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ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SOUTHWEST TRUCK SERVICE, INC.,
a California corporation, for
authority to deviate from the
provisions of Minimum Rate Tariff
8-A in connection with the
transportation of bananas from the
ports of Long Beach, Los Angeles
and Port Hueneme, for Safeway
Stores, Inc., under provisions of
Section 3666 of the Public
Utilities Code.

Application 82-09-14
(Filed September 13, 1982)

O P I N I O N

Southwest Truck Service, Inc. (Southwest) requests authority to charge less than the rates contained in Minimum Rate Tariff (MRT) 8-A for the transportation of bananas. Shipments involved are those originating at the banana loading facilities at Long Beach, Los Angeles Harbor, and Port Hueneme, destined to Safeway Stores, Inc. (Safeway) at Richmond and Sacramento. Authority is also requested to deviate from MRT 8-A rates in connection with round-trip movements, combining the northbound banana shipments with southbound shipments of various commodities for Safeway. The minimum rates applicable for the northbound shipments of bananas, as presently shown in MRT 8-A, are as follows:

Table 1

MILEAGES

<u>From/to</u>	<u>Richmond</u>	<u>Sacramento</u>
Long Beach/Los Angeles Harbor	412	422
Port Eueneme	390	411
<u>PRESENT CHARGES BASED ON APPLICABLE MILEAGE</u>		
Mileage	<u>375-400</u>	<u>400-425</u>
Base Rate	163/43000 = \$700.90	173/43000 = \$743.90
Surcharge 2.5%	17.52	18.60
Mechanical Refrigeration 6.5¢	27.95	27.95
Mechanical Refrigeration Surcharge 2%	<u>.56</u>	<u>.56</u>
	\$746.93	\$791.01

In lieu of the applicable minimum rates and charges for the transportation shown above, Southwest requests permission to assess a flat charge of \$725. This charge will include the base rate, mechanical refrigeration charge, loading, unloading, and surcharges applicable in connection with the services. Loading of carrier equipment will be performed by the shipper, with the driver acting only as a "pusher" (assistant). Unloading of carrier equipment will be accomplished by the driver only.

Southwest states that the shipments of bananas will be in straight truckload quantities. Average shipment weight is in excess of 43,500 pounds. Vessels bringing bananas to Long Beach and Los Angeles Harbors are off-loaded for truck loading every Monday, commencing at 8 a.m. and concluding Thursday at 5 p.m. Vessels arriving at Port Eueneme are off-loaded on Mondays, commencing at 8 a.m. and concluding Wednesdays at 5 p.m.

Southwest avers that Safeway has been escalating its proprietary fleet backhaul program. The carrier believes it is justified in reducing banana truckload rates on the basis of speedy consignor loading, consistency of traffic, reduced cost of unloading, and the low empty mileage factor from previously delivered freight.

Southwest alleges that in addition to the regular northbound banana shipments, Safeway has numerous dry and refrigerated truckload shipments consigned to its distribution centers in southern California. In connection with many northbound banana shipments delivered to Richmond or Sacramento, Southwest intends to transport a southbound shipment of any commodity from those and intermediate points to Safeway's Santa Fe Springs distribution center. Total revenue for a round-trip movement will be \$1,300.

Southwest has submitted costs applicable in connection with the one-way (northbound) shipments as well as its round-trip proposal. Costs include labor expense (based on prevailing wage levels), vehicle fixed and mileage costs, insurance, Commission fees, and indirect expenses. The carrier has developed total costs on a unit of equipment basis. The application contains a letter of support from Safeway.

In order to minimize total costs, it is proposed that service under the requested northbound rates not include stops for partial loading and/or unloading.

In connection with the round-trip movement, the charge of \$1,300 will apply only when Southwest moves a second load of freight for Safeway from Richmond or Sacramento to Santa Fe Springs after a prior northbound banana movement. Loading of the southbound movement must be completed within 12 hours of unloading of the northbound shipment. Safeway will issue a single bill of lading covering the combined round-trip movement. Stops in transit to complete loading on the southbound movement will be performed at a charge of \$35 for each stop.

Southwest intends to use the services of three different types of subhaulers in connection with this transportation. These are classified as follows:

Type 1 - Permanently leased subhaulers using their own tractors and trailers. Southwest will take 20% of the revenue, the subhauler receiving 80%.

Type 2 - Permanently leased subhaulers providing their own tractors and using Southwest's trailers. Southwest will take 35% of the revenue, the subhauler receiving 65%.

Type 3 - Nonpermanent subhauler. This type of subhauler provides its own tractor and trailer. Southwest will take 20% of the revenue, the subhauler receiving 80%.

The principal difference in its responsibility with respect to the Type 1 and Type 3 operations is that for Type 1 operations, Southwest will provide licensing for tractor and trailer as well as public liability and property damage insurance on the tractor and trailer.

Southwest has provided total cost information for each of the subhaulers it intends to use in connection with this transportation.

The following table summarizes the revenues proposed by Southwest, the costs shown in the application, and the profit projected in connection with each movement.

Table 2

<u>Origin</u>	<u>Destination</u>	<u>Revenue</u>	<u>Cost</u>	<u>Profit</u>
Long Beach/Los Angeles Harbor	Richmond	\$ 725	\$ 631.79	\$ 93.21
Long Beach/Los Angeles Harbor	Sacramento	725	598.28	126.72
Port Eueneme	Richmond	725	651.70	73.30
Port Eueneme	Sacramento	725	616.19	108.81
Long Beach/Los Angeles Harbor	Richmond			
Richmond	Santa Fe Springs	1,300	1,215.99	84.01
Long Beach/Los Angeles Harbor	Sacramento			
Sacramento	Santa Fe Springs	1,300	1,220.69	79.31
Port Eueneme	Richmond			
Richmond	Santa Fe Springs	1,300	1,256.88	43.12
Port Eueneme	Sacramento			
Sacramento	Santa Fe Springs	1,300	1,204.05	95.95

The Commission's Transportation Division has reviewed the application and believes it to be one which, in the absence of protest, may be granted by ex parte order. It recommends that the authority be granted for a one-year period and be conditioned as follows:

Southwest having submitted cost data for subhaulers who will be engaged in the traffic, shall be authorized to pay the named subhaulers in accordance with the provisions set forth in the application.

If Southwest engages subhaulers other than those named in the application, these carriers shall be paid 100% of the rates authorized without any deduction for use of Southwest's trailing equipment.

The authorities requested involve two ratemaking mechanisms. Northbound banana loads are to be transported at rates less than those contained in MRT 8-A and involve a deviation request under the provisions of Public Utilities Code § 3666. Under the carrier's round-trip proposal, southbound loads will be transported at rates less than those named in Transition Tariff 2. The southbound portion of this latter request is properly classified as a rate reduction under the provisions of General Order (G.O.) 147, requiring proper filing and publication in the Commission's Daily Transportation Calendar. However, only the application to deviate from rates in MRT 8-A was originally noticed on the Daily Transportation Calendar.

We will immediately authorize the requested lower charge for northbound banana shipments. In order to ensure that the interests of due process are preserved we have assigned a Rate Reduction number to, and published the carrier's round-trip proposal in our Daily Transportation Calendar of November 26, 1982. The round-trip charge will be made effective December 26, 1982, absent valid protest, thereby satisfying the notice provisions contained in G.O. 147.

In authorizing Southwest's round-trip proposal we are not recognizing it as an authority which can be met, in its entirety, by competing carriers. Only the charge for the southbound movement can be met by competing carriers under the provisions of G.O. 147. Since the charge for one-way northbound banana shipments is \$725 and the round-trip charge \$1,300, the charge for the southbound movements of "freight, not otherwise specified," is the difference between the two, or \$575 per shipment.

Findings of Fact

1. Southwest seeks authority to assess rates less than the minimum rates set forth in MRT 8-A for the transportation of bananas on northbound shipments originating at Long Beach, Los Angeles Harbor, and Port Hueneme destined to Safeway distribution centers located in Richmond and Sacramento.

2. Southwest also seeks authority to assess rates less than the minimum rates in MRT 8-A and Transition Tariff 2 rates for the transportation of round-trip movements. These round-trip movements consist of northbound loads of bananas originating at the origins shown in Finding of Fact 1 and return shipments originating at the destinations shown in Finding of Fact 1, and intermediate points, consigned to Safeway's distribution center located at Santa Fe Springs.

3. The round-trip proposal is cost-justified. However, since the southbound portion of the round-trip movement involves commodities included in Transition Tariff 2, it should have been filed as a Rate Reduction.

4. The round-trip proposal has been properly noticed by publication in the Commission's Daily Transportation Calendar of November 26, 1982.

5. The transportation will be performed in refrigerator vans.

6. Cost data submitted with the application indicate that the transportation at the proposed rates will be compensatory.

7. The cost data supplied in connection with transportation to be performed by named subhaulers indicate that the rates paid subhaulers will be compensatory.

8. No protest to granting the application has been received.

9. A public hearing is not necessary.

Conclusions of Law

1. The application should be granted to the extent set forth in the following order. Since there is an immediate need for relief, this order should be effective on the date signed.

2. Since transportation conditions may change, this authority should expire in one year.

O R D E R

IT IS ORDERED that:

1. Southwest Truck Service, Inc. (Southwest) is authorized to depart from the provisions of MRT 8-A and to assess rates for transportation to the extent and at rates set forth in Appendix A. The effective date for rates on one-way (northbound) movements is today. For round-trip movements, it is December 26, 1982.

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

3. In all other respects, the provisions of MRT 8-A shall apply.

4. Southwest shall pay subhaulers shown in Appendix A in accordance with the schedule of payments shown in this decision.


5. If Southwest engages subhaulers other than those named in Appendix A, such carriers shall be paid 100% of the rates authorized without any deduction for use of Southwest's trailing equipment.


This order is effective today.

Dated DEC 8 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. CREW
Commissioners

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


Joseph E. Bedovitz, Director



APPENDIX A
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Carrier: Southwest Truck Service, Inc.

Shipper: Safeway Stores, Inc.

Commodity: Bananas

One-Way (northbound) Rates and Rules

Origins: Long Beach, Los Angeles Harbor, Port Hueneme.

Destinations: Safeway Stores, Inc. Distribution Centers at Richmond and Sacramento.

Rate: \$725 per unit of equipment, per load.

Conditions:

1. Rate is not subject to the following provisions of MRT 8-A:
 - a. Item 150 - loading/unloading.
 - b. Item 240 - mechanical refrigeration.
 - c. Surcharge.
2. Shipper shall load carrier's equipment, with carrier driver acting only as pusher.
3. Carrier shall unload, using driver only.
4. Carrier shall not stop in transit to complete loading or partly unload.
5. Carrier shall compensate independent contractor-subhaulers listed in this appendix in accordance with the division of revenue shown in the decision. When independent contractor-subhaulers not listed are engaged to perform this transportation, they shall be paid 100% of the rate authorized.

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Round-Trip Rate and Rules

Northbound Movement

Origins: Long Beach, Los Angeles Harbor, Port Hueneme.

Destinations: Richmond, Sacramento.

Southbound Movement

Origins: Richmond, Sacramento; points within 25-air miles of Richmond and Sacramento; points within 25 miles laterally of U.S. Highway 101, U.S. Highway 99, and Interstate Highway 5 between Richmond and Sacramento, on the one hand, and the Los Angeles Basin Territory, as described in Transition Tariff 2, on the other hand.

Destination: Santa Fe Springs.

Rate for Combined Northbound-Southbound Movement: \$1,300.

Commodities: Freight, not otherwise specified.

Conditions:

1. Northbound movement is not subject to charges under the following provisions of MRT 8-A:
 - a. Item 150 - loading/unloading.
 - b. Item 240 - mechanical refrigeration.
 - c. Surcharge.
2. Southbound movement is not subject to charges for temperature control service, or to surcharges.
3. Safeway will load carrier's equipment, with carrier driver assisting as pusher on northbound shipments of bananas.
4. Round-trip rate to apply only when the carrier transports southbound movements to Santa Fe Springs in conjunction with a prior northbound banana movement.
5. Loading of southbound movement shall be completed within 12 hours of unloading of northbound movement.
6. Stops in transit to complete loading or to partly unload shall not be performed on northbound movements. Stops in transit to complete loading on southbound movements will be performed, at a charge of \$35 per stop, at points within 25-air miles of Richmond or Sacramento and at points within 25 miles laterally of U.S. Highway 101, U.S. Highway 99, and Interstate Highway 5 between Richmond and Sacramento, on the one hand, and the Los Angeles Basin Territory, on the other hand.

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7. Carrier shall compensate independent contractor-subhaulers listed in this appendix in accordance with the division of revenue shown in the decision. When independent contractor-subhaulers not listed are engaged to perform this transportation, they shall be paid 100% of the rate authorized.

List of Independent Contractor-Subhaulers
Authorized to be Paid in Accordance
With the Division of Revenues Shown in this Decision

<u>Carrier</u>	<u>Cal T Number</u>
L. D. Brown & Associates	136,761
Avtar Trucking	128,111
MAK Trucking	135,593
Thomas Spinner Trucking	136,744
Steve Floyd Trucking	135,830
BERTS Trucking	131,544
Paul Sikota	135,668
Dave Valadao	135,090
Wallace Cooper	110,325
Anthony Baffuna	135,141
Ed Parent	136,302
Billie B. Transport	135,049
Barber Trucking	135,736
Art Lopez Trucking	105,926
Dave Sanford	120,022

(END OF APPENDIX A)