

ORIGINAL

Decision No. 88198 DEC 6 1977

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
 of GARY SCANNAVINO, dba CHEROKEE )  
 FREIGHT LINES for Authority to )  
 Depart from the Provisions of )  
 MRT 2 in connection with the )  
 transportation of granulated )  
 sugar, in bulk, from Manteca to )  
 points in Los Angeles County, )  
 and Colton and Corona, California )

Application No. 57488  
 (Filed August 1, 1977)

OPINION AND ORDER

By this application, Gary Scannavino, doing business as Cherokee Freight Lines (Cherokee), requests authority to deviate from the provisions of Minimum Rate Tariff 2 (MRT 2) in connection with the transportation of granulated sugar, in bulk, for Spreckels Sugar Division, Amstar Corporation (Spreckels) from Manteca to various points in Los Angeles County, Colton and Corona.<sup>1</sup>

According to applicant, transportation will be performed in bottom dump hoppers and self-contained pneumatic trailers furnished by Spreckels.

<sup>1</sup> The present minimum rates and the proposed rates, in cents per 100 pounds, for a 50,000 pound shipment of granulated sugar from Manteca to the following points are:

|                    | <u>Present Rates</u> | <u>Proposed Rates</u> |
|--------------------|----------------------|-----------------------|
| Los Angeles MZ 209 | 119                  | 100                   |
| Colton             | 124                  | 105                   |
| Corona             | 124                  | 105                   |

The present rates include carrier furnished driver, tractor and trailers.

The proposed rates include carrier furnished driver and tractor only, shipper to furnish trailers.

Applicant states this application is based on the following facts and circumstances: that the present movement is by rail and reloaded in motor vehicles for delivery to the destination; that the shipper is desirous of having the entire transportation handled by motor vehicle for direct movement in order to reduce the double handling (shipments by rail-truck are loaded twice and unloaded twice), the additional transit time involved and the attendant expense of double loading and double unloading; that Cherokee is presently the primary carrier for the shipper, from its facilities in Northern California to shipper's customers in the Southern California area; and, that Cherokee is experienced and familiar with the transportation requirements of the shipper and its customers.

Applicant further states: that the present MRT 2 rates are higher than is reasonable or necessary for the movements involved herein; that judging by applicant's prior experience, the transportation at the requested rates will be profitable; that it is estimated there will be two trips per week to the destination points, and a minimum of 73,840 miles per year; that Cherokee will utilize its own tractor and personnel, and subhaulers will not be used; and, that Cherokee is a carrier with the necessary experience, personnel and equipment to handle the subject transportation to meet the shipper's requirements.

The application was listed on the Commission's Daily Calendar of August 3, 1977. California Trucking Association (CTA) objected to the granting of the authority on an ex parte basis. CTA alleges that: "Costs indicated are understated in that Applicant has made no provision for indirect expenses." CTA further alleges that: "While it is not possible to determine Applicant's indirect expense, on the basis of an estimated profit of \$3,031.60, an indirect expense of 6.46 percent would result in a net loss to the Applicant." CTA further recites that: "...no provision is made for the payment of the Commission's own Transportation Rate Fund fees."

Applicant's attorney responded to CTA's allegations stating that:

1. Applicant indicates an annual gross revenue of \$49,920 based on the proposed rate of 100 cents per one hundred pounds, at a minimum weight of 48,000 pounds. In reality its equipment is capable of transporting from 50,000 pounds to 52,000 pounds. Therefore, the average weight per load should be 50,000 pounds which increases its revenue to \$52,000.
2. The annual mileage employed is computed on a round trip basis, totaling 73,840 constructive miles. Applicant wishes now to compute its costs based on the annual actual miles of 68,016.
3. Applicant requests the Commission to eliminate and disregard the interest expense of \$10,175 included in the tractor cost. It also believes that a period of 8 years would be a more representative depreciation life to be utilized. Thus, the fixed cost per year would be reduced to \$4,915.23.
4. Applicant's 1976 Income Statement discloses indirect costs of \$75,494 and direct costs of \$1,097,141 providing a ratio of 7 percent.
5. Applicant would net an annual profit of \$7,275 (based on the proposed rates) if its gross revenue were adjusted to \$52,000 and its fixed costs, labor costs, running costs and insurance costs adjusted to \$41,605. In arriving at the aforesaid profit applicant has taken into consideration the indirect costs of \$2,912 and the revenue costs (P.U.C. fees and uniform business tax) of \$208.

The Commission finds that the authority requested is similar to other authorities previously granted by the Commission to other carriers for transportation of this same commodity; and, revenue and expense data submitted by applicant indicate that the transportation involved may reasonably be expected to be profitable under the proposed rates.

In the circumstances, the Commission finds that applicant's proposal is reasonable. A public hearing is not necessary. The Commission concludes that the application should be granted as set forth in the ensuing order and the effective date of this order should be the date hereof because there is an immediate need for this rate relief.

IT IS ORDERED that:

1. Gary Scannavino is authorized to perform the transportation shown in Appendix A, attached hereto and by this reference made a part hereof, at not less than the rates set forth therein.

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

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 6th  
day of DECEMBER, 1977.

*I dissent.*  
*William Lyons, Jr.*

*Robert Bakusich*  
President

*Vernon L. Sturgeon*  
*Richard W. Howell*  
*Clair J. Delbrich*  
Commissioners

## APPENDIX A

Carrier: Gary Scannavino, dba Cherokee Freight Lines.  
Commodity: Granulated sugar, in bulk.  
For: Spreckels Sugar Division, Amstar Corporation.  
From: Manteca.

Rates in Cents per 100 Pounds

|     |               |     |
|-----|---------------|-----|
| To: | Los Angeles   |     |
|     | County Points | 100 |
|     | Colton        | 105 |
|     | Corona        | 105 |

Minimum  
Weight: 48,000 pounds.

## Conditions:

1. Transportation will be performed by carrier using only carrier's tractor and driver, with Spreckels Sugar furnishing the trailers.
2. Shipments shall be gravity loaded and unloaded without assistance of, or expense to, the carrier.
3. Three (3) hours are allowed for loading and unloading. Any time in excess of three (3) hours will be charged for at the rate of Five Dollars (\$5.00) per one-half (1/2) hour or fraction thereof.
4. Applicant has indicated that subhaulers will not be engaged. Therefore, if subhaulers are employed they shall be paid no less than the rates authorized herein without any deduction for use of applicant's trailing equipment.
5. In all other respects the rates and rules in Minimum Rate Tariff 2 shall apply.

(END OF APPENDIX A)