

ALJ/ec *

Decision 83 11 025 NOV 2 - 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 under the)
 provisions of Section 3666 of the)
 Public Utilities Code, for the)
 transportation of limestone from)
 Shingle Springs, and Cool,)
 California to Kingsburg, CA.)

Application 83-06-30
 (Filed June 17, 1983;
 amended September 1, 1983)

O P I N I O N

By this application, as amended, George Kishida, Inc. (Kishida) seeks authority to charge less than the minimum rates in Minimum Rate Tariff (MRT) 7-A for the transportation of limestone in dump truck equipment for Guardian Industries, Inc. (Guardian) from Shingle Springs and Cool to Guardian's plant at Kingsburg. The proposed rates and the MRT 7-A rates, including the applicable 22½% surcharge, for the two hauls and the distance of each are as follows: ✓

<u>To Kingsburg</u> <u>From</u>	<u>Proposed</u> <u>Rate/Ton(1)</u>	<u>Minimum</u> <u>Rate/Ton(2)</u>	<u>One-Way</u> <u>Miles</u>
Shingle Springs	\$12.75	\$15.58	206.0
Cool	\$13.50	\$16.26	218.5

(1) Minimum Weight 26.5 Tons.

(2) 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 in Lodi.

2. Kishida has provided transportation services for Guardian on many occasions. According to a letter from Guardian attached to the application it will use Kishida to perform the transportation in issue for it if the authority is granted. The transportation will be on a regular basis with a minimum of three to five truckloads per week. All loading and unloading would be by gravity flow, and based on Kishida's past experience, loading at each origin would take 15 to 20 minutes and unloading would take 10 to 15 minutes.
3. Kishida intends to use subhaulers for the proposed transportation. Thirty carriers who regularly subhaul for Kishida have signed a statement attached to the application which asserts that they support the requested authority and wish to participate in the rate deviation. The subhaulers would furnish power equipment and drivers only, and pull Kishida's trailers. Cost data for each of the 30 are included with the application.
4. The transportation at the proposed rates will be profitable for both Kishida and its subhaulers.

The per trip revenue and cost data for Kishida presented with the application for each of the proposed hauls are based on a round-trip movement, loaded in one direction at the applicable rate, and empty in the other direction. Following is a summary of this data:

	<u>Shingle Springs To Kingsburg</u>	<u>Cool To Kingsburg</u>
One-Way Revenue	\$337.88	\$357.75
Round-Trip Cost	291.99	309.51
Operating Income	45.89	48.24
Operating Ratio	86.4%	86.5%

The revenue and cost data for each of the 30 named subhaulers were likewise developed on the same round-trip basis for each of the proposed hauls, loaded in one direction at the applicable rate and empty in the other direction. Included in the cost development for each of the subhaulers is a brokerage fee for Kishida based on 5% of the revenue earned and a rental fee for Kishida's trailers based on 20% of the revenue earned. Similar deductions from minimum dump truck rates are authorized by Items 210 and 126 of MRT 7-A. The owner-operator costs do not include any allowance for wages. According to the data, the average per round-trip operating income for all 30 subhaulers for the Shingle Springs haul is \$119.97 and for the Cool haul is \$129.40, and their average operating ratio for each haul is approximately 52%. By imputing Kishida's wage costs, which include related payroll expenses and benefits, to the subhaulers' costs, their average operating ratio for each haul would be approximately 98%.

As of December 31, 1982, Kishida had assets of \$1,460,256, liabilities of \$874,899, and a net worth of \$585,357. For the year 1982 it had total operating revenue of \$3,570,706 and net profit of \$121,837 after federal income tax. During this period, its cost for purchased transportation was \$1,728,226.

The application and amendment were listed on the Commission's Daily Calendars of June 21, 1983 and September 2, 1983, and on its Daily Transportation Calendars of June 22, 1983 and September 6, 1983. Copies of the application and amendment were served on the California Trucking Association and the California Dump Truck Owners Association. No protest has been received. The Commission's Transportation Division staff has advised that it has no objection to the grant of the requested authority.

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

1. If any of the 30 subhaulers for whom cost data has been furnished are engaged by

Kishida, it shall pay them no 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.

According to the application there is an immediate need for the sought authority. 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 rates in MRT 7-A.
3. Costs for providing the proposed transportation at the sought rates have been furnished for 30 named subhaulers only. Included in the costs are the 5% brokerage and 20% trailer rental deductions from payments to subhaulers provided in Items 210 and 126 of MRT 7-A.
4. The proposed rates are compensatory for Kishida and, including the payment deductions referred to in Finding 3, for the 30 named subhaulers.
5. The proposed rates are reasonable for Kishida and, including the payment deductions referred to in Finding 3, for the 30 named subhaulers.
6. Any subhauler not referred to in Finding 3 who is engaged by Kishida to perform the transportation in issue at the sought rate shall 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 shall expire in one year.
3. This order should be effective on the date signed because there is an immediate need for the rate relief.

O R D E R

IT IS ORDERED that:

1. George Kishida, Inc. may depart from the rates in MRT 7-A by charging not less than the rates in Appendix A.
2. This authority shall expire one year after the effective date.

This order is effective today.

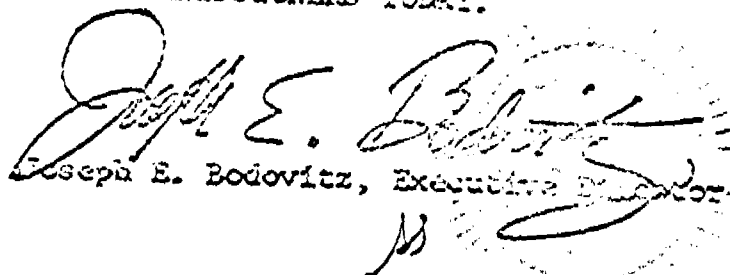
Dated NOV 2 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
FRISCILLA C. CREW
WILLIAM E. BAGLEY
Commissioners

Commissioner Donald Viel, being necessarily absent, did not participate.

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: Limestone.

Origin: Shingle Springs and Cool.

Destination: Guardian Industries, Inc., Kingsburg.

Rates: 1. \$12.75 per ton from Shingle Springs.
2. \$13.50 per ton from Cool.

Minimum Weight: 26½ tons.

Conditions:

1. If any of the below-named 30 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.

J. Yamauchi	T-93641	A. Gonzalez	T-111305
R. Jensen	T-130756	Chat Soule	T-124178
W. Lance	T-93642	A. Berchtold	T-97007
R. Gonzalez	T-117674	J. Utz	T-119697
L. Rivera	T-82318	C. Shipes	T-132773
J. Keaster	T-132040	E. Velez	T-94632
D. Hieb	T-93627	J. Boggs	T-123308
J. Heise	T-110733	L. D. Ward	T-126818
G. Merritt	T-112864	B. Muniain	T-125541
N. Kishida	T-18093	G. Moore	T-127316
G. Grimes	T-110604	D. Thompson	T-140199
T. Kiriu	T-93630	L. Vaux	T-134300
M. Shirakawa	T-93636	J. Waddell	T-118556
R. E. Jensen	T-137298	T. Poindexter	T-139552
M. Jones	T-138826	D. Jones	T-133797
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)