

Decision No. 25637.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Suspension by the
Commission on its own Motion of Rule 1-A
and Section 6-A of Supplement No. 9 to
C.R.C. No. 10, Local and Interdivision
Freight Tariff of RICHARDS TRUCKING AND
WAREHOUSE COMPANY.)

Case No. 3434.

Martin H. Richards, for respondent.

H. J. Bischoff, for Rice Transportation Company and
for Donovan Transportation Company, interested
parties.

Wallace K. Downey, for Motor Freight Terminal Com-
pany and for California Interurban Motor Trans-
portation Association, interested parties.

R. C. Bliss, for Southern Pacific Company and for
Pacific Motor Transport Company, interested
parties.

Harry E. Fleischer, for Crown City and Los Angeles
Express Company, interested party.

BY THE COMMISSION:

OPINION

This is an investigation on the Commission's own motion to determine the lawfulness of Rule 1-A and Section 6-A of Supplement No. 9 to C.R.C. No. 10, Local and Interdivision Freight Tariff of Richards Trucking and Warehouse Company.

Rule 1-A provides for an allowance of 5 cents per 100 pounds to be made in respondent's class and commodity rates on shipments delivered to its terminals at point of origin by the

consignor or his agent, and a like allowance if shipments are received by the consignee or his agent at respondent's terminals at destination. Both of these allowances are subject to a minimum rate accruing to respondent of not less than 15 cents per 100 pounds. Section 6-A names reduced class rates applying on shipments of less than one ton transported between Los Angeles and Pasadena and points grouped therewith.¹ Both provisions were filed to become effective December 9, 1932, but were suspended by the Commission upon protests of carrier organizations.

A public hearing was held before Examiner Geary at Los Angeles January 10, 1933, and the matter submitted.

Respondent seeks to justify the proposed changes on the ground that they are necessary to meet the competition of other carriers, particularly that of the Pacific Motor Transport Company. It states that its revenue between Los Angeles and Pasadena, now amounting to about \$850 per month, decreased 45 per cent. during the last year due principally to the competition of that company. The desire to meet the competition of the Motor Freight Terminal Company is given as the reason for making the 5-cent allowance between Los Angeles and Los Angeles Harbor. None of the other carriers operating between these points makes such an allowance. The testimony was in the main confined to these territories, although Rule 1-A, if permitted to become effective, will apply at all points covered by respondent's Tariff C.R.C. No. 10. Respondent testified that it believed the proposed rates would be compensatory but offered little evidence in substantiation thereof.

Between Los Angeles and Pasadena respondent's present

¹ Altadena, Garvanza, Highland Park, Lamanda Park and South Pasadena.

class rates are the same as those of the Keystone Express System, a competing truck line. Its fourth class rate,² on shipments of less than one ton which are accorded store door service, is also of the volume of the fourth class rates of the Pasadena Express and Freight Service and the Crown City and Los Angeles Express Company.³ Its other rates are in some instances higher and in others lower than the corresponding rates of its competitors. The rates of the Pacific Motor Transport Company however are lower than both respondent's present and proposed rates.⁴ Respondent testified that it would be very agreeable to withdrawing its proposed rates if the Pacific Motor Transport Company would make a corresponding increase.

There is a substantial difference in the services offered by these carriers. If calls are received at Los Angeles not later than 4:30 P.M. respondent picks up shipments that same afternoon and makes delivery in Pasadena the following morning. On extra trips shipments picked up in the morning are delivered that afternoon. The number of such extra trips depends upon the tonnage offered. At the time of the hearing they amounted to about two per week. The Keystone Line maintains the most frequent service, making four trips daily between these points. The Pacific Motor Transport Company makes next-afternoon delivery. The record does not describe the services of the other carriers.

Respondent estimated that the cost of transporting ship-

² The record shows that at least 50% of the tonnage transported between these points is fourth class and that the remainder is first, second and third in equal portions.

³ This latter carrier's rates do not include pickup or delivery service at Los Angeles.

⁴ The Pacific Motor Transport Company does not limit its pickup and delivery allowance to a net revenue of 15% as here proposed; otherwise the rates are substantially the same.

ments between Los Angeles and Pasadena would be approximately 20 cents per 100 pounds, which amount is comprised of 5 cents for the pickup service, 10 cents for the line haul and 5 cents for delivery. The 10-cent line-haul cost, it was stated, would take care of transportation from terminal to terminal and would include "gas, oil consumed, driver's time and so forth while he was making the line haul". No provision was made for any overhead costs.

The record is not clear that the proposed rates would be reasonably compensatory or would not burden other traffic. However, since certain carriers maintain even lower rates between Los Angeles and Pasadena and points grouped therewith, we are reluctant on this record to deny respondent the right to establish the rates it proposes. It is doubtful whether the rates of these other carriers return the out-of-pocket cost of performing the service. But until this question is determined it would be unfair to deny respondent the right to meet the competition.

Respondent will be permitted to establish the rates proposed between Los Angeles and Pasadena and points grouped therewith until such time as the lawfulness of the rates of the competing carriers has been determined. As to the rest of the territory, the showing is very meager; respondent has clearly failed to justify those rates, particularly with respect to the proposed pickup and delivery allowance purported to be for the purpose of meeting the competition of the Motor Freight Terminal Company. If the proposed allowance were made the rates of respondent would be materially lower than the rates of the Motor Freight Terminal Company at competitive points.

O R D E R

Upon consideration of all the facts of record, and good

cause appearing,

IT IS HEREBY ORDERED that our orders of December 8, 1932, and January 30, 1933, in the above entitled proceeding, suspending Rule 1-A and Section 6-A of Supplement No. 9 to C.R.C. No. 10, Local and Interdivision Freight Tariff of Richards Trucking and Warehouse Company, in so far as they pertain to shipments moving between Los Angeles and Pasadena and points grouped therewith, be and they are hereby vacated and set aside as of February 28, 1933.

IT IS HEREBY FURTHER ORDERED that respondent be and it is hereby ordered and directed on or before February 28, 1933, to cancel Rule 1-A in so far as it pertains to shipments moving between points other than Los Angeles and Pasadena and points grouped therewith.

IT IS HEREBY FURTHER ORDERED that this proceeding be and it is hereby discontinued.

Dated at San Francisco, California, this 14th day of February, 1933.

A. S. Lewis
Leon Whitney
M. A. Linn
M. B. Linn
W. B. Linn
Commissioners.