filed February 15, 1990;
amended April 2, 1990)

Marianne Martin, for Par Trucking,
applicant.
Russell, Hancock & Jeffries, by Daniel K.
Gaston, Attorney at Law, for Russell,
Hancock & Jeffries; T. W. Anderson, for
National Cement Company of California,
Inc.; and Steve Gale, for Apex Bulk
Commodities; interested parties.
Maira Simmerson and Lynette Whit, for the
Transportation Division.

O P I N I O N

Par Trucking, Inc. (Par) seeks authority to publish in its tariff a cement rate less than the maximum reasonable rate pursuant to the provisions of Public Utilities (PU) Code Sections 452 and 452.1 and General Order (GO) 150-A.

No protests to the application were received. The Commission's Transportation Division issued an Advice of Participation on March 14, 1990 wherein it stated that:

"An amendment to the application is necessary. Since no stem miles are shown, the proposed rate should apply only when the carrier's bulk cement equipment is domiciled at the loading point at Victorville. The rate item must be conditioned to reflect this restriction.

"It appears that the proposed rate should be restricted in its application to a minimum

number of trips per day, to insure sufficient revenue to offset the 8 hours per day labor expense. It is impossible to determine the labor cost until the applicant corrects computation errors in the labor cost development and explains the basis for the hourly labor expense expressed per trip in the applicant's summary of revenue and expenses."

An amendment to the application was filed on April 2, 1990. The Transportation Division issued a Supplemental Advice of Participation on April 12, 1990, wherein it stated:

"An amended application has been received which does not adequately address the objections that were raised in the staff's previous Advice. The staff is ready to proceed to hearing."

Public hearing was held before Administrative Law Judge O'Leary at Los Angeles on May 9, 1990. The matter was submitted with the filing of the transcript on June 15, 1990.

The proposed rate is 28.11 cents per one hundred pounds, minimum weight 52,000 pounds per unit of equipment, and will apply for the transportation of cement, in bulk, from Victorville to Fontana. The rate and rules surrounding its application, including charges for loading and unloading, will be published in Item 4550 of PAR's Local Freight Tariff No. 1, included as amended Exhibit A with the amendment to the application. The PU Code and GO 150-A provisions cited above require that the reduced rate must be fully compensatory based solely upon the cost of transportation from origin to destination and return, and the projected revenue to be derived from the requested rate. PAR presently assesses a rate of 29.51 cents per 100 pounds for this transportation.

Appendix A attached to the application as amended, contains the cost study for the subject transportation. Amended Page 2 of the cost study sets forth revenues per trip of \$146.17 and expenses per trip of \$138.81 resulting in a net revenue of \$7.36 per trip, an operating revenue of 95%. Examination of the witness sponsoring the cost study disclosed that costs of the

equipment to be used were understated and indirect costs were understated in that the cost of officers' compensation and general and administrative salaries were not included.

An opportunity was afforded the applicant to correct the deficiencies to the cost study. After reviewing the cost study and the deficiencies thereto applicant stated that it wished to submit on the record without any further amendments to the pleadings or the submission of further evidence.

PU Code Section 452.1 Section 452.1 provides:

"Whenever a cement carrier requests authority to establish a rate less than the maximum reasonable rate, the commission shall, in addition to the requirements of Section 452, require a showing that the rate is fully compensatory based solely upon the cost of transportation from origin to destination and return and the projected revenue to be derived from the requested rate.

"If the commission finds after public hearing, when a hearing is requested, that the proposed rate meets the requirements of Section 452 and this section, it shall authorize the establishment of the proposed rate subject to conditions the public interest may require."

A showing that a rate is fully compensatory must reflect accurately all of the direct and indirect costs attendant to the transportation. It is clear that applicant's study is not such a showing.

Findings of Fact

1. Par holds authority as a cement carrier.
2. Par seeks authority to publish in its tariff a less than maximum reasonable rate pursuant to the provisions of PU Code Sections 452, 452.1, and GO 150-A.
3. Par's cost study understated costs of equipment to be used and failed to include all items of indirect expense.
4. The cost study submitted by Par fails to establish that the rate is fully compensatory.

5. Par was given an opportunity to amend its cost study but chose not to do so.

Conclusions of Law

1. Par has not sustained its burden of proof.
2. The application should be denied.

ORDER

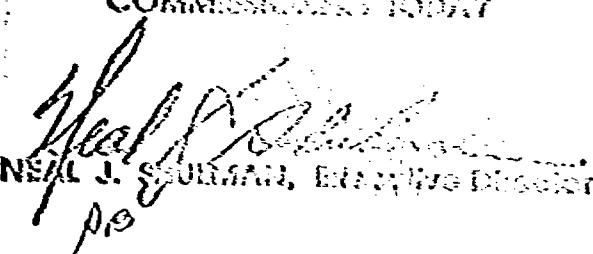
IT IS ORDERED that Application 90-02-040 is denied.

This order becomes effective 30 days from today.

Dated OCT 12 1990, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. CHANAN
PATRICIA M. ECKERT
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


NEAL J. SULLIVAN, Executive Director
P.S.