

Decision No. 25018

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension by
the Commission on its own Motion of
Supplement No. 2 to Proportional
Freight Tariff C.R.C. No. 11 of
RICHARDS TRUCKING & WAREHOUSE COMPANY,
naming reduced rates applying between
Los Angeles and Los Angeles Harbor
district.

Case No. 3255

Martin Richards and Hugh Gordon, for respondent.
Phil Jacobson, for Harbor Franchise Carriers Assn.
W. G. Young, for Seaboard Transportation Company.
Rex Boston, for Scandia Truck and Transfer Co.
E. Bissinger, for Pacific Electric Railway Co., and
Pacific Motor Transport Company.

WHITSELL, Commissioner:

O P I N I O N

This is an investigation on the Commission's own motion to determine the lawfulness of certain reduced rates published in Supplement No. 2 to Proportional Freight Tariff, C.R.C. No. 11, of Richards Trucking and Warehouse Company applying between the Los Angeles Harbor District and Los Angeles. These rates, proposed to become effective May 9, 1932, were suspended by our order of May 5, 1932 upon protests received from competing common carrier transportation companies, alleging among other things that they were unduly and unreasonably low, and that they would, if allowed to become effective, result in a demoralization and disruption of transportation conditions between Los Angeles and the Harbor.

Public hearings were held at Los Angeles May 20 and 21, June 9 and July 8, 1932, on which latter date the matter was submitted.

The Richards Trucking and Warehouse Company is a common carrier under this Commission's jurisdiction engaged in the transportation of freight over the public highways between Los Angeles and the Los Angeles Harbor district. It operates in direct competition with more than twenty other common carriers subject to this Commission's jurisdiction. In addition thereto it competes with a large number of noncertificated carriers operating in the same territory. It maintains a fleet of approximately sixty-five pieces of equipment.

In October, 1931, in an effort to stabilize conditions uniform tariffs were filed with the Commission by respondents and seventeen other common carriers. With slight modifications these tariffs are now in effect. Shortly after they were established rates substantially lower than the uniform bases were filed by one of the carriers. Upon receipt of a protest similar to that now before us, these rates were suspended pending a hearing thereon to determine their lawfulness. Before the hearing was had the rates were withdrawn. A reduction proposed by the Harbor Freight Transit was not protested and became effective February 22, 1932.

The supplement here under suspension names rates of 15 cents on lots of less than 20,000 pounds, and 10 cents on lots of 20,000 pounds or over for the transportation of a large number of commodities between Los Angeles and Los Angeles Harbor district. Another rate of 20 cents, any quantity, was published for the transportation of a few differently grouped items. The application of these rates is restricted to freight in barrels, boxes, bundles, cartons or crates transported from one or more consignors to one consignee at one destination. They will only apply when the calendar monthly tonnage equals or exceeds 100 tons. The minimum charge per shipment is 75 cents. Regular class or commodity rates are to be assessed during the period of each calendar month and an adjustment made at the end of each such period on the basis of the rates shown if the required aggregate tonnage is shipped.

The proposed rates represent a very substantial reduction of the rates now contained in respondent's tariffs, as well as of those contained in the tariffs of most of the competing carriers. In an endeavor to prove that the service to be performed under these reduced rates would be profitable, respondents submitted an exhibit compiled to show operating costs of transporting this merchandise. In a second exhibit it compared its proposed rates on certain commodities with rates applicable via Harbor Freight Transit.

Because of its many discrepancies the first exhibit serves no useful purpose. In computing the operating costs respondent has allowed 4 hours loading time, 2 hours equipment cost for the line haul from Los Angeles to Los Angeles Harbor, 2 hours for delivery to consignee, and added thereto 20% of its gross revenue for overhead and insurance. No provision having been made for time consumed in going to the pickup point, it would necessarily have to be assumed that there was an even movement of freight in both directions. The record, however, shows definitely that no such condition exists. It is observed that an equipment charge is made only for the actual time it moves over the highway under load, making no provision other than under the head of "overhead" for the time consumed in loading or unloading or the time it is detained. No detailed explanation was attempted of the overhead item, which includes a State Tax of 5% of the gross revenue. Respondent's annual reports show that such costs have heretofore been greatly in excess of 20%. The income used in the calculation is based on 18,000 pounds at 15 cents per hundred weight, resulting in a revenue of \$27.00, although the proposed tariff provides that the rate on 20,000 lbs. is 10 cents, resulting in a truck and trailer revenue of but \$20.00. 18,000 lbs. is the capacity of respondent's larger pieces of equipment and it was admitted that a relatively higher operating cost would be obtained if weights other than capacity weights were used. Moreover respondent admitted that if shipments were picked up at different steamers

the charges would be in excess of those shown in the exhibit.

The second of respondent's exhibits is a comparison of the proposed rates with certain selected rates of Harbor Freight Transit. Respondent testified that it did not know whether or not Harbor Freight Transit was operating or could operate at a profit under the compared rates. Obviously therefore this exhibit has no value in attempting to show that respondent's rates are reasonably compensatory. Furthermore while the rates of Harbor Freight Transit apply in a zone located east of Los Angeles Street, comprising mainly a manufacturing and jobbing district, respondent's proposed rates include also the territory between Los Angeles and Figueroa Street, which embraces the Los Angeles retail district. Moreover the proposed rates are restricted to the gross aggregate movement of 100 tons per calendar month, whereas those of Harbor Freight Transit apply only in connection with movements of 250 tons per month.

Numerous witnesses, representing competing regulated transportation lines, testified that under the present uniform rates and under operating conditions substantially similar to those encountered by respondent, they are unable to operate at a profit, and that it is their belief, based on their own experience, that the rates will not be compensatory to respondent.

Upon consideration of all the facts of record I am of the opinion that respondent has failed to sustain the burden of justifying the proposed rates, and that they should be ordered cancelled. I recommend the following form of order.

O R D E R

This case having been duly heard and submitted, full investigation of the matters and things involved having been had, and basing this order on the findings of fact and the conclusions contained in the preceding opinion,

IT IS HEREBY ORDERED that respondent Richards Trucking and Warehouse Company be and it is hereby ordered and directed forthwith to cancel on or before August 5, Supplement No. 2 to its Proportional Freight Tariff C.R.C. No. 11.

IT IS HEREBY FURTHER ORDERED that upon the cancellation thereof this proceeding be and it is hereby discontinued and our suspension order of May 5, 1932 vacated and set aside.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 1st day of August, 1932.

Al Lewis
Leon O'Connell
W. A. Lee
W. B. Harris
Fred G. Stewart
Commissioners.