

Decision No. 87905 SEP 27 1977

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of DELCO FREIGHT LINES, INC., a corporation, to perform transportation services for the account of UNITED STATES PIPE AND FOUNDRY COMPANY, in the movement of cast iron pressure pipe, fittings and accessories at less than minimum rates.

Application No. 57161  
(Filed March 21, 1977)

John T. Underwood, for applicant.  
Arthur D. Maruna and Herbert W. Hughes,  
for California Trucking Association,  
interested party.  
Geoffrey W. Meloche, for the Commission  
staff.

O P I N I O N

Applicant holds authority as a radial highway common carrier. By this application it seeks authority to assess less than the minimum rates set forth in Minimum Rate Tariff 2 (MRT 2) for the transportation of cast iron pressure pipe, fittings, and accessories from Union City to points in California for the account of United States Pipe and Foundry Company.

Public hearing was held before Administrative Law Judge O'Leary at Los Angeles on June 15, 1977 at which time the matter was submitted.

The transportation is presently being conducted under the provisions of Items 293.4, 378, 507, and 528 of MRT 2. However, approximately 90 percent of the traffic moving to the Los Angeles Basin Territory is transported at rail rates plus an off-rail additive. The applicable rail rates as published in Pacific Southcoast Freight Bureau, Freight Tariff No. 272-C are 60 cents

per 100 pounds, minimum weight 80,000 pounds and 47 cents per 100 pounds, minimum weight 120,000 pounds. The off-rail additive is 36 cents per 100 pounds plus a 6 percent surcharge.

Applicant proposes rates to the Los Angeles Basin Territory as follows:

<u>Cents per 100 pounds</u>	<u>Minimum Weight</u>
80	45,000 (1)
76	50,000 (1)
74	100,000 (2)

- (1) Limited to a single unit of carrier's equipment.
- (2) Limited to two units of carrier's equipment.

The rates proposed to points other than the Los Angeles Basin Territory are set forth in Appendix B attached to the application. Appendix C attached to the application is a cost analysis of a typical load to the Los Angeles Basin Territory. Such a load would produce revenue of 90 cents per mile offset by operating costs of 83 cents per mile. The 83-cent per mile operating cost figure is computed as follows:

$$\begin{array}{r}
 \text{Flat rate to subhauler } \$180 \div 400 \text{ mi.} = \$ .45 \\
 \text{Other costs of } \$352,648 \div 1,056,984 \frac{1}{2} = \$ .33 \\
 \text{Estimated trailer costs} = \underline{\$ .05} \\
 \hline
 \underline{\$ .83}
 \end{array}$$

Exhibit 1 is a detail of subhauler costs for a one-month period covering the operations of four subhaulers for a one-month

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1/ Total revenue miles per year.

period. The exhibit discloses that the operations of the subhaulers were profitable; however, none of the subhaulers were made available for cross-examination.

No cost evidence was presented by applicant for transportation of shipments at the proposed rates with its own equipment. The Commission has consistently held in applications seeking deviations from the minimum rates that a showing that the proposed rates will exceed the costs of providing the service is indispensable to the requisite finding that the proposed rates are reasonable. We have also consistently held that the revenue and expense data for the involved traffic must stand on its own. Applicant here is utilizing systemwide costs which may or may not be applicable to the involved transportation.

The Commission finds that applicant has not shown that the proposed rates will exceed the cost of providing the service and therefore has not sustained the burden of proof that the proposed rates are reasonable. We conclude that the application should be denied.

O R D E R

IT IS ORDERED that Application No. 57161 is denied.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 27<sup>th</sup> day of SEPTEMBER, 1977.

Robert B. Babin  
President

Veronica L. Sturgeon  
Charles D. Howell  
Clair J. ...  
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.