

Decision S3 04 084 April 20, 1983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of George Kishida, Inc.,)
 a California Corporation, for authority)
 to depart from the rates, rules and)
 regulations of Minimum Rate Tariff 7-A)
 pursuant to the provisions of)
 Section 3666 of the Public Utilities)
 Code, for the transportation of roofing)
 granules from Corona, Ca. to Martinez,)
 Ca.)

Application 82-12-51
(Filed December 20, 1982)



O P I N I O N

By this application George Kishida, Inc. (Kishida) seeks authority to charge less than the minimum rate in Minimum Rate Tariff (MRT) 7-A for the transportation of roofing granules in dump truck equipment for Bird & Son, Inc. (Bird) from Corona to Bird's plant at Martinez, a distance of 439 miles. The rate proposed is \$33.38 per ton, minimum weight 26 tons. The MRT 7-A rate, including the applicable 22-1/2% surcharge, is \$38.73 per ton, minimum weight 24 tons.

The application states as follows:

1. Kishida holds highway common carrier, dump truck carrier, and highway contract carrier operating authorities. Its principal place of business is located at Lodi.
2. Kishida has performed dump truck transportation for Bird in the past and regularly hauls roofing granules to other consignees in the San Francisco Bay area. A letter from Bird attached to the application states that it will use Kishida to perform the transportation in issue for it if the sought authority is granted. It is anticipated that this would be a regular movement ranging from one to seven loads per day, five to seven days per week. Loading and unloading would be by gravity flow, and the total time for both would not exceed one and a quarter hours.

3. Kishida intends to use subhaulers for the proposed transportation. 26 carriers who regularly subhaul for Kishida have signed a statement attached to the application that they support the requested authority and wish to participate in the sought rate deviation. The subhaulers would furnish power equipment and drivers only and pull Kishida's trailers. Cost data for each of the 26 have been furnished with the application.
4. The proposed transportation at the sought rate will be profitable for both Kishida and its subhaulers.

The revenue and cost data for Kishida presented with the application are based on an 878-mile round trip, empty in one direction and loaded in the other at the sought rate. According to this information, the revenue for the loaded portion of the haul based on the sought rate would be \$867.88, the total cost for the round trip would be \$710.94, the operating income would be \$156.94, and the operating ratio would be 81.9%.

The revenue and cost data for each of the 26 subhaulers were, likewise, developed on the same round-trip mileage, empty in one direction and loaded at the sought rate in the other direction. The data indicate that this would be a profitable operation for each subhauler. Included in the cost development is a rental fee for Kishida's trailers based on 20% of the revenue earned and a brokerage fee for Kishida based on 5% of the revenue earned. Similar deductions from minimum dump truck rates are authorized by Items 126 and 210 of MRT 7-A.

As of March 31, 1982, Kishida had assets of \$841,542, liabilities of \$702,952, and a net worth of \$138,590. For the year ended March 31, 1982, it had total operating revenue of \$3,073,940 and a net profit of \$92,394 after federal income tax. During this period, its cost for purchased transportation was \$1,525,396.

The application was listed on the Commission's Daily Calendar and its Daily Transportation Calendar. A copy was served on both the California Trucking Association and the California Dump Truck Owners Association. No protest has been received. The Commission Transportation Division staff advised on February 15, 1983 that it has no objection to the requested authority.

We are of the opinion that the sought authority should be granted subject to the following conditions:

1. If any of the 26 subhaulers for whom cost data has been furnished are engaged by Kishida, it shall pay them not less than 95% of the deviated rate. If Kishida furnishes trailing equipment, it may deduct an additional 20% of the deviated rate for the use of such trailing equipment.
2. If any other subhaulers engaged by Kishida are paid on the basis of the deviated rate, no deductions shall be made from such payments.

Kishida advised by letter dated February 14, 1983 that there is an immediate need for the relief sought because Bird is selling in a very competitive market at or below its cost. In the circumstances, the following order should be made effective on the date it is signed.

Findings of Fact

1. The transportation in issue involves unique circumstances.
2. Kishida's costs for this transportation are less than those used to set the costs in MRT 7-A.
3. Costs for providing the proposed transportation at the sought rate have been furnished for 26 named subhaulers only. Included in the costs are the 20% trailer fee and 5% deductions from payments to subhaulers stated in Items 126 and 210 of MRT 7-A.
4. The proposed rate is compensatory for Kishida and for the 26 subhaulers, including the payment deductions referred to in Finding 3.

5. The proposed rate is reasonable for Kishida and for the 26 subhaulers, including the payment deductions referred to in Finding 3.

6. Any subhauler not referred to in Finding 3 and who is engaged by Kishida to perform the transportation in issue at the sought rate should be paid 100% of this rate with no deductions.

7. A public hearing is not necessary.

Conclusions of Law

1. The application should be granted as set forth in the following order.

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

3. This order should be effective on the date signed because there is an immediate need for rate relief.

O R D E R

IT IS ORDERED that:

1. George Kishida, Inc., a corporation, may depart from the rate in MRT 7-A by charging not less than the rate in Appendix A.

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

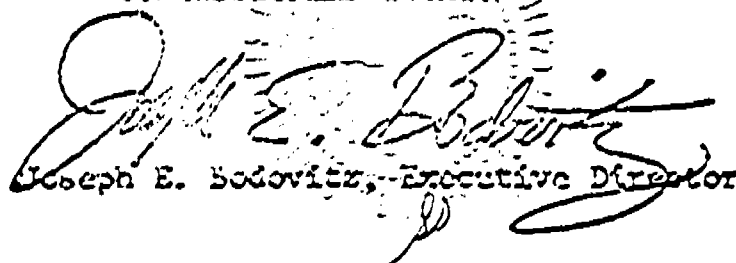
This order is effective today.

Dated APR 20 1983 at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
DONALD VIAL
Commissioners

Commissioner Priscilla C. Grew, being necessarily absent, did not participate in the disposition of this proceeding.

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


Joseph E. Bodovitz, Executive Director

APPENDIX A

Carrier: George Kishida, Inc. (Kishida).

Commodity: Bulk roofing granules.

Origin: Roofing Granules Plant, Corona.

Destination: Bird & Son, Inc. Martinez.

Rate: \$33.38 per ton.

Minimum Weight: 26 tons.

Conditions:

1. If any of the below named 26 subhaulers are engaged by Kishida, they shall receive not less than 95% of the authorized rate. If Kishida furnishes trailing equipment, it may deduct an additional 20% from charges under the authorized rate for the use of this equipment.

T- 93,641	Jim Yamauchi	T-111,305	Antonio Gonzalez
T-130,756	Ralph J.Jensen	T-124,178	Chat Soule
T- 93,642	Wesley Lawce	T- 97,007	Al Berchtold
T-117,674	Ramon Gonzalez, Jr.	T-119,697	Joe Utz
T- 82,318	Louis Rivera	T-116,485	Charles Shipes
T-132,040	Jeff Keaster	T- 94,632	Enrique Velez
T- 93,627	Donald Hieb	T-123,308	John Boggs
T- 18,093	Nobuo Kishida	T-135,300	Paul Leary
T-110,604	Gary Grimes	T-125,541	Ben Mumiaín
T- 93,630	Tom Kiriu	T-127,316	George Moore
T- 93,636	Mickey Shirakawa	T-134,197	Dave Buell
T-137,298	R. Eric Jensen	T-134,300	Lonnie Vaux
T-138,826	Mike Jones	T-118,556	James Waddell

2. If any subhaulers other than those named in Condition 1 are employed by Kishida at the authorized rate, they shall be paid 100% of this rate with no deductions.
3. In all other respects, the rules and regulations of Minimum Rate Tariff 7-A shall apply.

(END OF APPENDIX A)



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