

Decision No. 23761.

7-11-35

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment of maximum or minimum, or maximum and minimum rates, rules and regulations of all Radial Highway Common Carriers, and Highway Contract Carriers, operating motor vehicles over the public highways of the State of California, pursuant to Chapter 223, Statutes of 1935, for the transportation for compensation or hire of any and all commodities, and accessorial services incident to such transportation.

Case No. 4088

(Part "A")

APPEARANCES IN CASE 4088

420 appearances were entered during the various hearings in this proceeding. A complete list thereof is contained in Appendix A.

WARE, Commissioner:

O P I N I O N

Pursuant to the mandate contained in Section 10 of the "Highway Carriers' Act", (Chapter 223, Statutes of 1935), which provides among other things that this Commission shall establish or approve just, reasonable and non-discriminatory maximum or minimum or maximum and minimum rates to be charged by radial highway common and highway contract carriers for the transportation of property and for accessorial service performed by such carriers and that it shall make such rules and regulations as may be necessary to the application of the rates established or approved under the provisions of the Act, the Commission on November 12, 1935, issued its order instituting the above entitled proceeding. A copy of the order together with an explanatory statement¹ were served

¹ Warren K. Brown, Director of Transportation for the Commission, pursuant to the direction and with the approval of the Commission, issued this statement to inform the entire transportation industry of the purposes and scope of this and subsequent proceedings designed to stabilize transportation.

upon each respondent and also upon each other party known to be interested.² The purpose of this proceeding and the procedure to be followed were embraced in a statement made by the presiding commissioner at the opening of the hearing.³

In the interest of orderly procedure the proceeding was divided into different parts. The phase of the proceeding with which we are here concerned, dealing with the establishment of proper rates for the transportation of less truckload traffic has been designated as Part "A". Public hearings thereon were had at the times and places shown in the footnote.⁴ Other phases of the proceeding are being considered;⁵ they will be disposed of in separate reports.

² For copies of these documents see Appendices B and C.

³ This statement is reproduced in Appendix D.

⁴ San Francisco - January 21, March 2 and 3, 1936.
Los Angeles - January 28, 1936.
San Diego - February 4, 1936.
Stockton - February 11 and 13, 1936.
Sacramento - February 18 and 19, 1936.

At the close of the hearing had at San Francisco on March 3, 1936, it was stated by William H. Gorman, Assistant Director of Transportation for the Commission, that in the absence of further evidence to be offered in Part "A" of the proceeding at that time, the record thus far made would be taken under consideration for the purpose of issuing a temporary or interim order without in any manner concluding the case; and that Part "A" would be held open for additional evidence to be received at such adjourned hearings as might thereafter be announced.

⁵ The phases thus far selected, some of which have been heard, are:

Part "B", dealing with rates on beverages and tonics in truckloads.

Part "C", dealing with rates for the transportation of commodities necessary or incidental to the establishment, maintenance, operation or dismantling of oil, gas and water wells, pipe lines, oil refineries and cracking or casing head plants.

Part "D", dealing with rates on fresh pears from Lake County points to various destinations in California.

Part "E", dealing with rates on fresh fruits, fresh vegetables and green vegetables from points in San Mateo, Santa Clara, San Benito, Santa Cruz, Monterey, San Luis Obispo, Santa Barbara and Ventura Counties to all points in California.

Part "F", dealing with rates on grain and grain products between all points in the State.

Part "G", dealing with rates on live stock between all points in the State.

By motions made during the hearings of Part "A" the Commission was petitioned to institute an investigation into the lawfulness and propriety of the rates maintained by all common carriers for the transportation of property in less carload or less truckload lots between all points in this State. This problem was given careful consideration at the time the Commission's order instituting this investigation proceeding was promulgated. However, as stated in the announcement which accompanied the order of investigation (Appendix C), "the Commission, after careful consideration, felt that"to bring before it for review and revision at one time and in one proceeding the entire rate structure of this State would either be wholly unproductive or would result in the utmost confusion".⁶ For these reasons, a logical division of the undertaking was made. Stabilization of transportation rates is of primary importance. The propriety of the rate level is best ascertained after stabilization has been attained. The Commission proposes to go into these matters at the earliest opportunity but for the present the motions must be denied.

History of Highway Transportation Regulation

A clear understanding of the law and issues involved in this proceeding requires at least a brief sketch of the historical background of transportation and regulation in this State.

Common carriers by railroad and vessel, as well as express corporations, have long been subject to public control and regulation.⁷ So also have common carrier truck operations when conducted between

⁶ See footnote 1.

⁷ Section 21 of Article XII of the State Constitution of 1879 forbade discrimination between persons and places by railroad or other transportation company. It also forbade higher charges to an intermediate point than applied to similar transportation to a more distant point. Numerous acts were thereafter enacted of which the most important were The Wright Act, Chapter 312, Statutes 1909, The Stetson-Eshleman Act, Chapter 20, Statutes 1911 and as amended by Chapter 386, Statutes 1911. The Public Utilities Act, Chapter 14, Statutes 1911 Extra Session became effective March 23, 1912, and was reenacted in 1915 (Chapter 91, Statutes 1915, Page 115). As amended, this Act is in effect at the present time.

fixed termini.⁸

Particularly during the last decade radical changes took place in the transportation industry. As a result of these changes, conditions became very unsettled if not chaotic. For these reasons the Commission on December 16, 1931, on its own motion instituted Case No. 3154, which was an investigation of freight transportation conditions in California.⁹ The purpose of the investigation was to find the facts and suggest remedies, and, as stated by the Commission at the opening hearing, "upon completion of this investigation to either take such positive regulatory action, even though it be of a most drastic character, that is necessary and possible under the existing law, or to make definite recommendations for legislative action, or both, as may be warranted in the general public interest".

In its decision in Case 3154, supra, the Commission said:

"Regulation by the State is for the protection and welfare of the public and only incidentally for the protection of the regulated business. It had its inception

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Section 22 of Article XII of the Constitution of this State provides in part:

"Said commission" (the Railroad Commission) "shall have the power to establish rates of charges for the transportation of passengers and freight by railroads and other transportation companies * * *."

In construing this provision the Supreme Court of California in Western Association, etc., R.R. vs. Railroad Commission (1916), 173 Cal. 802, held that "transportation companies" as used therein embraced common carrier truck and stage operations not wholly within the limits of a single municipality. It directed the Commission to require the operators there involved to file their rates, fares, charges and classifications with the Commission. During the 1917 session the Legislature enacted the "Auto Stage and Truck Transportation Act" (Chapter 213, Statutes 1917). This act, which was amended from time to time, embraced only those common carrier truck operations which were conducted between fixed termini or over regular routes.

Effective September 16, 1935, it was repealed by Chapter 664, Statutes 1935, and in substance added to the Public Utilities Act in two new sections, numbered 2 3/4 and 50 3/4.

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Case No. 3154, in re Investigation on the Commission's own Motion into the Operation of the Various Transportation Systems Doing Business in the State of California, decided October 10, 1932, 38 C.R.C.81.

in the need of protecting the public against the oppression and exactions of monopoly * * *. The advent of new transportation agencies, and the shifting of transportation from the rail and the water to the truck and the highway have brought about changed conditions which the law does not adequately cover. The very evils which regulation is intended to correct have returned in even more vicious form under a condition of the law where some of the transportation agencies are rigidly regulated, some are or may be partly regulated and some are not regulated at all. The public interest demands that regulation be extended alike over all or that it be withdrawn from all and the law of the jungle be given full and equal play."

In conclusion the Commission recommended that adequate legislation be enacted to the end that all forms of transportation might be subjected to public control and regulation.

The California Supreme Court recognized the very unsatisfactory state of then existing conditions in the case of Lang vs. Railroad Commission, 2 Cal. 2nd, 550, which sustained the Railroad Commission in allowing rail carriers to reduce their rates on petroleum and petroleum products in order to compete with unregulated trucks. It was clearly pointed out by the Court that though the decision would cause hardship to the trucks, the "pegging" of rail rates would be equally adverse to the rails and that no adjustment between them could be reached as long as the trucks were free from regulation.

"Until truck carriers are brought within the jurisdiction of the Commission and the latter is given power to fix rates to be charged by them, we see no way that the Commission can stabilize this business between them and the rail carriers."

Following the Commission's decision in Case No. 3154 and during the 1933 session of the Legislature, the Public Utilities Act was amended and two new sections added subjecting "freight forwarders" to regulation and requiring "freight forwarders" and "express corporations" to secure certificates of public convenience and necessity before commencing operation.¹⁰ At the same session an act providing

¹⁰ Sections 2(k), 2(ka) and 50(f) of the Public Utilities Act.

for the regulation of "for-hire vessels" operating between points exclusively on the inland waters of the State was enacted (Chapter 223, Statutes 1933).

During the 1935 session, the Legislature enacted the "Highway Carriers' Act" by virtue of which this proceeding is brought.¹¹ The preamble of this Act declares "the use of the public highways for the transportation of property for compensation is a business affected with a public interest and it is hereby declared that the purpose of this Act is to preserve for the public the full benefit and use of public highways consistent with the needs of commerce****; to secure to the people just and reasonable rates for transportation by carriers operating upon such highways; to secure full and unrestricted flow of traffic by motor carriers over such highways which will adequately meet reasonable public demands by providing for the regulation of rates of all transportation agencies*****".

Inasmuch as this is the first general proceeding dealing with the establishment or approval of proper rates for the transportation of property by radial highway common and highway contract carriers, a brief discussion of certain of the provisions of this Act is appropriate.

Section 1 specifies the terms "highway carrier", "highway common carrier", "radial highway common carrier", and "highway contract carrier".¹² Section 10 provides that the Commission shall

¹¹ Other legislation affecting transportation enacted during this session was: Sections 13 $\frac{1}{2}$ and 32 $\frac{1}{2}$ of the Public Utilities Act (Chapter 700); City Carriers' Act (Chapter 312); Motor Transportation Broker Act (Chapter 705), etc.

¹² "The term 'highway carrier' *** means every corporation or person, *** engaged in transportation of property for compensation or hire as a business over any public highway in this State by means of a motor vehicle or motor vehicles. However, it does not include carriers operating exclusively within the limits of a single incorporated city or city and county, nor does it include persons rendering casual transportation services as an accommodation, and not in the usual or ordinary course of

(Footnote 12 concluded on next page)

establish rates for radial highway common carriers and highway contract carriers, either upon complaint or upon the Commission's own initiative without complaint, but that in any event the Commission shall prescribe rates for radial highway common carriers and highway contract carriers. The rates to be prescribed may be established or approved and may be maximum or minimum or maximum and minimum, but must be just, reasonable and non-discriminatory. They are to apply to the transportation of property and to accessorial services performed by radial highway common carriers and highway contract carriers. In addition, "the commission shall make such rules and regulations as may be necessary to the application of the rates established or approved under the provisions of this act". "It shall be unlawful for any highway carrier to charge or collect any lesser rate than the minimum rate or greater rate than the maximum rate established by the commission ***."¹³

In addition to the requirement that the rates established or approved by the Commission be just, reasonable and non-discriminatory, Section 10 enumerates some of the factors which must be taken into account and given "due and reasonable consideration". They are:

(1) The cost:

(a) of all of the transportation services performed including length of haul.

(b) of any additional transportation performed or to

12 (concluded)

business of such person, nor does it include persons hauling their own products." (Sec. 1(f))

"The term 'highway common carrier' *** means every highway carrier operating as a common carrier subject to regulations as such by the Railroad Commission under Chapter 213 of the Statutes of 1917, as amended." (Sec. 1(g))

"The term 'radial highway common carrier' *** means every highway carrier operating as a common carrier not heretofore subject to regulation as such by the Railroad Commission under Chapter 213 of the Statutes of 1917, as amended." (Sec. 1(h))

"The term 'highway contract carrier' *** means every highway carrier other than a highway common carrier *** and every radial highway common carrier ***." (Sec. 1(i))

¹³ Quotations from Section 10 of the "Highway Carriers' Act".

be performed, to, from or beyond the regularly established termini of common carriers, or of,

- (c) any accessorial service.
- (2) The value of the commodities transported.
- (3) The value of the facility reasonably necessary to perform such transportation service.

It should be noted that this Section does not provide that the other factors ordinarily entering into rate making should not be given appropriate weight; it merely emphasizes certain factors which must be considered. It should also be observed that in event the Commission establishes minimum rates for transportation services by highway carriers, such rates shall not exceed the current rates of common carriers for the transportation of the same kind of property between the same points.

Section 11 of the Act provides "if any highway carrier other than a common carrier desires to perform any transportation or accessorial service at a lesser rate than the minimum rates so established, the Railroad Commission shall, upon finding that the proposed rate is reasonable, authorize such rates less than the minimum rates established in accordance with the provisions of section 10 hereof".

Prior to the initial hearing, the Commission's engineering staff made a study of the cost of transporting less truckload shipments¹⁴

of property in motor vehicles. The results of this study were embraced in an exhibit received in evidence as Exhibit A-1.¹⁵

Following the presentation of evidence as to operating costs, a representative of the Commission's Rate Division submitted a statement showing minimum class rates sufficient in volume to return the costs developed by the engineering staff. It was explained that neither

¹⁴ Questionnaires originally mailed to all respondents and returned by many were analyzed. In addition, members of the Commission's engineering staff contacted some thirty operators whose records were likewise studied. Finally, the engineers relied upon considerable data gathered by them over a period of years from various sources.

¹⁵ This exhibit was prepared and presented by Fred E. Chesnut, Assistant Transportation Engineer for the Commission.

the cost data nor the estimated minimum class rates based thereon were presumed to furnish a final answer to the question involved in this phase of the proceeding. They were compiled from the best data available and were offered primarily as a tangible starting point. Criticism of these studies and the presentation of such additional evidence as might be helpful were earnestly solicited. In response to these solicitations witnesses representing shippers, civic organizations, port districts, highway and rail carriers testified and presented numerous exhibits. ¹⁶

Operating Costs

The term "less truckload" is somewhat indefinite. Unlike the term "carload", which comprehends the exclusive use of the car and the loading and unloading of the property to be transported therein or thereon by the consignor and consignee, and the term "less carload", which does not comprehend the exclusive use of the car, nor under ordinary circumstances, the loading, unloading, checking and handling of the shipments by the consignor or consignee, the term "less truckload" as it is ¹⁷ commonly used, has little reference to the class of service rendered. Relatively the same service is performed by the carriers in connection with the transportation of so-called truckload and less truckload traffic.

Various witnesses addressed considerable evidence to the question of what constitutes less truckload traffic. It is quite clear that the term "less truckload" has no exact meaning, nor does it seem practical or proper on this record to attach any technical significance

¹⁶ A total of 77 exhibits were presented during the hearings in this phase of the proceeding.

¹⁷ In carload service moreover the property is usually transported under "shipper's load and count" arrangements, in which case the carrier obligates itself to transport the contents of the car as a whole, assuming no responsibility for the number of pieces in the car or the manner in which they are stowed. In this respect the degree of liability of the carrier in the case of carload service is different from that in the case of less carload service. On the other hand the degree of liability of the carrier with regard to both truckload and less truckload traffic is the same.

to it. The vehicles employed vary greatly in weight carrying capacity. If the size thereof were accepted as a criterion in determining what constitutes a truckload, then minima would vary from 3/4 ton to 20 tons. Under this arrangement a shipment weighing 4,000 pounds might be either truckload or less truckload, depending only upon the size of vehicle employed by the carrier or carriers. Thus out of two shipments weighing 4,000 pounds each, tendered to two carriers on the same day for the same destination, one, because of the small size of the vehicle used, might be transported as a truckload shipment under a truckload rate, while the other shipment, because of the larger vehicle employed, might move as a less truckload shipment at a proportionately higher less truckload rate although the two services were in all other respects identical. Such an arrangement is neither sound nor desirable. Rates predicated on this basis of distinction will utterly fail to advance the cause of stabilization. Since the purpose of a rate structure is to compensate the carriers for the service rendered to the end that the public may be assured of a reasonable, adequate and enduring transportation system, it therefore logically follows that rates should vary within reason dependent upon the cost of rendering the service, the value of the service and the other factors ordinarily entering into rate making.

On the other hand, clarity requires that some general meaning be given the term "less truckload" as it is employed in this opinion, particularly for the purpose of indicating the general scope of this phase of the proceeding. From the record before us, I am of the opinion that the Commission should not attempt in this order to establish minimum rates for the transportation of property in lots of 18,000 pounds or more. In lots of less than 18,000 pounds, however, there is an abundance of evidence of record upon which to predicate an interim order establishing minimum rates. Therefore it may be understood that the term "less truckload" when used in this report is meant to include shipments of

property weighing less than 18,000 pounds and including both any quantity and quantity shipments.

In addition to the exhibit offered by the Commission's engineer, cost studies were presented by various carriers serving a substantial portion of the State.¹⁸ Certain of these cost studies were comprehensive and quite complete. Others related solely to the transportation of property in quantity lots. A few of the studies were too incomplete to permit the development of other than truck-mile costs. In fact some of these studies were lacking in many factors that are an essential part of such costs. While costs in cents per truck-mile operated are of value from a comparative standpoint, standing alone they are of little assistance in determining the cost of moving a given ton, or other unit of weight, a mile or other given distance. Where the length of haul, traffic conditions and topography of the territory served are substantially the same, truck-mile costs vary with the size of equipment operated. On the other hand ton-mile costs vary with many factors other than the size or capacity of the equipment employed. The load factor¹⁹ experienced or used probably exercises the greatest influence on costs per ton mile.

Although somewhat different theories and methods of allocation were employed by each of these witnesses a fair basis of comparison is afforded in many of the elements or factors entering into the total per ton as well as the ton-mile cost developed in several of the studies.

¹⁸ Cost studies were presented by Valley Motor Lines, Inc., E.L. La Salle, Pacific Freight Lines, Inland Transportation Corp., Southern California Freight Lines, Reine's Truck Co., A.W. Merrifield, Valencia Truck Company, Orange County Transfer, H.E. Krueger, Chichester Transportation Co., Inc., Sperry Flour Co., Golden State Products Co., Ira P. Lamb and Truck Owners Association.

¹⁹ Load factor is expressed in terms of per cent and indicates the percentage relationship that the actual pay-load transported bears to the total pay-load capacity of the equipment for each mile operated.

A. Any Quantity Shipments

The Commission's study and report is based upon the transportation of property in lots averaging approximately 300 pounds per shipment. Out of 3,971 shipments analyzed, weighing a total of 855,070 pounds, 91% of the shipments were found to weigh less than 500 pounds each. From this study it was concluded that the movement of less truck-load traffic of the average weight considered between one city or community and another by motor truck equipment is effected most economically, efficiently and with greatest dispatch by:

- (a) Assembling freight at origin terminal using pick-up trucks.
- (b) Loading freight at terminal into line-haul trucks.
- (c) Transporting freight to destination terminal in line-haul trucks.
- (d) Unloading freight at destination terminal into delivery trucks.
- (e) Delivering freight from destination terminal to consignee's door in delivery trucks.

It was found that the most economical method of transporting freight between terminals requires the use of motor truck equipment capable of transporting the greatest pay-loads. The three-axle truck and three-axle trailer was accordingly selected as the most economical type of unit for line-haul service between terminals due to its great weight carrying capacity.²⁰

Accordingly, costs in the Commission's study are developed under four general classifications, namely:

1. Cost of performing pick-up and delivery service.
2. Cost of terminal or platform services.
3. Cost of performing line-haul service.
4. Overhead cost.

²⁰ A truck and trailer unit of this type is capable of transporting approximately 40,000 lbs. of pay-load without exceeding a gross weight of 68,000 lbs., the legal limit allowed upon the highways of this State, under Section 703 of The Vehicle Code.

They are based on a line-haul load factor of 50%, which, according to the record, is the highest load factor that may reasonably be anticipated or experienced by radial highway common and highway contract carriers.
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A summary of the various cost elements and total costs in dollars and cents per ton of transporting any quantity shipments for varying distances as developed in the Commission's study is shown below.

: Length of haul, : : Miles one way. :	: Total : : "starting : : cost"* :	: Line haul : :	: Total Cost : :
5	\$5.55	\$0.391	\$5.941
10	5.55	.540	6.090
15	5.55	.684	6.234
20	5.55	.808	6.358
30	5.55	.976	6.526
40	5.55	1.126	6.676
50	5.55	1.287	6.837
75	5.55	1.800	7.350
100	5.55	2.300	7.850
125	5.55	2.800	8.350
150	5.55	3.350	8.900
175	5.55	3.810	9.360
200	5.55	4.330	9.880
250	5.55	5.330	10.880
300	5.55	6.350	11.900
350	5.55	7.350	12.900
400	5.55	8.370	13.920

*Starting cost includes all costs other than line-haul.

The figures set forth in the foregoing tabulation purport to show the cost of transporting property over so-called "valley roads" only, where mountain grades are not encountered. However, the Commission's study contains a classification of typical mountain grades encountered in traversing the highways of this State wherein each grade listed is classified according to the severity of the grades and number of curves having a 300 foot radius or less. According to the severity, length and number of the grades and curves they are classified as "Light", "Medium"

21 Exhibit A-34 shows that during the month of November, 1935, Valley Motor Lines, Inc., a highway common carrier, experienced a load factor of 56%. The witness offering the Exhibit explained that during that month his company experienced the highest load factor of any month of the year. Moreover, the record shows that highway common carriers generally experience higher load factors than do radial highway common and contract carriers.

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and "Heavy". Under this method of classification it is shown that the cost of transporting property per ton-mile over light grades is 120% of the cost of transporting property per ton-mile over valley roads. Similarly the medium grade involves 150% of the valley road cost and the heavy grade 200% of the valley road cost.

The cost figures developed in the Commission's Exhibit A-1 include interest on working capital and capital invested in line-haul units, pick-up units, tools and equipment. 23 In making the study it was with reason assumed that all terminal and office facilities were rented rather than owned by the operator and no allowance was made for return on capital invested in terminal facilities.

Several shipper and carrier witnesses criticized the Commission's study as expressing costs higher than those experienced by radial highway common and highway contract carriers. In support of their position a few witnesses offered operating studies of their own. Few of the studies thus offered were complete and none contained costs per ton mile. Moreover, in each instance these studies embraced the transportation of shipments weighing greatly in excess of average weighted shipment used in the Commission's study and therefore afford no basis of comparison. On the other hand these studies very closely confirm the cost figures contained in the exhibits designed to show the cost of transporting quantity shipments of 4,000 pounds or more.

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This method of classification, in the opinion of the engineers, is designed to give reasonable recognition to the obstruction created by grades and curves and to the increase in the variable items of operating expense, including fuel, lubricants, tires and equipment maintenance.

23
The amount of return upon capital invested is determined by taking 8% of one-half of the initial capital investment upon the theory that a so-called straight line depreciation method would be employed. Thus when the equipment was operated one-half its normal life, the operator's depreciation account will have returned him one-half of the original investment. Another witness employed a different method of developing costs. In his study it was found that 8% of invested capital was equal to 6% of operating expenses. He therefore expanded his operating expense by an operating ratio of 94%. However, examination of the study indicates that an operating ratio of 94% will return 8% on the entire capital invested or substantially in excess of 8% on net capital invested after deducting the amount of capital returned through depreciation.

The study was also characterized by other witnesses as expressing costs of a volume lower in several particulars than could be reasonably anticipated and experienced in actual operation. The principal criticism was directed to the costs per mile for tire and tube expense, maintenance of line-haul equipment and costs per ton developed for the item of freight handlers. The following table shows the comparative costs submitted by various witnesses covering these items:

<u>Line Haul Costs</u> <u>(per mile)</u>	<u>Exhibit A-1</u> <u>(Commission's</u> <u>Study)</u>	<u>Exhibit</u> <u>A-56</u>	<u>Exhibit</u> <u>A-22</u>	<u>Exhibit</u> <u>A-35</u>
Tires and Tubes	\$.0195	\$.02328	\$.02601	\$.0235
Repairs & Maintenance	.0289	.04261	.04244	.0423
TOTAL	\$.0484	\$.06589	\$.06845	\$.0658
Freight Handlers (per ton - one terminal)	\$.30	\$.60	\$.62	\$.54

The "starting" cost or transportation expense other than line-haul expense developed in the Commission's study is likewise lower than the costs experienced by some other witnesses. A comparison of the starting costs per ton as shown in the record is contained in the following tabulation:

Description	: Exhibit A-1 : :(Commission's Study)	: Exhibits A-8 : : to 22 incl. :	: Exhibit A-35: Exhibit A-56
	: (1) (2) : (1) (2) : (1) (2) : (1) (2)		
Pick-up and Delivery:	\$1.425: \$2.850:	\$1.58 : \$2.56	\$1.49 : \$2.98 : \$1.38: \$2.76
Terminal Expense:	:	:	:
Platform men	:	.535: 1.070 :	.540: 1.08 : .60: 1.20
Terminal Expense	:	.692: 1.384 :	.470: .940:
Billing and Supplies:	:	:	.190: .190: :
Total Terminal	.972: 1.944:	1.227: 2.454 :	1.200: 2.21 : .60: 1.20
Overhead	:	.756: .800 :	: .970: : 2.34
Total Starting Expense	:	:	:
(1) One Terminal	:\$5.55 :	:\$5.814 :	:\$6.160: : \$6.300
(2) Two Terminals	:	:	:

By referring to the foregoing table it will be observed that each cost witness has treated overhead expense as a fixed expense per

ten. Since overhead cost does not increase and decrease in direct ratio to the number of tons handled, it is apparent that as the number of tons handled increases, the overhead cost per ton decreases. Likewise, more tons may be transported on a line-haul unit during a given day of 12 hours where the length of haul is 25 miles than can be handled on the same unit where the length of haul is 250 miles. Hence, overhead cost per ton is less for shorter than for longer distances and in recognition of this fact, the total costs developed in the various studies may be characterized as expressing costs which are high for short distances and low for greater distances.

Considerable evidence was offered concerning the practicability of transporting any quantity shipments in direct pick-up and delivery service with line-haul trucks, thus eliminating the use of special pick-up and delivery equipment as well as terminal platforms. Local ordinances restricting the use of truck and trailer equipment to districts other than the principal business sections have been adopted by the majority of the larger cities and communities rendering the use of this type of equipment impractical for this purpose. Where direct pick-up and delivery service is offered for the movement of any quantity shipments, a small tractor and semi-trailer unit is generally employed. If platforms are to be avoided it naturally follows that the vehicles must be loaded at the time the numerous pick-ups are made and in such a manner as to permit delivery at store doors of consignees with dispatch. The experience of the operators rendering this type of service leads to the conclusion that its success requires one driver to make the pick-up, drive to destination, and effect deliveries, because of the necessity of having deliveries made by an employee familiar with the manner in which the unit is loaded. In order to comply with the legal limitations concerning maximum hours of labor of drivers in this State, the record tends to show that direct pick-up and delivery service of any quantity shipments is impractical where line-haul distances in excess of 50 miles are involved.

B. Quantity Shipments

Studies reflecting the costs of transporting property in quantities of 4,000, 8,000 and 12,000 pounds per shipment were offered by witnesses Frasher and Anthony.²⁴ Other witnesses presented exhibits showing costs of operating motor vehicle equipment engaged in the transportation of property in quantities varying from 5,000 pounds to 40,000 pounds on a per mile basis.²⁵

Witness Frasher's study is based upon the proposition that practice and economy require the use of pick-up and delivery equipment, terminals and line-haul equipment in transporting shipments weighing less than 4,000 pounds. The first break in costs in his exhibits is therefore predicated upon shipments weighing at least 4,000 pounds. The costs developed by this witness between San Francisco and Fresno, for example, are:

	<u>4,000 pound shipments</u>	<u>8,000 pound shipments</u>	<u>12,000 pound shipments</u>
Handling Costs (per ton) ...	\$3.14	\$3.02	\$2.98
Line-Haul Cost (per ton)	<u>3.54</u> ²⁶	<u>3.54</u> ²⁶	<u>3.54</u> ²⁶
Total Cost (per ton)	\$6.68	\$6.56	\$6.52

The same witness developed a cost of \$9.70²⁶ per ton for transporting any quantity shipments between the same points. On this basis, the costs of transporting quantity shipments weighing 4,000 pounds, 8,000 pounds and 12,000 pounds are 68.9%, 67.6% and 67.2% respectively of the cost of transporting any quantity shipments.

In determining the costs of transporting quantity shipments of 4,000 pounds and 8,000 pounds, witness Anthony selected and treated only the elements or factors that vary with the size of the shipment

²⁴ These studies are contained in Exhibits A-36 and A-61, respectively.

²⁵ Exhibits reflecting such costs were presented by ten highway contract carriers and two shippers.

²⁶ These figures are exclusive of bridge or ferry tolls.

transported. These elements include the number of stops per ton transported, platform labor, pick-up and delivery expense, pick-up driver's wages, rating, billing, collecting and accounting. According to his study, these variables total \$4.00 per ton for handling any quantity shipments, \$2.14 per ton for 4,000 pound shipments and \$1.24 per ton for 8,000 pound shipments. Deducting the amounts saved in variable costs from a total any quantity cost of \$11.16 per ton²⁷ developed by this witness for a haul of 200 miles, respective costs for transporting 4,000 and 8,000 pound shipments the same distance would be \$9.30 per ton and \$8.40 per ton. The study indicates that the costs for transporting 4,000 pound shipments and 8,000 pound shipments a distance of 200 miles are 83.3% and 75.3% respectively of the cost of transporting any quantity shipments for the same distance.

The following tabulation compiled from the exhibits of record shows costs per ton of "starting cost" (all expenses other than line-haul expense) for the handling of shipments of various sizes:

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This figure does not include taxes (3 $\frac{1}{4}$ % of gross revenue) or return on investment.

Size of Shipment	300 lbs.	4,000 lbs.	8,000 lbs.	12,000 lbs.
Number of Shipments (or Stops) per Ton	6.66	.50	.25	.166
<u>Pick-up with Pick-up Trucks:</u>				
Loading 3 tons per hour at \$1.17 per hour	\$.39	\$.39	\$.39	\$.39
Stops - 6 minutes each at \$1.17 per hour	.780	.058	.029	.019
Running - 10 miles per ton at \$.049 per truck mile	.490	.392	.294	.245
TOTAL Pick-up Cost per ton	\$1.660	\$.840	\$.713	\$.654
Terminal Expense per ton	.972	.972	.972	.972
Total 1 Terminal	\$2.632	\$1.812	\$1.685	\$1.626
Total 2 Terminals	5.264	3.624	3.370	3.252
Overhead Expense	.756	.756	.756	.756
TOTAL Starting Expense per ton	\$6.020	\$4.380	\$4.126	\$4.008
<u>Pick-up with Line Haul Trucks:</u>				
Loading 3 tons per hour at \$1.94 per hour	.647	.647	.647	.647
Stops - 6 minutes each at \$1.94 per hour	1.290	.097	.048	.032
Running - 10 miles per ton at \$.0944 per truck mile	.940	.755	.566	.472
TOTAL Pick-up Cost per ton	\$2.877	\$1.499	\$1.261	\$1.151
Delivery Cost (same as pick-up)	2.877	1.499	1.261	1.151
Rating and Billing 5¢ per bill	.323	.025	.012	.008
Overhead Expense per ton	.756	.756	.756	.756
TOTAL Starting Expense per ton	\$6.833	\$3.779	\$3.290	\$3.066

Starting costs are separately stated in the foregoing table under two headings, first where pick-up and delivery service is rendered with light equipment and secondly, where line-haul trucks are employed for this purpose. It will be observed that for shipments weighing less than 4,000 pounds the starting cost is less when pick-up service is performed with special pick-up trucks. On the other hand, the tabulation indicates that on shipments weighing 4,000 pounds or more, pick-up service is most economically performed with line-haul trucks. The total starting costs for 4,000, 8,000 and 12,000 pound shipments, respectively, are

63%, 55% and 50% of the any quantity starting cost. While it has been clearly established that starting costs vary with the size or weight of the shipment, the evidence presented is equally convincing that line-haul costs are not affected by the size of the shipments handled. Of course, as distance increases the effect or influence of starting cost upon total cost decreases. Thus, while it has been observed that the evidence of record indicates that the starting cost for handling 4,000 pound shipments is but 63% of the any quantity cost, the total cost for transporting such a shipment for a distance of 300 miles is 82% of the any quantity cost for an equi-distant haul.

C.Split Pick-up and Deliveries

The practice of rendering split pick-up consists of picking up lots of property, within a relatively small area or on a given route and transporting the consolidated lot to one consignee at one destination. Split deliveries involve one pick-up and delivery of parts of one lot to two or more consignees at one or more destinations. Such shipments may be truckload, carload, less truckload or less carload traffic but in any event constitute exceptions or departures from the generally defined practice of transporting single shipments.²⁸

Witness Frasher's study embraces the cost of performing split²⁹ delivery service. It indicates that the cost of transporting, say 12,000 pounds from the store-door of one consignor to the store-door of

²⁸ Section 3, Rule 16 of Western Classification No. 65, CRC No. 580 of F.W. Gomph, Agent, defines a single shipment of less carload freight as, "a lot received from one shipper, on one shipping order or bill of lading, at one station, at one time, for one consignee and one destination". Section 1, Rule 14 of the same Classification provides in part: "Carload ratings or rates apply only when a carload of freight is shipped from one station, in or on one car,***in one day, by one shipper for delivery to one consignee at one destination. Only one bill of lading from one loading point and one freight bill shall be issued for such C.L. shipment".

²⁹ The witness' concern engages in this practice under a tariff on file with the Commission. (See Valley Express Company Local Express Tariff No. 1-C, C.R.C. No. 5)

two or more consignees located at one or more destinations, varies directly with the number of deliveries involved.

The following tabulation constructed from the exhibits and evidence of record in this proceeding is designed to show the added cost per ton per added stop of transporting a shipment weighing 4,000 pounds from one consignor to one or more consignees:

	Number of Split Deliveries					
	1	2	4	6	8	10
<u>Line Haul Trucks</u>						
Loading	\$.647	\$.647	\$.647	\$.647	\$.647	\$.647
Stop for Loading	.194	.194	.194	.194	.194	.194
Running 8 mi. x .0944	.755	.755	.755	.755	.755	.755
Unloading	.647	.647	.647	.647	.647	.647
Stops for Unloading	.194	.388	.776	1.164	1.552	1.940
Rating and Billing	.050	.100	.200	.300	.400	.500
Overhead	.756	.756	.756	.756	.756	.756
TOTAL	\$3.243	\$3.487	\$3.975	\$4.463	\$4.951	\$5.439
(Less Total of Column 1)		3.243	3.243	3.243	3.243	3.243
Added Cost per Ton		\$.244	\$.732	\$1.220	\$1.708	\$2.196
Added Cost per ton per added Stop		\$.244	\$.244	\$.244	\$.244	\$.244

The tabulation indicates that the only items of expense that are directly affected by the number of deliveries made are those for stops for unloading and rating and billing. Each additional stop or delivery entails an added expense per ton per added stop of \$.244 or 1.22 cents per 100 pounds per added stop. The evidence of record shows that the cost of transporting a shipment of 4,000 pounds from one consignor to four consignees also fairly represents the cost of transporting a similarly weighted shipment from four consignors to one consignee, hence the tabulation above may also be taken as illustrative of the added expense incurred in performing split pick-ups. Similarly, the size of the entire shipment to be split does not affect the added expense incurred in performing split deliveries.

R a t e s

Having thus studied the cost of transporting property in lots of varying quantities and for the rendition of split pick-ups and deliveries, consideration must be given to the establishment of proper minimum rates for such services. As hereinbefore stated, the cost of performing the service is but one of the elements to be given consideration in establishing proper rates. In addition to cost, Section 10 of the Highway Carriers' Act directs the Commission to give "due and reasonable consideration" to the value of the commodities transported and the value of the facility reasonably necessary to perform such transportation service. It has already been observed that this section of the Highway Carriers' Act does not imply the disregard of the other factors normally entering into rate making.

It is clear from the Act, and the evidence of record demands that minimum rates established by the Commission shall be sufficient in volume to return at least the cost of performing the service. Upon this premise, then, the Commission, in establishing minimum rates, may not under ordinary circumstances properly go below the cost of transportation. Public interest requires a sound and stabilized system of transportation sustained by rates that are just and reasonable upon the one hand and compensatory upon the other. The effectuation of such rates is coincidental to the theory of regulation.

A. Any Quantity Shipments

A representative of the Commission's Rate Division presented a study of the problem of providing minimum rates sufficient in volume to return only the costs developed by the Engineering Division.³⁰ The problem of establishing a minimum rate structure for the transportation of the approximate 10,000 separate articles of commerce offered for transportation between the various points in this State was given careful consideration. The desirability of simplicity and clarity in the resulting minimum rate structure was recognized. A system of point to point class rates and/or mileage class rates providing four classes was suggested and recommended. Class rates between representative shipping and receiving points sufficient in volume to return only transportation costs were accordingly constructed and offered in evidence in

³⁰ The rate studies were prepared and presented by Willard S. Johnson, Assistant Rate Expert for the Commission.

hibit form. A tabulation showing class rates constructed by this witness between various points, as well as existing common carrier rates for pick-up and delivery service between the same points, follows:

BETWEEN	*(1) San Francisco					#(2) Los Angeles				
	Radial Highway Common					Common Carrier				
AND	and Highway Contract Carrier									
	C	L	A	S	S	C	L	A	S	S
	1	2	3	4		1	2	3	4	
Santa Rosa	*: 64.8	: 55.1	: 45.4	: 38.9	: 50½	: 40	: 36½	: 33½		
Eureka	*: 110.3	: 93.8	: 77.2	: 66.2	: 98½	: 87	: 78	: 70½		
Sacramento	*: 79.2	: 67.3	: 55.4	: 47.5	: 44	: 40	: 35	: 33		
Redding	*: 126.1	: 107.2	: 88.3	: 75.7	: 100	: 80	: 70	: 65		
Stockton	*: 114.2	: 97.1	: 79.9	: 68.5	: 120	: 102	: 84	: 72		
Merced	*: 70.6	: 60.0	: 49.4	: 42.4	: 35	: 30	: 28	: 25		
Fresno	*: 117.8	: 100.1	: 82.5	: 70.7	: 100	: 80	: 70	: 65		
Bakersfield	*: 78.7	: 66.9	: 55.1	: 47.2	: 55	: 48	: 43	: 38		
San Jose	*: 105.9	: 90.0	: 74.1	: 63.5	: 117	: 98½	: 85	: 75		
Salinas	*: 86.9	: 73.9	: 60.8	: 52.1	: 74½	: 65	: 53½	: 47½		
San Luis Obispo	*: 97.1	: 82.5	: 68.0	: 58.3	: 108½	: 94½	: 79½	: 70		
Santa Barbara	*: 105.7	: 89.8	: 74.0	: 63.4	: 106	: 93	: 78	: 70		
Pomona	*: 78.9	: 67.1	: 55.2	: 47.3	: 93½	: 81½	: 68	: 60½		
Indio	*: 58.5	: 49.7	: 41.0	: 35.1	: 32	: 28	: 25	: 22		
San Diego	*: 121.9	: 103.6	: 85.3	: 73.1	: 100	: 80	: 70	: 65		
	*: 68.9	: 58.6	: 48.2	: 41.3	: 50	: 45	: 40	: 38		
	*: 111.9	: 95.1	: 78.3	: 67.1	: 135	: 115	: 100	: 93		
	*: 94.2	: 80.1	: 65.9	: 56.5	: 92	: 74	: 65	: 58		
	*: 86.5	: 73.5	: 60.6	: 51.9	: 92	: 74	: 65	: 57		
	*: 113.7	: 96.6	: 79.6	: 68.2	: 100	: 83	: 75	: 68		
	*: 66.8	: 56.8	: 46.8	: 40.1	: 72	: 56	: 49	: 40		
	*: -	: -	: -	: -	: -	: -	: -	: -		
	*: 56.4	: 47.9	: 39.5	: 33.8	: 31½	: 26½	: 22	: 19		
	*: -	: -	: -	: -	: -	: -	: -	: -		
	*: 74.6	: 63.4	: 52.2	: 44.8	: 90	: 78	: 65	: 56		
	*: -	: -	: -	: -	: -	: -	: -	: -		
	*: 71.2	: 60.5	: 49.8	: 42.7	: 66½	: 52½	: 45½	: 38½		

In constructing these rates a percentage relationship in spread between 1st, 2nd, 3rd and 4th class of 100%, 85%, 70% and 60% was employed. For the purpose of this study it was assumed that

³¹ This spread was adopted after analysis of numerous class rate structures. Many of these structures were prescribed by this or other regulatory authorities; others were established by the voluntary action of the carriers.

12% of less truckload traffic moving under class rates is rated 1st³² class, 17% 2nd class, 30% 3rd class and 41% 4th class.

Prior to the advent of store-door to store-door service, the great majority of less carload traffic was transported under class rates. Since 1930 carriers have provided commodity rates for such transportation to the extent that today a substantial portion of this traffic moves under commodity rates. An investigation of the records of five common carriers, serving substantially the entire State of California, disclosed the fact that at least 60% of less truckload traffic now moves under commodity rates.

The tariffs of numerous common carriers were analyzed for the purpose of ascertaining the percentage relationship between the average less truckload commodity rate and the first class rate between the same points. This study developed that the average less truckload commodity rate is not more than 50% of the first class rate between the same points.

The class rates constructed in this study were adjusted to compensate for the lower earnings accruing under commodity rates for the reason that under Section 10 of the Highway Carriers' Act the Commission, in establishing minimum rates, may not exceed the common carrier rates between the same points. The rates thus constructed are in most instances higher than common carrier rates between the same points. This is particularly true of the rates constructed for hauls of 100 miles or less. In a few instances, where the distance is relatively great, the constructed class rates are slightly lower than the common carrier rates. However, the additional revenue that might be derived from rates of the volume of common carrier rates in these in-

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The record shows that the figures used by the witness are closely confirmed by evidence adduced in other cases before this and other commissions wherein studies of the movement of less truckload traffic under each class were presented.

stances where the constructed rates are lower would fall far short of equalizing the many more instances where the constructed rates are substantially higher than common carrier rates which under the Act cannot be exceeded. As a result of this study it was recommended that minimum class rates for the transportation of any quantity shipments should be no lower than common carrier class rates between the same points.

Those criticizing the cost study presented by the Commission's Engineering Division also objected to the resulting rate study. Witness Anthony, by using the same formula as was employed by the Commission's rate witness but based upon the costs he himself had developed, arrived at relatively higher class rates. A comparison of these rates with those constructed by the Commission's witness appears in a tabulation set forth below:

Between Los Angeles And	High- way Miles	Commission's Study				Anthony's Study			
		C L A S S				C L A S S			
		1	2	3	4	1	2	3	4
Fresno	221	97.1	82.5	68.0	58.3	113.0	96.0	79.1	67.3
El Centro	220	90.1	76.6	63.1	54.1	108.0	92.0	76.0	65.0
San Luis Obispo	213	86.5	73.5	60.6	51.9	105.0	89.3	73.5	63.0
Bakersfield	112	78.9	67.1	55.2	47.3	93.6	79.6	65.5	56.2
Santa Barbara	100	66.8	56.8	46.8	40.1	84.7	72.0	59.3	50.8
Ventura	72	62.1	52.8	43.5	37.3	79.9	67.9	55.9	47.9

B. Quantity Shipments

As in the case of any quantity shipments, and for the same reason, the Commission, in establishing minimum rates on quantity shipments, should not go below that level necessary to return the cost of operation. In giving due consideration to the other factors entering into rate making, it should not on the other hand establish minimum rates of a volume that would provoke an unwarranted spread of shipper-owned truck or plant facility operations. Shippers, particularly those hav-

ing a large volume of property to ship, will not hesitate to equip themselves with suitable motor trucking equipment for the purpose of transporting their own goods if the rates established exceed the cost of performing the service plus a reasonable return upon capital invested. Indeed some shippers are already well entrenched in the business of transporting their own property. However, the weight of the evidence offered in behalf of the many shippers whose representatives testified in this proceeding leads to the conclusion that proprietary competition may only be anticipated in connection with shipments weighing 4,000 pounds or more excepting on hauls of 50 miles or less. On such short hauls proprietary competition becomes a factor when the property to be transported amounts to 2,000 pounds or more. This competition and the threat of its expansion has already strongly influenced common carrier rates as well as the heretofore unregulated rates of radial highway common and highway contract carriers. Manifestation of this influence is found in the existing general rate level and in the practices of both rail and highway carriers of providing a graduated rate structure based on varying minimum quantities such as 2,000, 4,000, 8,000, 12,000 and 18,000 pounds.

C. Split Pick-up or Split Delivery Rates

Freight charges for split pick-up or split delivery service are assessed and collected by the carriers on different bases. Ordinarily, neither service is made available unless the consolidated lot weighs at least 4,000 pounds. In some instances freight charges are predicated on the weight of each component part of the consolidated lot at the rate ordinarily quoted or applicable to the destination of each component part for the movement of the entire lot from one consignor to one consignee. In other instances charges are based on the weight of the entire lot at the rate quoted or applicable for a single shipment plus a small charge (usually 5 cents per 100 pounds) on the weight of each

component part after the first delivery. Some carriers render split pick-up or split delivery and assess no additional charge over and above that ordinarily assessed for a single lot shipment.

It seems obvious that little thought has been given to basing freight charges for this service upon the cost of performing the service. The threat of proprietary competition undoubtedly furnishes the compelling reason for such methods of rate making. Were it not for this competition the practice of performing split pick-up and split delivery service might well be discouraged as tending to break down the rate structure of the transportation system of the State. In any event, it seems clear that public interest requires that the rates and charges for these services be maintained on a level sufficient in volume to defray the added expense incurred.

The lawfulness and propriety of common carriers engaging in these practices is in issue in Case No. 3773.³³ A general order proposed in that proceeding provides in part: "Rates shown in Carriers' tariffs shall apply for the transportation of single shipments only * * * excepting * * * that whenever a carrier finds it necessary to maintain rates permitting more than one consignor, point of origin, consignee or destination, it may do so provided a charge of not less than twenty-five cents (25¢) is made for each consignor and/or point of origin, or consignee and/or destination exceeding one * * *".

In the exceptions to the proposed general order the carriers urged, and at the further hearings presented evidence in support of their contention, that the proposed provisions, with respect to split deliveries, if made effective would further tend to impair their ability to compete with radial highway common and highway contract carriers, neither of which class of carriers was then subject to regulation. With the enactment of the Highway Carriers' Act and the establishment of

³³ In re: Investigation by the Commission on its own motion into the rates, rules, regulations, etc., of A.T.& S.F.Ry.Co. et al.

minimum rates, rules and regulations, this objection ceases to exist. Accordingly, the Commission has today issued a supplemental Opinion and Order in Case No. 3773 adopting General Order No. 92 insofar as it provides rules and regulations governing the rates of common carriers for split pick-up and delivery service.

D. Classification

The use of class rates as suggested by the Commission's and other rate witnesses in providing a minimum rate structure for radial highway common and highway contract carriers will necessitate the adoption of a classification. There are several classifications in use by those carriers filing tariffs with the Commission. Those used most generally are the Western Classification and the Monroe "Ship-by-Truck Classification".³⁴ The Western Classification is objectionable to many as being too cumbersome and involved. A very substantial portion of that publication is devoted to the transportation of carload traffic. It likewise contains many rules that are not suitable to truck transportation. The Monroe Classification is largely patterned after the Western and is also subject to equally serious objections. On the other hand the Western Classification has the advantage of being firmly established and is now being widely employed by rail, water and truck carriers.

During the course of the hearings R.B. Thompson, Secretary of Truck Owners' Association of California, offered in evidence a copy of National Motor Freight Classifications LTL-1, containing less truck-load ratings and VR-1, containing volume ratings.³⁵ Both of these publications are issued by the Tariff Bureau of American Trucking Asso-

³⁴ The record shows that approximately 92 carriers use the Western Classification, and that some 42 operators use the Monroe Classification.

³⁵ Examination of the National Motor Freight Classifications reveals a striking likeness to the Western Classification notwithstanding the fact that they were issued by and intended particularly for the use of motor truck carriers.

ciations, Inc. and are intended for use by motor carriers in all sections of the United States for both intrastate and interstate rates. In offering these documents, however, the witness made no recommendation as to their use by radial highway common and highway contract carriers operating in intrastate commerce in this State, but, to the contrary, suggested the use for the present at least, of the Western Classification.

The choice of a classification to be used lies between the adoption of a classification now in use and the construction of a new one designed to meet the specific needs of highway carriers. The construction of a new classification to be compiled in lieu of those now in effect would require considerable time and would thus further delay the stabilization of rates.

The Commission's and other witnesses suggested the use of the Western Classification, but not in its entirety.³⁶ The provision of Section 10 of the Highway Carriers' Act prohibiting the establishment of minimum rates for radial highway common and highway contract carriers higher than common carrier rates between the same points makes the use of this or a substantially similar classification necessary, so long as it is used by common carriers generally. The use of a classification containing different ratings would in all probability result in the issuance of an order establishing minimum rates for radial highway common and highway contract carriers higher than common carrier rates in contravention of the Highway Carriers' Act.

A form of shipping document or freight bill for use by radial highway common and highway contract carriers was suggested by a witness from the Commission's staff principally for administrative and record

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The evidence indicates that Rules 10, 14, 15, 18, 24, 28, 30, 32, 33, 34, 35, 42 and 43 of the Western Classification relate to carload transportation and have little bearing on the issues involved in this phase of the proceeding.

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purposes. It was not suggested that the proposed form be employed to the exclusion of such other documents as the carriers might choose to use. It was likewise suggested that completed copies of these documents, covering each shipment transported be retained by said carriers for ready reference for a reasonable period of time. The need for such a document seems apparent, especially in view of the fact that many highway contract carriers have little or no record of shipments transported or charges collected therefor.

The record indicates that with few exceptions, only store-door pick-up and delivery service is rendered by radial highway common and highway contract carriers. In fact, many of these carriers maintain no depots for the receipt and delivery of freight. Minimum rates for the transportation of property by these carriers then, should include pick-up at point of origin and delivery at destination.

Little evidence of value has been presented relating to the performance of accessorial services, such as extending credit, storing property which has been or is to be transported, marking, stenciling and kindred services. The extent to which radial highway common and highway contract carriers engage in these practices and the value of such services may best be determined after further hearings in this or other phases may have been had.

The Port of San Diego, San Diego Chamber of Commerce and San Diego shipping interests strongly criticized the cost data presented by the Commission and rate testimony based thereon relating to transportation of property by radial highway common and highway contract carriers between San Diego on the one hand and points in the Imperial Valley on the other. In substance the San Diego interests object to

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The suggested form is set forth in Appendix E.

the classification of the La Mesa mountain grade encountered in traversing the highway between San Diego and El Centro. The Commission's cost study characterizes this grade as "heavy" and as being 106.61 miles in length. On the other hand, the San Diego interests asserted and presented convincing evidence in support of their position that the grade in question is not more than 75.33 miles in length, and that within that distance there are intervening level roads of substantial length.

Furthermore, it appears that there are at least three highway routes now being used between San Diego and Imperial Valley points. Of these, only the La Mesa grade has been classified. Although the San Diego interests point out that a large portion, if not the majority, of the operators use either the Jacumba or Ramona-Julian routes, no evidence whatever was offered concerning the physical characteristics of these latter routes. Upon this record there is little evidence upon which to predicate a finding as to the proper level of minimum rates between San Diego and points in Imperial County and in the Coachella Valley. Nor does the record contain evidence of assistance in determining what relationship in highway rates now prevails or should be maintained in the future between San Diego and Imperial County and Coachella Valley points as against Los Angeles and these points. The Commission's Engineering Division is now making a further study of highway conditions obtaining throughout the State. At an appropriate time, Phase A of Case 4088 in so far as it involves rates to and from points in the Imperial County and in the Coachella Valley should be given further consideration.

CONCLUSIONS

Upon consideration of all the facts of record in this phase of this proceeding, the following conclusions seem reasonably clear:

I

Just, reasonable and non-discriminatory minimum rates for radial highway common and highway contract carriers for the transportation of property in any quantity lots between all points in this State served by any common carrier subject to the Public Utilities Act, except to and from points located in Imperial County and in the Coachella Valley, Indio and south, are at least as high as the common carrier rates for the transportation of similar shipments between the same points. It is even doubtful that these rates will produce sufficient revenue to defray transportation expense.

II

Truck transportation costs and competitive conditions justify and require the establishment of minimum rates for the movement of quantity shipments by radial highway common and highway contract carriers on the following percentages of the any quantity minimum rates herein established:

- (1) Shipments weighing not less than 2,000 lbs. for distances of 50 miles and less, 90%.
- (2) Shipments weighing not less than 4,000 lbs., 80%.
- (3) Shipments weighing not less than 8,000 lbs., 70%.
- (4) Shipments weighing not less than 12,000 lbs., 65%.

III

The record in this phase of this proceeding does not justify the establishment of minimum rates for radial highway common and highway contract carriers for quantity shipments weighing 18,000 pounds or more.

IV

Competitive conditions justify the practice of rendering split pick-up and split delivery services by radial highway common and highway contract carriers but only under the following specific conditions:

(1) Such services may be rendered only when the entire lot of property picked up from two or more consignors at one or more points of origin destined to one consignee at one destination, or picked up from one consignor at one point of origin and destined to two or more consignees at one or more destinations, weighs 4,000 pounds or more.

(2) Split pick-up service may be rendered only when the property is picked up from two or more consignors located at a single origin or at points intermediate between the point of the first pick-up and destination. Split delivery service may be rendered only when the property being transported is destined to two or more consignees at a single destination or at points intermediate between point of origin and the most distant destination.

(3) Minimum charges for the transportation of property moving from two or more consignors at one or more points of origin to one consignee at one destination, or from one consignor at one point of origin to two or more consignees at one or more destinations shall be computed on the following basis:

- (A) In split pick-up service, the weight of each component part picked up from each consignor at the rate applicable for the entire lot from the highest rated point of origin to destination plus a sum equal to 1 cent per 100 pounds for the weight of each pick-up but in no case less than 25 cents per pick-up.

(B) In split delivery service, the weight of each component part of the entire lot at the rate applicable for the entire lot from point of origin to the highest rated point of destination of any part of the entire lot plus a sum equal to 1 cent per 100 pounds for the weight of each delivery but in no case less than 25 cents per delivery.

V

The record does not justify the establishment of minimum charges for accessorial services rendered by radial highway common and highway contract carriers.

I recommend the following form of order:

O R D E R

Public hearings having been held in the above entitled proceeding:

IT IS HEREBY ORDERED that, on the basis of the evidence received at the hearings herein held at San Francisco on January 21st, March 2nd and 3rd, 1936; at Los Angeles on January 28th, 1936; at San Diego on February 4th, 1936; at Stockton on February 11th and 13th, 1936; and at Sacramento on February 18th and 19th, 1936, and on the basis of the conclusions set forth in the foregoing opinion, the following rates be and they are hereby established as the just, reasonable and non-discriminatory minimum rates to be charged and collected by all Radial Highway Common Carriers and all Highway Contract Carriers, as defined in Chapter 223, Statutes of 1935, for the transportation by said carriers of shipments of property weighing less than 18,000 pounds between any points in California served by any common carrier*, except from or to points in the Coachella and Imperial Valleys south of Indio, on the one hand, and other points in California, on the other;

1. For the transportation between any such points of any shipment* of property weighing less than 18,000 pounds, the minimum rate

* See definitions, Paragraph 4.

shall be the same as the lowest common carrier rate* for the same transportation of the same shipment of property except that:

- (a) For any such transportation of any shipment of property weighing not less than 2,000 pounds and less than 4,000 pounds any distance not exceeding 50 miles the minimum rate shall be 90% of the lowest common carrier rate for the same transportation of shipments of the same kind of property weighing 100 pounds each;
- (b) For any such transportation of any shipment of property weighing not less than 4,000 pounds and less than 8,000 pounds the minimum rate shall be 80% of the lowest common carrier rate for the same transportation of shipments of the same kind of property weighing 100 pounds each;
- (c) For any such transportation of any shipment of property weighing not less than 8,000 pounds and less than 12,000 pounds the minimum rate shall be 70% of the lowest common carrier rate for the same transportation of shipments of the same kind of property weighing 100 pounds each;
- (d) For any such transportation of any shipment of property weighing not less than 12,000 pounds and less than 18,000 pounds the minimum rate shall be 65% of the lowest common carrier rate for the same transportation of shipments of the same kind of property weighing 100 pounds each;
- (e) For any such transportation with split pick-up service* of each component part of any lot of property aggregating not less than 4,000 pounds nor more than 18,000 pounds the minimum charge shall be computed at the rate hereinabove established for transportation of the entire lot from one consignor at the highest rated point of origin to one consignee at destination, plus a sum equal to one cent per 100 pounds or 25 cents, whichever is the greater;
- (f) For any such transportation with split delivery service* of each component part of any lot of property aggregating not less than 4,000 pounds nor more than 18,000 pounds the minimum charge shall be computed at the rate hereinabove established for transportation of the entire lot from one consignor at point of origin to one consignee at the highest rated point of destination, plus a sum equal to one cent per 100 pounds or 25 cents, whichever is the greater.

* See definitions, Paragraph 4.

2. Provided, however, that where the charge for any such transportation of any shipment of property, based upon the actual weight thereof at the minimum rate herein specified therefor, would exceed the charge for the same transportation of such shipment based upon a lower minimum rate herein specified applicable to a shipment of the same kind of property of higher minimum weight, the latter rate shall be the minimum rate.

3. Provided further, however, that if any common carrier rate lawfully in effect on the effective date of this order for any such transportation of any shipment of property weighing less than 18,000 pounds is lower than the rate hereinabove set forth for the same transportation of the same shipment of property, then the minimum rate for said transportation of said shipment shall be said common carrier rate.

4. (a) The term "common carrier", as used herein, shall be deemed to mean all those common carriers of property included within the term "common carrier", as used in the Public Utilities Act of the State of California.

(b) The term "common carrier rate", as used herein, shall be deemed to mean the rate, and the rules, regulations and classification which produce and govern said rate, of any such common carrier lawfully in effect on the day this order becomes effective, under a tariff lawfully on file with this Commission pursuant to Section 14 of said Public Utilities Act;

(c) The term "shipment", as used herein, shall be deemed to mean a lot received from one shipper on one shipping order or bill of lading at one point at one time for one consignee and one destination; provided, however, that split delivery and split pick-up service, as herein defined, may be rendered in the transportation of lots aggregating not less than 4,000 pounds;

(d) The term "transportation with split pick-up service", as used herein, shall be deemed to mean the transportation of a lot received from two or more consignors located at a single origin or at points intermediate between the point of origin farthest from destination and destination, to one consignee at one destination;

(e) The term "transportation with split delivery service", as used herein, shall be deemed to mean the transportation of a lot received from one consignor at one point of origin to two or more consignees located at a single destination or at points intermediate between the point of origin and the most distant point of destination.

IT IS HEREBY FURTHER ORDERED that the rules, regulations and classification governing the common carrier rate from which any minimum rate herein established is derived, be and they are hereby established as the rules, regulations and classification to govern such minimum rate; and, in the event of any variation between the rules, regulations and classifications of two or more common carriers having the same rate, the rules, regulations and classification most onerous to the carrier shall govern the minimum rate.

IT IS HEREBY FURTHER ORDERED that every Radial Highway Common Carrier and Highway Contract Carrier shall issue to the shipper, for each shipment received for transportation, a freight bill in substantially the form set forth in Appendix "E" hereto, but may include in said freight bill, in addition to the provisions appearing in said form, such other reasonable and lawful provisions as may be deemed proper, and shall retain and preserve for reference, subject to the inspection of the Commission or its employees, a copy of said freight bill for a period of not less than three (3) years from the date of its issuance.

IT IS HEREBY FURTHER ORDERED that all said Radial Highway Common Carriers and Highway Contract Carriers, from and after the effective date of this order, shall refrain from charging, collecting, demanding, or receiving any lesser rates than said minimum rates herein established for such transportation, and shall comply with all said rules, regulations, and classifications.

IT IS HEREBY FURTHER ORDERED that the Commission shall and it does hereby retain jurisdiction of this proceeding to alter or amend the minimum rates, charges, classifications, rules and regulations hereby established, and also to establish or approve such other just, reasonable, and non-discriminatory maximum or minimum, or maximum and minimum, rates, charges, classifications, rules and regulations to be charged, collected and observed by Radial Highway Common Carriers and Highway Contract Carriers, both for the transportation services hereinabove described and for other transportation and accessorial services as may from time to time appear proper in the light of other or further evidence received herein.

IT IS HEREBY FURTHER ORDERED that this Order shall become effective June 1, 1936.

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 27th day of April, 1936.

M. B. Harris
Leon C. Whittell
M. J. Linn
W. B. Linn
Francis A. Linn
Commissioners

CASE 4088
APPENDIX "A"
APPEARANCES:

Fred Merkelbach, for Albers Bros. Milling Co.
V. G. Keyes, for American Transfer Company, General Transfer Company, F. M. Hammack, Jessen Trucking Company, Keyes Transfer Company, Red Line Transportation, Ltd., and Savateer & Bright.
Clayton L. Conrow, for Arroyo Grande Truck Company.
G. H. Ribble, for Associated Oil Company.
Gerald E. Duffy and Berne Levy, for The Atchison, Topeka and Santa Fe Railway Company, Sunset Railway, Modesto & Empire Traction Company and Central California Traction Company.
F. L. Dowell, for Atlas Freight Lines.
Wm. E. Swain, Jr., for Automotive Council of Orange County.
Edward Chew, for Bay City Hauling Company.
G. J. Walling, for Bee Line Truck Despatch.
Murray B. Shank, for Berkeley Transfer & Storage Company, Inc.
W. Jay Warren, for Bettencourt & Warren.
Henry Bigge, for Bigge Drayage Company.
Ralph E. Bisnett, for Bisnett Bros.
M. J. McCarthy and Stanton & Berry, for Bissinger & Company, E. H. Edwards Company, W. P. Fuller & Company, Schuckl & Company, Inc., and Stauffer Chemical Company.
C. J. Hegerle, for Blankenship Motor, Inc.
E. W. Boot in propria persona.
W. C. McIntosh, for Booth Truck Line, Ltd.
John Curry, for California Cattlemen's Association and California Wool Growers' Association.
M. E. McKirahan, for California Growers and Shippers Protective League.
L. R. Keith and Irving F. Lyons, for Cannery League of California and California Packing Corporation.
Jerry Cheatham in propria persona.
P. Chichester, for Chichester Transfer Company.
C. O. Burgin, for City of Stockton, Stockton Chamber of Commerce, Stockton Port District, and San Joaquin Farm Bureau.
Thos. H. Louttit and J. Richard Townsend, for Stockton Port District, San Joaquin County Farm Bureau Federation, Stockton Traffic Bureau, City of Stockton and Stockton Chamber of Commerce.
E. L. McConnel, for Coast Line Express.
Julius Olinsky, for Coast Line Stages, Inc.
A. Segel, for Colletti Transportation System, Inc.
F. B. Del Yardo, for W. M. Del Yardo.
William Clennell, for Frank Devincenzi, Frank E. and William Clennell.
Bessie R. DeWitt, for Lyle and Bessie DeWitt.
H. J. Bischoff, for Direct Delivery System, Ltd., International Express, Inc., Southern California Freight Lines, United Trucking Service, and Valley Trucking Service.
S. A. Dotters, in propria persona.
Charles F. Drayer, in propria persona.
E. H. Hart, for Draymen's Association of Alameda County.
F. K. Chandler, for Certain-Teed Products Corporation.

J. F. Vizzard, for Draymen's Association of San Francisco.
 H. F. Potts, for E. Dunne Drayage.
 R. E. Ellington, for J. G. Ellington.
 S. A. Epperson, for Epperson Drayage Company.
 H. A. Lincoln, for Fibreboard Products, Inc.
 H. A. Korby, for Fort Bragg Cooperative Mercantile Corporation.
 F. A. Minardi, for Garden City Transportation Company, Inc.
 Edw. Egeland, for General Transfer & Storage Company.
 Henry C. Gierahn, for G. & H. Freight Line.
 John J. McGinnis, for Gladding, McBean & Company.
 Louie H. Wolters, for Golden State Company.
 H. E. Gorham, for Harvey E. Gorham.
 E. J. Heartsner and E. Lyons, for Haas Bros.
 Louis J. Carboni, for Half Moon Bay Drayage Company.
 Edw. W. Hansen, for Hansen's Express.
 Harper E. Branstetter, for Harper's Express Company.
 F. Hennessey, for F. Hennessey & Company.
 John R. Herrie and Rowland P. Fontana, for John R. Herrie.
 Jack Robertson, for Highway Transport, Inc.
 F. C. Hobart, for Hobart Express Company.
 H. P. Holms, for Holms Express.
 Harold M. Hays, for Intercity Transport Lines, Inc.
 W. Ray James, for James Transfer & Storage Company.
 H. A. Jensen, in propria persona.
 W. C. Miller, for Jensen's Express.
 R. A. Johnson, in propria persona.
 M. A. DePuy, for P. F. Johnson & Son Trucking Company.
 W. H. Holabird, for Kaiser Paving Company.
 W. D. King, for Southern Fast Freight.
 Samuel Hill, for Lake County Fruit Exchange.
 Ira P. Lamb, in propria persona.
 Wm. H. Kessler and Sanborn & Roehl, for Lang Transportation
 Corporation, Kellogg Express & Draying Company, Belyea Truck
 Company and Oilfields Trucking Company.
 Vincent Lippolis, in propria persona.
 Archie Lockhart, in propria persona.
 C. A. Gillespie, for Los Angeles-San Francisco Navigation
 Company.
 V. R. Mattocks, in propria persona.
 J. D. Gessner, for Mallory & Gessner.
 Allen E. Sorrell, for Chas. R. McCormick & Company.
 Annie McGaraghan, for McGaraghan Drayage Company.
 F. McGrath, in propria persona.
 E. C. Merrill, in propria persona.
 Frank J. Mesquita, in propria persona.
 W. J. Follett, for Manick Transfer & Storage Company.
 V. S. Ramos, for Modesto Transportation Company.
 William B. Morinan, for Morinan's Merchants Delivery.
 L. J. Gantner, for Mrs. A. Morris.
 L. R. Bishop and E. W. Hollingsworth, for Motor Carriers Traffic
 Council.
 Clarence A. Welsh, for Motor Purchasing & Hauling Service.
 Cliff B. Murphy, in propria persona.
 Joseph Nangano, for Nangano Draying Company.
 Harry Nathan, in propria persona.
 J. C. Dausse, for National Carloading Corporation.

S. H. Wilson, for National Wooden Box Association.
 J. P. Nielsen, in propria persona.
 Waldo R. Norris, for Motor Transport Freight Bureau.
 H. W. Hobbs, for Northwestern Pacific Railroad Company and
 Petaluma & Santa Rosa Railroad Company.
 Edwin G. Wilcox, for Oakland Chamber of Commerce.
 J. A. Gritsch, for Oregon-California Fast Freight.
 E. A. Higdon, for Overland Transfer Company, Inc.
 F. A. Hartwig, for Owens Illinois-Pacific Coast Company.
 L. C. Bowie, for Pacific Coast Truck Registry.
 C. G. Anthony, for Pacific Freight Lines.
 E. J. Foulds, for Pacific Motor Transport Company and Pacific
 Motor Trucking Company.
 Harry H. McElroy and J. E. Lyons for Southern Pacific Company
 and Pacific Motor Transport Company.
 N. E. Keller, for Pacific Portland Cement Company.
 Wallace K. Downey, for Pacific Tank Lines, Inc., Boulevard
 Transportation Company and Pacific Freight Lines.
 Wallace K. Downey and Robert V. Hardie, for Western Truck Lines,
 Ltd.
 J. E. Smith, for Paraffine Products Trucking Company.
 W. C. Parsons, for Parsons Freight Lines.
 J. Paulson, in propria persona.
 H. E. Peterson, in propria persona.
 Leslie Peterson, for Leslie and E. P. Peterson.
 George E. Lloyd, for Port Truckers, Inc.
 John E. McCurdy, for Poultry Producers of Central California.
 Billy Radonich, in propria persona.
 Lynn A. Schloss and Talbert W. Ransome, for Ransome Company.
 Edward Stern, for Railway Express Agency, Inc. of California.
 J. C. Stone; L. I. McKim; McCutchen, Olney, Mannon & Greene;
 F. W. Mielke, and Allan P. Matthew, for The River Lines.
 J. P. DeRose, for DeRose Trucking Company.
 R. F. Ahern, for Rosenberg Bros. & Co.
 Paul Rued, in propria persona.
 W. G. Stone, for Sacramento Chamber of Commerce.
 E. G. Bernard, for Safety First Transfer, Inc.
 A. C. Street, for Safeway Stores, Inc., and Western States
 Grocery Company.
 Arthur Sanksen, in propria persona.
 M. D. Savage, for Savage Transport, Inc.
 E. R. Warren, for Schuler-O'Connell Grain Company.
 George Scott, for Scotts Transfer.
 L. Streletti, for Security Warehouse & Cold Storage Company.
 J. W. Silva, in propria persona.
 N. R. Moon and J. B. Costello, for Sperry Flour Company.
 E. E. Starks, for Starks & Ford.
 H. S. Scott, for Sterling Transit Company.
 J. C. Sommers, for Stockton Chamber of Commerce.
 James L. Roney, for Sussman, Wormser & Company and Equitable
 Cash Grocery Company.
 Carl R. Schulz, for E. G. Swanson, Fort Bragg Mercantile Com-
 pany and San Francisco Milling Company, Ltd.
 L. L. Foley, for Swift & Company.
 M. H. Swift, for Marvin H. Swift Draying Company.
 B. W. Switzer, for Switzer Van & Storage Company.

C. Ross Mosher, for Thrash & Mosher.
 Roy B. Thompson and Edward M. Berol, for The Truck Owners Association of California.
 Edward M. Berol and Marvin Handler.
 Frank Karr and R. E. Wedekind, for Union Terminal Warehouse Company and Pacific Electric Railway Company.
 M. A. Gilardy, for United Motor Express.
 Norman C. Vadnais, for Vad's Express.
 James J. Broz, for Valley Express Co., Valley Motor Lines, Inc., H. Frasher Truck Line and George Harm Truck Lines.
 J. Hills Wythe, for Valley Truck Line.
 A. Valsan, in propria persona.
 E. G. Van Camp, for Van Camp Truck.
 George A. Eaton, for Waltrip & Eaton.
 W. W. Jones, for Wade's Truck & Storage.
 Bert H. Webster, in propria persona.
 William J. Welch, for Welch's Transfer.
 B. L. Stebbins, for West Coast Trucking Company.
 H. E. Poulterer, J. L. Amos, Jr., and L. N. Bradshaw, for The Western Pacific Railroad Company, Sacramento Northern Railway and Tidewater Southern Railway Company.
 Edward J. Willig, for E.J. Willig Truck Transportation Company.
 T. J. Turner, in propria persona.
 Fred G. Young, for Young Bros.
 F. J. Coulter, in propria persona.
 Joseph J. Geary, for Pacific Coastwise Steamer Conference.
 Hart Reynolds, in propria persona.
 Walter Kentner, for E. W. Rufer Company.
 A. R. Seger, for Seger Trucking Company.
 F. R. Clifford, for Valley Motor Lines, Inc.
 John S. Willis, in propria persona.
 E. L. LaSalle, for LaSalle Trucking Company.
 Paul Alley, in propria persona.
 Joe Abrams, in propria persona.
 George Jensen, for Act Transportation Company.
 Chas. L. Adley, for Adley Truck Company.
 W. M. Atkinson, in propria persona.
 D. E. Ketchum, for Atlas Transfer.
 C. A. Attix, for Attix Bros.
 A. L. Meier, for Azusa Transfer Company.
 Harold E. Ketchum, for Ansco Construction Company.
 Bart F. Wade, for Asbury Truck Company.
 Wm. E. Swain, Jr., for Automotive Council of Orange County.
 Merrill Armour, for J. N. Anderson (The J. N. Anderson Theatre Service).
 R. S. Sawyer and R. E. Crandall, for Associated Jobbers and Manufacturers.
 B. F. Balser, for Balser Truck Company.
 Hugh H. Clark, for Beeching's Transfer.
 J. W. Beatty, Sr., for J. W. Beatty & Son.
 Fred Rennison, for B. & R. Transportation Company.
 Joe Breitung, in propria persona.
 Harry C. Burton, for Burton Transfer Company.
 Arnold C. J. Brandt, for Brandt & Roth.
 A. M. Powen, in propria persona.
 Robert Burns, in propria persona.
 L. L. Bruns, in propria persona.

Frank Hewson, for Belyea Truck Company.
 Ernest C. Beck, for Beck Bros. Transfer & Storage.
 John J. Bargsten, for Bargsten Truck Company.
 Hugo P. Buchett, for Bargsten Trucking Company.
 Bessie I. Baker, for Bakers Transfer Storage.
 J. S. Blain, in propria persona.
 H. A. O'Reilly, for B. L. Truck Company.
 Edwin P. Crail, for Crail Bros. Inc., Ltd.
 David G. Shearer, for Certified Highway Carriers, Inc., Council
 of Trucking Associations, Interstate Freight Carriers, Inc.
 M. L. Frost, for City Transfer Co. of Redlands, Inc.
 Charley H. Savage, for Charley's Transfer.
 H. B. Johnson, for Citizens Waterhouse.
 Lily P. Corbett, for Corbett Transportation.
 O. E. Hagstrom, for Colyears Van & Storage Company.
 T. E. Newmyer, for California Refrigerator Express.
 P. E. Mansfield, for City Transfer Company.
 McIntyre Faries, for California Delivery Service.
 George F. Colburn, for California Truck, Inc.
 John E. Cote, for Citizens Truck Company.
 L. A. Strouse and Robert C. Neill, for California Fruit Growers
 Exchange.
 Joseph H. Noyes, for 20th Century Delivery Service, Inc.
 C. W. Bundren, for Cline & Bundren.
 F. B. Donnelly, for Donnelly Transfer.
 J. B. Bowden, for Dump Truck Association.
 C. H. Smith, for Davies Warehouse Company.
 B. A. Eckman, in propria persona.
 E. J. Beck, for El Rey Products Co. and/or Los Angeles Paper
 Manufacturing Company.
 J. O. Ernst, for J. O. Ernst Dependable Motor Trucking.
 Chas. Wright, for Eckdahl Warehouse Company.
 Louis Shwam, for Ewens Trucking Company.
 J. G. Elliott, in propria persona.
 J. B. Eastland, for Eastland Trucking Service, Inc.
 C. F. Fallendore, for Fallendore Trucking Company.
 T. Broderman, for F. & S. Trucking Company.
 Charles Fink, in propria persona.
 J. H. Fenwick, for Fenwick Transfer Company.
 Louie H. Wolters, for Golden State Company, Ltd.
 Benj. S. Goldberg, for G.F.D. Lines, Inc.
 A. M. Gross, for Gross Systems, Inc.
 Louis M. Goodman, for Goodman Delivery Service.
 E. J. Forman, for Globe Grain and Milling Company.
 H. T. Halbert and Chas. E. Dillon, for Halbert Bros.
 Bertram Hamble, in propria persona.
 M. R. Haney, in propria persona.
 Clinton Hardin, for Hardin Transfer & Storage Company.
 Robert L. Hamble, in propria persona.
 O. G. Fussell, for V. P. Hunt Company.
 H. M. Hendrix, for Hendrix Truck Company.
 Ray E. Untereiner, for Chas. P. Hart Transportation Company.
 A. J. Happe, for A. J. Happe Transfer Company.
 J. M. Hall, for Hall Transportation Company.
 Carl D. Trueblood, for Independent Truck Company.
 B. E. Bishop, for Industrial Traffic Bureau.
 George Hill, for Imperial Truck Agency.

Y. Ishida, for G. Ishida.
 H. A. Linnell, for Jakeway Truck.
 R. W. Jones, in propria persona.
 Phil Jacobson, in propria persona.
 Elmer Ahl, for Keystone Express Company and L. R. Kagarise
 doing business as Keystone Express System.
 Otto C. Knudsen, for Knudsen Truck & Warehouse Co., Inc.
 D. E. Ketchum, for D. E. Ketchum Trucking.
 J. W. Kramer, in propria persona.
 Henry Deusen, for R. G. Knoll, Inc., Ltd.
 George Rahe, for L. A. Soap Company.
 E. J. Lamb, for Lambs Transfer Company.
 D. E. Morris, for Long Beach Milling Company.
 H. R. Brashear, for Los Angeles Chamber of Commerce.
 E. H. Ford, for Los Angeles Pool-Car Distributing Co.
 LeRoy N. Diehine, for Monarch Milk Products and/or Monarch
 Freight System.
 George Morelock, in propria persona.
 Chester McNutt, in propria persona.
 A. E. Marr, for Marr Freight Transit, Inc.
 O. R. McNall, for McNall Building Material, Inc.
 H. W. Baugh, for Motor Truck Association of Southern California
 and Southwestern Motor Traffic Bureau.
 K. Motonga, in propria persona.
 W. D. Burnett, for Monolith Portland Cement Company.
 A. W. Merrifield, in propria persona.
 L. M. Phillips, for McCarty Trucking Company.
 Marshall V. Miller, in propria persona.
 C. H. McCarty, for McCarty Trucking Company.
 A. Meyers, for Motor Truck Association of Southern California.
 Mattie H. Carkey, for M. & G. Truck Company.
 C. N. Noble, for W. G. Noble.
 Frank L. Klock, for Oil Well Supply Company.
 Ralph W. Futhy, for Oil Well Express Corporation.
 Clarence G. Weisbrod, for Gregory G. Panopulos.
 E. O. Tucker, for Pioneer Transfer.
 B. F. Bellings, for Pioneer-Flintkote Company.
 L. Amull, for Pacific Interurban Transportation Company.
 Peter LaBarge, for Peter LaBarge Transfer.
 C. A. Parker, in propria persona.
 E. Jenkins, for Pacific Livestock Express.
 Walter S. Price, in propria persona.
 O. C. Butler, for Pacific Transportation & Warehouse Co.
 Wm. C. Patterson, for Patterson Transfer.
 E. E. Perkins, in propria persona.
 Geo. S. Colburn, for Pioneer Truck & Transfer Company.
 Stuart Russel, for Puckett Freight Lines, Ltd.
 A. R. Pearson, for Pearson Truck Company.
 C. Frank Reynolds, for Port of San Diego, San Diego Chamber
 of Commerce and San Diego shippers generally.
 A. R. Reader, for Reader Transportation Service.
 L. H. Richmond, in propria persona.
 R. Bertram, for Real Transportation Company.
 Forrest F. Sullivan, for Red Line Express.
 E. F. Riner, for Riner Motor Express.
 Babe Talsky, for Reliable Delivery Service.

D. C. Reinhardt, for Reinie's Truck Company.
 B. J. Barnett, for Rio Grande Trucking Company.
 Ernest F. Ross, for Anaconda Wire & Cable Company of California.
 E. S. Stanley, E. Morgan Stanley and H. Halverson, for Star
 Truck & Warehouse Company.
 M. T. Smith, for Smith Transfer.
 George Schafer, in propria persona.
 Robert P. Swank, in propria persona.
 L. Settlemyre, in propria persona.
 Edward C. Strock, in propria persona.
 F. H. Powners, for Sears, Roebuck & Company.
 F. J. Bird, for A. E. Schmidt.
 Carl H. Sapping, in propria persona.
 Rex W. Boston, for Signal Trucking Service, Ltd., and Signal
 Harbor Service, Inc.
 Chas. R. Boyer and H. H. Sanborn, for Southwestern Portland
 Cement Company.
 T. A. Beckett, for Salt Lake Transfer & Storage Company.
 Earola W. Dill, for The Truck and Warehouse Association of
 San Diego County.
 M. C. Frincke, Jr., for Transporters, Ltd.
 Paul M. Thornton, in propria persona.
 Merlyn Teskey, for Frank Teskey.
 Joseph Truelove, in propria persona.
 R. J. Thompson, for R. J. Thompson Truck Company.
 W. E. Allen, for Upland Transfer & Storage.
 Edward C. Renwick, for Union Pacific Railroad Company.
 Pete Schutz, for Vance Bros. and Pete Schutz.
 Martin Vandiest, in propria persona.
 G. M. Hunton, for Valencia Truck Company.
 A. R. Williams, for Curt & Williams Transfer.
 Fred White, for Fred White Transfer & Express.
 A. T. Knopp, for Western Auto Supply Company.
 W. C. West, for West's Transfer.
 Percy E. Wood, in propria persona.
 Thomas R. Phillips, for Western Growers Protective Association.
 A. Meyers, for Western Transportation Company.
 Forest H. Young, in propria persona.
 F. H. Deming, for Young Johnson Truck Company.
 Paul Allen Yates, in propria persona.
 Andrew S. Chamin, for Andy's Express.
 B. & A. Truck Company.
 E. C. Barnard, in propria persona.
 Harold B. Boyle, for C. E. Boyle & Son.
 T. W. Brown Truck Company.
 R. W. Chapman, for Challenge Freight Line.
 Harry L. Olmstead and O. G. Gray, for Chula Vista Chamber of
 Commerce.
 Albert C. Albeck, for Colletti Transportation Company, Inc.
 F. O. Culy, in propria persona.
 Myron Insko, for Goodwill Industries and Salvation Army.
 Fred A. Griswold, in propria persona.
 Russell Charles Hoskins, in propria persona.
 A. F. Hubbard, in propria persona.
 R. M. Lambert, for Klauber Wangenheim Company.

E. L. LaSalle, for La Salle Trucking Company.
 Roger B. Lee, in propria persona.
 Harvey B. Love, in propria persona.
 R. M. Major, in propria persona.
 George A. Cookson, for The Hartson Company.
 H. McDaniel, for H. McDaniel Trucking.
 Jack Millspaugh, in propria persona.
 Floyd C. Moore, in propria persona.
 H. P. Moore, in propria persona.
 F. V. Parker, for Parker Trucking Company.
 Rowe Sanderson, for Pioneer Trucking Company of Los Angeles.
 Percie C. Thacker, for Pioneer Truck & Transfer Company.
 Koerner Rombauer, in propria persona.
 Read G. Dilworth, for San Diego & Arizona Eastern Railway Company.
 C. J. Gamble, for San Diego Forwarding Company.
 Milton P. Smith, for Smith & Fidero.
 Harry D. Steward, in propria persona.
 R. A. Baldrige, for Sunkist Trucking.
 Elaine G. Dill, for Truck and Warehouse Association.
 John Wilkinson, in propria persona.
 P. Chichester, for Chichester Transportation Company, Inc.
 H. F. Reilley, for California Fireproof Storage Company.
 Chew Ying, in propria persona.
 Joe Eannone, in propria persona.
 L. H. Hodgson, for Hodgson Trucking.
 C. V. Jones, in propria persona.
 LaFay Lindeman, for Lindeman Bros.
 F. P. Kensinger, for Loose-Wiles Biscuit Company.
 Rowe Sanderson, for Motor Truck Association of Southern California.
 R. J. Miller, in propria persona.
 James Kinney, for Pioneer Transfer & Storage (Chas. L. McPherson).
 L. P. Matthews, for Poultry Producers of Central California.
 George W. Prichett, for Prichett Transportation Company.
 Ray Abendschan, for Palm Service.
 Andrew Rayl, in propria persona.
 D. W. Ramme, in propria persona.
 F. Broupini, for State Transportation Company.
 H. E. Shire, in propria persona.
 John T. Smith, for Smith Transfer.
 W. H. Henry, for Stockton Transfer Company.
 J. W. Beanland, for Stockton Murphys Freight Line.
 H. J. Taylor, in propria persona.
 J. Van Steenberge, in propria persona.
 J. R. Williams, in propria persona.
 Sanborn & Roehl and Clair W. MacLeod, for Colletti Transportation System.

Wallace K. Downey and C. B. McClain, for Los Angeles Newport
Freight Line.
Martin F. Frinckle, for Progressive Transfer Company.
A. Meyers, for Western Transportation Company and Motor Truck
Association of Southern California.
W. S. Everts, for Cannery League of California.
E. H. Baker, for E. H. Baker Company.
Melvin W. Prather, in propria persona.
J. Paulsen, in propria persona.
L. J. Shuman, for Lake Cove Growers, Inc.
Wendel Henderson, for Kelseyville Packing Company.
Edward M. Berol, on behalf of Truck Owners Association of Cali-
fornia, for Mrs. F. A. Keithley, J. A. Keithley, Mrs. J. A.
Keithley and for Melvin W. Prather.
Guido de Ghetaldi, for Clear Lake Motor Drayage.
S. E. Herrick, for The Herrick Company.
J. A. Keithley, in propria persona.

APPENDIX "B"

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment of maximum or minimum, or maximum and minimum rates, rules and regulations of all Radial Highway Common Carriers, and Highway Contract Carriers, operating motor vehicles over the public highways of the State of California, pursuant to Chapter 223, Statutes of 1935, for the transportation for compensation or hire of any and all commodities, and accessorial services incident to such transportation.

Case No. 4088

BY THE COMMISSION:

ORDER INSTITUTING INVESTIGATION

Good cause appearing,

IT IS HEREBY ORDERED that an investigation be and it is hereby instituted by the Commission upon its own motion for the purpose of establishing and approving, or establishing or approving, just, reasonable and nondiscriminatory, or just, reasonable or nondiscriminatory maximum and minimum, or maximum or minimum rates, charges, classifications, rules and regulations, or rates, charges, classifications, rules or regulations, to be charged, collected and observed, or charged, collected or observed, by any and all Radial Highway Common Carriers and Highway Contract Carriers, or Radial Highway Common Carriers or Highway Contract Carriers, as defined in Chapter 223, Statutes of 1935 of the State of California, for the transportation, over the public highways of the State of California, for compensation or hire, of any and all commodities, and for accessorial services incident to such transportation, by any and all such Radial Highway Common Carriers and Highway Contract Carriers, or Radial Highway Common Carriers or Highway Contract Carriers.

IT IS HEREBY FURTHER ORDERED that the above entitled proceeding be and it is hereby assigned, for hearing, to Commissioners Whitsell,

Carr, Harris, Ware and Devlin, and Examiners W.K. Brown, Gorman, Freas and Hunter, or any of them.

IT IS HEREBY FURTHER ORDERED that hearings be had in the above entitled matter before Commissioners Whitsell, Carr, Harris, Ware and Devlin, and Examiners W.K. Brown, Gorman, Freas and Hunter, or any of them, at the following named times and places, viz.:

(1) In the Court Room of the Railroad Commission in the State Building, San Francisco, California, on Tuesday, the 21st day of January, 1936, at 10:00 o'clock a.m.

(2) In the Court Room of the Railroad Commission in the State Building, Los Angeles, California, on Tuesday, the 28th day of January, 1936, at 10:00 o'clock a.m.

(3) In the Court Room of the District Court of Appeal in the Electric Building, San Diego, California, on Tuesday, the 4th day of February, 1936, at 10:00 o'clock a.m.

(4) In the City Hall in the City of Stockton, California, on Tuesday, the 11th day of February, 1936, at 10:00 o'clock a.m.

(5) In the County Court House in the City of Sacramento, California, on Tuesday, the 18th day of February, 1936, at 10:00 o'clock a.m.

(6) And at the times and places to which such hearings, or any of them, may from time to time be adjourned, respectively, or which may from time to time be designated by the Commission.

IT IS HEREBY FURTHER ORDERED that all Radial Highway Common Carriers and Highway Contract Carriers, as defined in Chapter 223, Statutes of 1935 of the State of California, and, as such, subject to the jurisdiction of this Commission, be and they are hereby made respondents to this proceeding; and that the Secretary of this Commission cause service of this order to be made upon each of said respondents.

Dated at San Francisco, California, this 12th day of November, 1935.

Leon O. Whitsell	M.B. Harris
W.J. Carr	Wallace L. Ware
Frank R. Devlin	

Commissioners

APPENDIX "C"

RAILROAD COMMISSION OF THE STATE OF CALIFORNIA
Transportation Department

San Francisco, California
November 12, 1935
Case No. 4088

TO ALL INTERESTED PARTIES:

The Commission today instituted an investigation (Case No. 4088) into the matter of rates, charges, classifications, rules and regulations of every Radial Highway Common Carrier and Highway Contract Carrier for the purpose of complying with the legislative mandate contained in Section 10 of the "Highway Carriers' Act" (Chapter 223, Statutes of 1935), which provides that this Commission shall establish or approve just, reasonable, and nondiscriminatory maximum or minimum or maximum and minimum rates to be charged by Radial Highway Common Carriers and Highway Contract Carriers for the transportation of property and for accessorial services performed by such carriers.

Hearings in this proceeding will be had at the times and places shown in the order, a copy of which is enclosed, and at other times and places designated by the Commission at the hearing or hearings shown in the order. At each hearing it is proposed to consider first less than truck load rates, charges, classifications, rules and regulations. This will be followed by a consideration of truck load rates. The order in which rates on the various commodities moving in truck load quantities are to be considered will be announced from time to time.

The Commission is aware that in order to comply fully with the Highway Carriers' Act and with the spirit of the Public Utilities Act, as amended (Chapter 700, Statutes of 1935), it will probably in many instances, be necessary and desirable to inquire into the rates, charges, classifications, rules and regulations of Highway Common Carriers, Railroads, Express Companies and Carriers by Water. Upon careful consideration, the Commission is of the opinion, however, that to bring before it for review and revision at one time and in one proceeding the entire rate structure of this State would either be wholly unproductive or would result in the utmost confusion. For these reasons, a logical division of the undertaking seems essential.

Stabilization of transportation rates is of primary importance. This may best be accomplished in the manner indicated. Should it appear, however, that the rate structures of Highway Common Carriers, Railroads, Express Companies and Carriers by Water should be revised, it will be the purpose of the Commission, upon a meritorious request being made, to institute a proceeding for this purpose. Particular instances in which it is believed specific rates of all carriers require simultaneous consideration should be brought to the Commission's attention.

Respondents are requested to fill out and return the enclosed questionnaire to assist the Commission in determining the cost of performing the transportation and accessorial services rendered by them.

A free expression of the views of anyone interested in the matters here involved is earnestly solicited. The Commission realizing the magnitude of the task before it, requests your cooperation.

RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

By Warren K. Brown,
Director of Transportation

APPENDIX D

STATEMENT OF THE PRESIDING COMMISSIONER

The Commission proposes in this proceeding to establish maximum or minimum, or maximum and minimum, rates, charges, classifications, rules and regulations of radial highway common carriers and highway contract carriers for the transportation of all commodities and all classes of commodities between all points in the State.

At the outset the Commission proposes to establish only minimum rates. Later it may become desirable, in certain cases, to fix maximum, or maximum and minimum rates.

In order to accomplish the purpose of this proceeding as expeditiously and effectively as possible, each hearing will be devoted to receiving evidence for the establishment of particular rates or rates on particular commodities or classes of commodities, or particular rules or regulations.

When sufficient evidence for the establishment of any such rate, rule or regulation has been received, and the parties have presented all evidence they desire on the subject, the Commission after consideration of the evidence, will issue interim or preliminary orders establishing the rules and regulations, or rates, for the transportation of the particular commodities or classes of commodities between the particular points for which evidence has been received.

In the meantime, the hearings will proceed for the taking of evidence for the establishment of other rates. Through a series of interim orders the Commission expects that a comprehensive structure of truck rates will finally be completed.

The hearing today, and the adjourned hearings announced for January 28th at Los Angeles, February 4th at San Diego, February 11th at Stockton and February 18th at Sacramento, will all be devoted and limited to evidence on the establishment of rates for transportation of less than truckload lots.

In addition, an adjourned hearing will be held in the Commission's courtroom at San Francisco on Friday, January 24th, 1936, at 10 o'clock A.M. on the establishment of rates for the transportation of beverages and tonics, including beer in truckload lots.

All parties desiring to have the Commission fix a time and place for hearing to establish class rates, or rates on a specific commodity, must file with the Commission an informal petition in writing asking that such hearing be held. The petition must show the rates that petitioner desires to have established and the reason why separate consideration should be given. The Commission will endeavor to consider all meritorious petitions.

Announcement of the time, place and purpose of adjourned hearings will be made periodically by the Commission. The dates of such adjourned hearings will also appear in the printed calendar published by the Commission and on the bulletin board in the offices of the Railroad Commission on the 5th floor of the State Building, San Francisco, and in the branch office of the Commission, 708 State Building, Los Angeles. Information will be furnished the daily papers.

throughout the State of adjourned hearings to fix class rates or rates on specific commodities. All persons are urged to read the daily papers carefully for such notices.

It is expected, however, that all parties to this proceeding will keep themselves advised as to the time and place of all adjourned hearings. May I repeat: It is expected, however, that all parties to this proceeding will keep themselves advised as to the time and place of all adjourned hearings.

In view of the fact that numerous hearings will be held in this case, it is obviously out of the question for the Commission to grant continuances.

Today, before receiving evidence from the parties hereto, the Commission will make a prima facie showing of minimum rates in less than truck load lots. The engineering division will first introduce cost figures for truck transportation in the movement of commodities in less than truck load lots, following which the rate division will have some testimony and exhibits relative to the volume of rates based on the costs developed by the engineering division, and, also, rules and regulations pertaining thereto. Parties to this proceeding will then have an opportunity to make suggestions regarding the Commission's figures and to introduce their own cost figures for less than truck load transportation, and any other pertinent evidence and exhibits relating thereto. Such evidence will be considered by the Commission in fixing rates, rules and regulations for less than truck load transportation between all points.

If any one here does not understand the procedure to be followed in this case, as outlined by the Commission, I shall be glad to enlighten him.

Please do not forget to hand in your written appearances. Do so this morning.

Let the record show that proof of the necessary notice to interested parties in this matter was given, as appears from the files herein, in the manner prescribed by law, and as more particularly appears by forty affidavits of service of the order instituting investigation which are on file in this proceeding and which are made a part of the record herein.

APPENDIX "E"

SHIPPING ORDER AND FREIGHT BILL					
Name of Carrier _____ (Name of Carrier must be same as shown on Permit)				Bill No. _____	Permit No. _____
Point of Origin _____		Date _____, 193_____			
Shipper _____		Consignee _____			
Street Address _____		Street Address _____			
City _____		City _____			
Packages:	Kind	Description of Commodities		**Weight	Rate; Charges
:	:	:		:	:
:	:	:		:	:
:	:	:		:	:
:	:	:		:	:
:	:	:		:	:
Shipper _____		Check here		:	:
By _____		Origin : Destination		:	:
(Show name in full)		Terminal; Store; Term; Store		C.O.D.	
Received by Carrier in good condition except as noted _____		:Door : inal; Door		:	:
By _____		:		C.O.D. Fee	
Driver (show name in full)		:		:	:
Received by Consignee in good condition except as noted _____		:		*Advances	
By _____		:		*Other	
(Show name in full)		:		Charges	
* Show each charge separately and what it represents.		:		Prepaid	
** If other unit of charges, show per box, crate, bundle, bag, head, etc.		:		Total to	
		:		Collect	

(Size 5½" x 8½")