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ORIGINAL

Decision No. 86527

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of GUTHMILLER TRUCKING, INC., a
California corporation, for authority
to deviate from the provisions of
Minimum Rate Tariff Number 2 in
connection with transportation of
antifreeze, pursuant to the
provisions of Section 3666 of the
California Public Utilities Code.

Application No. 56019
(Filed October 23, 1975)

Eldon M. Johnson, Attorney at Law, for applicant.
Charles D. Gilbert and H. W. Hughes, for
California Trucking Association, interested
party.

O P I N I O N

Applicant holds radial highway common carrier and highway contract carrier permits. By this application it seeks authority to assess less than the minimum rates set forth in Minimum Rate Tariff 2 for the transportation of antifreeze for Dow Chemical Company (Dow) from Pittsburg and Richmond to points located in southern California.

Public hearing was held at San Francisco before Examiner O'Leary on May 10 and 11, 1976. The matter was submitted upon the filing of applicant's closing brief on May 27, 1976.

The western area traffic manager of Dow testified that presently shipments destined to points in southern California are shipped from its plant at Pittsburg and its warehouse facility at Richmond to a warehouse facility at Carson from which it is redistributed to Dow's customers in southern California. The witness also testified that Dow desires to minimize its warehouse operation at Carson by shipping direct to its customers when practical.

The movements to Carson are transported by applicant at a rate of 65 cents per 100 pounds when three 44,000-pound loads are tendered at one time. The applicable minimum rate is a rail rate of 64 cents per 100 pounds subject to a minimum weight of 100,000 pounds.

Applicant seeks authority to assess a rate of 71 cents per 100 pounds from Dow's facilities at Pittsburg and Richmond to points located within the Metropolitan Los Angeles area consisting of the territory comprised of Metropolitan Zones 201 through 262 as described in Distance Table No. 7. Applicant also seeks to assess the 71 cent rate plus an additional arbitrary charge to points beyond the above described Metropolitan Los Angeles area. The amount of the additional arbitrary charge is computed upon the number of constructive miles the destination is located beyond the Metropolitan Los Angeles area.

The transportation service of applicant is performed in applicant-owned trailers and owner-operator tractors. The owner-operators receive 70 percent of the revenue derived except when they furnish certain equipment in which event they receive 75 percent of the revenue. A summary of applicant's responsibilities is set forth in Exhibit 5.

Revenue and cost data submitted by applicant (Exhibits 8 to 12 inclusive) disclose that the transportation at the proposed rates will be compensatory to the applicant and its owner-operators except when it is necessary to return from southern California without a return load. Some return loads will be available from Dow; however, they are not assured nor will they be available on a regular basis. Applicant is presently transporting the involved traffic to Dow's warehouse facility at Carson. Applicant's overall business is such that it has an essentially balanced northbound and southbound operation.

The California Trucking Association (CTA) is opposed to the granting of the authority sought. CTA argues that applicant's cost studies are deficient in that they only provide for costs in one direction and that averages were utilized in arriving at certain elements of costs of the owner-operators.

CTA's argument is not convincing. In certain instances it is necessary that round-trip costs must be considered in determining whether or not the proposed rate is reasonable especially when it can be seen that there is no expectation of the carrier obtaining a return load. Such is not the case here, the evidence shows that applicant can reasonably expect a return northbound load in view of the fact that it has an essentially balanced operation. Further, the averages used by applicant in arriving at certain cost elements of the owner-operators are reasonable.

Findings

1. There is a cost saving directly attributable to applicant's transportation of the commodity involved.
2. The proposed rates are compensatory and reasonable.

The Commission concludes that the application should be granted.

Since conditions under which the service is performed may change at any time, the authority granted in the ensuing order will expire at the end of one year unless sooner canceled, modified, or extended by order of the Commission.

O R D E R

IT IS ORDERED that:

1. Guthmiller Trucking, Inc. is authorized to depart from the minimum rates set forth in Minimum Rate Tariff 2 by charging those rates set forth in Appendix A of this decision. This authority does not include any deviation from any rates, rules, or regulations except as specifically set forth in Appendix A.

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

Because the public will benefit from this rate reduction, the effective date of this order is the date hereof.

Dated at San Francisco, California, this 19th day of OCTOBER, 1976.

I dissent as to the effective date being the date hereof.
William Sprouns Jr
Commissioner

[Signature]
President
[Signature]
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Shipper: Dow Chemical, U.S.A.

Commodity: Antifreeze, in containers in boxes, or in bulk in barrels.

Origin Points: The plants and facilities of Dow Chemical, U.S.A. in Pittsburg and Richmond, California.

Destination Points: All points in the counties of Orange, Riverside, San Bernardino and San Diego, and points in that portion of Los Angeles County within Metropolitan Zones 201 through 243 and 247 through 252, inclusive, as described in Section 2-A of the Commission's Distance Table 7.

Rates:

- A. From the origin points of Pittsburg and Richmond, California, to points within the Metropolitan Los Angeles area, consisting of that territory comprised of Metropolitan Zones 201 through 262, inclusive, as described in Section 2-A of the Commission's Distance Table 7:

71¢ per cwt, with a minimum weight of 44,000 pounds per truckload.

- B. For rates to other application destination points beyond the Metropolitan Los Angeles area mentioned in paragraph A above (within the counties of Orange, Riverside, San Bernardino, and San Diego), add to the rate shown in paragraph A above the following schedule of rates using constructive mileages from the nearest Metropolitan Zone to the final destination point:

<u>Miles</u>	<u>Additional Arbitrary Charge per 100 Pounds</u>
0 - 20	11¢
20 - 40	14¢
40 - 80	17¢
80 - 100	19¢

(over 100 miles-add 2 cents
for each 10-mile increment)

APPENDIX A
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Conditions:

1. All charges are to be prepaid by the shipper.
2. No Central Coast surcharge (Supplement 75 to Minimum Rate Tariff Number 2) shall be applicable to these rates.
3. Rates above shall apply to single truckload shipments only.
4. Containers in boxes are to be palletized and power-loaded by the shipper.
5. To the extent not otherwise specifically provided, the provisions of Minimum Rate Tariff Number 2 shall apply.
6. Owner-operators will be paid no less than 70 percent of the gross revenue except when the owner-operator provides tarps, aluminum V-boards, chains, binder ropes, and other tie-down equipment in which event the owner-operator will be paid no less than 75 percent of the gross revenue.