

Decision No. 27848.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

MOTOR FREIGHT TERMINAL COMPANY,
a corporation,
Complainant,

vs.

PACIFIC MOTOR TRANSPORT COMPANY, a
corporation, and THE ATCHISON, TOPE-
KA AND SANTA FE RAILWAY COMPANY, a
corporation,
Defendants.

Case No. 3596.

ORIGINAL

Wallace K. Downey for complainant and for Valley Express
Company and Valley Motor Lines, Inc., interveners on
behalf of complainant.

James E. Lyons and Burton Mason for Pacific Motor Trans-
port Company, defendant.

Gerald E. Duffy and Berne Levy for The Atchison, Topeka
and Santa Fe Railway Company, defendant.

E.J. Bischoff, for Southern California Freight Lines,
intervener.

BY THE COMMISSION:

OPINION ON REHEARING

By Decision No. 26777 in the above entitled proceeding the
Commission found that rates maintained by defendants for the transpor-
tation of tires and tubes between Los Angeles on the one hand and points
in or intermediate to the San Francisco Bay region and in the San Joa-
quin and Imperial Valleys on the other, had not been shown to be less
than reasonably compensatory but that they had been shown to be the
best rates obtainable in the competitive conflict with the unregulated
truck operators. The proceeding was dismissed.

Upon petition of complainant a rehearing was had before Exam-
iner Brown at Los Angeles.

Complainant submitted some evidence and testimony in support of its previous contention that the assailed rates were non-compensatory. Primarily however the record made upon rehearing deals with the question of whether or not the assailed rates are lower than necessary to hold the traffic to the lines of regulated carriers.

Complainant does not object particularly to rates of the volume of those now in effect provided they are restricted to shipments of substantial size at point of origin. It contends however that the unregulated carriers require at least a truck load at point of origin and that rates of the volume of those here assailed are not necessary to meet competition on shipments in smaller quantities. 2000 pounds was suggested as the lowest weight upon which the assailed rates should apply.

Witnesses for both complainant and defendants testified that they interviewed the traffic representatives of the four major companies shipping tires and tubes from Los Angeles in an attempt to determine whether or not the establishing of a minimum in connection with the assailed rates and increasing the rates on any-quantity shipments would result in a diversion of traffic. The impressions they got from these interviews however were contradictory. The Commission therefore summoned these representatives to appear before it in order that the true facts might be obtained.

One of these witnesses testified that an increase in the rates applying on shipments to the several territorial groupings when aggregating less than 2000 pounds at point of origin would have little effect upon his company's business for the reason that its tires and tubes generally moved in larger quantities. It seems clear however that an increase in the present any-quantity rates will result in the diversion of the smaller shipments of the three other companies. One witness stated that any increase in rates would result in "considerable

loss to both carriers". Another testified that his company is being solicited by unregulated carriers but that little attention is being paid to these solicitors. He added however that if the rates were increased there would be a "temptation" to confer with them and that there would be "an inclination to use other means of transportation if they were available at the lower rates, provided they rendered service that was commensurate with the rates". The following is indicative of the position of another witness for a major tire company: " * * * considering our relations with the contract carriers, and in the event we would have full truck loads for distribution to various consignees, it would be advantageous from a transportation saving to use the lower rate by shipping large quantities less frequently".

The record as it now stands is convincing that the assailed rates are not lower than reasonably necessary to hold the traffic to defendants' lines, nor have they been shown to be a burden on other traffic. Decision No. 26777 will be affirmed.

O R D E R

This matter having been reheard and the Commission being now fully advised,

IT IS HEREBY ORDERED that Decision No. 26777 dismissing the above entitled proceeding be and it is hereby affirmed.

Dated at San Francisco, California, this 7th day of January, 1935.

Leon C. White
M. H. Lewis
M. B. Harris
W. A. [unclear]
STANLEY [unclear]
Commissioners.