

Decision No. 29210

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
C.A.WESKE, doing business as )  
CALIFORNIA DRAYAGE COMPANY, for an )  
order modifying the minimum rate )  
established under the provisions )  
of Decision No. 28632. )

ORIGINAL

Application No. 20516

V.G.Skinner for C.A.Weske, doing business as  
California Drayage Company.  
Randell Larson and E.D.Rapp, for F.W.Woolworth  
Co.  
J.F.Vizzard for Draymen's Association of San  
Francisco.  
Fitzgerald, Abbott and Beardsley, by Crellin Fitz-  
gerald, for Walkup Drayage and Warehouse  
Company.

DEVLIN, Commissioner:

O P I N I O N

Pursuant to the mandate contained in Section 9 of the  
City Carriers' Act (Chapter 312, Statutes of 1935) and at the re-  
quest of Draymen's Association of San Francisco, the Commission  
established minimum rates for the transportation of property by  
carriers operating within the City and County of San Francisco.<sup>1</sup>  
These rates as amended are now in effect.

By this application C.A.Weske seeks authority to per-  
form certain transportation services at a rate which is less than  
those established by the Commission.<sup>2</sup> The services involved and

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<sup>1</sup> Decision No. 28632 of March 16, 1936, effective April 5, 1936  
(39 C.R.C.685); Decision No. 28731 of April 20, 1936, effective  
April 27, 1936 (39 C.R.C.711); and Decision No. 28753 of April 20,  
1936, effective May 1, 1936 (unreported) in Case No. 4084, in re:  
Establishment of rates, etc., for the transportation of property, etc.,  
over the public highways of the City and County of San Francisco.

<sup>2</sup> Section 10 of the City Carriers' Act provides:  
"If any carrier hereunder desires to perform any transporta-  
tion or accessorial service at a lesser rate than the minimum  
rates so established, the Railroad Commission shall, upon find-  
ing that the proposed rate is reasonable and consistent with the  
public interest, authorize such rates less than the minimum  
rates established in accordance with the provisions of Section  
9 hereof."

the rate proposed are shown in the following excerpt from the application:

"Commodities transported for wholesale hardware and/or variety goods houses, in quantities of not less than 700 tons per calendar month, when hauled by one carrier for one shipper or consignee, subject to note. . . . .  
7 cents per hundred pounds."

"NOTE: Minimum charge of 25¢ per shipment on pick-ups and city deliveries."

Applicant further requests that the rate sought be made retroactive to April 1, 1936, and that he be authorized to refund to F.W. Woolworth & Company the difference between the sum accruing at the proposed rate and the amount charged under the existing rates.

The matter was submitted at public hearings had in San Francisco.

Applicant urges that the proposed rate is fully remunerative under the circumstances here obtaining and that it is necessary to prevent the diversion of this traffic, represented as being approximately 20% of his business, to proprietary trucks or to competing transportation agencies. He introduced an operating statement (Exhibit No. 7) in support of his contention that the proposed rate is compensatory. This statement includes a detailed schedule of the services rendered F.W. Woolworth Company for the calendar month of April, 1936, said to be typical of the transportation services required throughout the year, together with the operating costs for these services. It compares the costs with the revenue which would have accrued under the proposed rate, with the following results:

<u>Weight in Pounds</u>	<u>Time in Hours</u>	<u>Operating Cost</u>	<u>Revenue at Proposed Rate</u>	<u>Profit</u>
1,475,768	475½	\$868.89	\$1,033.05	\$163.16

The statement also sets forth the volume of traffic handled during the year 1935, showing the revenue received under the contractual arrangement then in effect and comparing it with the charges which would

accrue for a like tonnage at the proposed rate. A tabulation of this showing follows:

YEAR 1935

<u>Tonnage</u>	<u>Rate</u>	<u>Revenue</u>
191,205 pounds	.0475	\$90.82
563,429 "	.05	281.71
<u>15,841,286 "</u>	<u>.065</u>	<u>10,296.83</u>
16,595.920		\$10,669.36

PROPOSED BASIS

16,595,920 lbs., minimum weight 16,800,000 lbs., @ .07 = \$11,760.00

Applicant represents that the large tonnage transported for F.W.Woolworth Company, coupled with other business he now enjoys produces high load and use factors and enables him to maintain a well-balanced and efficient operation at a low operating cost.

A series of statements (Exhibits 3,4 and 5) were submitted by F.W.Woolworth and Company showing how its tonnage might have been distributed between city carriers and other transportation agencies within San Francisco during the period of April 27 to May 9, 1936, at existing rates. A summary of this showing follows:

<u>Type of Service</u>	<u>Weight in Pounds</u>	<u>Charges</u>	<u>Average Rate Per 100 Pounds</u>
Inhaul (dock to warehouse)	663,448	\$368.12	\$.0554
Shipping (warehouse to carriers' terminals)	101,303	83.92	.0828
City Deliveries (warehouse to stores)	80,798	121.20	.15
Pick-up and Delivery service of common carriers	<u>45,724</u>	<u>22.96</u>	<u>.05</u>
TOTALS	891,273	596.10	.06688 (average)

The above results were obtained by assigning 647,635 of the inhaul tonnage and 79,979 pounds of the shipping tonnage to rail switching movement. Under such arrangements city carriers would retain only the balance of the inhaul and shipping, made up of shipments too small to be economically handled in rail switching, plus the city deliveries.

A. E. Fox, manager of F. W. Woolworth's San Francisco warehouse, testified that although able to handle the traffic here in issue at a lower rate than the proposed 7¢ rate, his company is willing to continue to engage C. A. Weske, if the application is granted, because of certain advantages inherent in the services rendered by the applicant. The advantages were enumerated by the witness as (1) the lack of congestion at the warehouse because of a continuous flow of traffic, (2) saving in time, and (3) ability to determine actual cost in advance of receipt of shipment.

The granting of the application is opposed by the Draymen's Association of San Francisco on the ground that the applicant's proposed rate is inadequate and that the shippers' theoretical segregation of tonnage could not actually be accomplished.

The record discloses that some 80% of the tonnage in issue is transported between docks or wharves on the one hand and Woolworth's warehouse on the other, in quantities permitting transportation in railroad switching service. Under these conditions the minimum rate for city carriers since April 27, 1936 (Decision No. 28731, supra), is \* \* \* the sum of the loading or unloading charge at the dock or wharf plus railroad switching and car rental rates \* \* \*<sup>3</sup> If the applicant desires to adjust charges to a basis no lower than the minimum rates prescribed by this decision on shipments transported on and subsequent to April 27, 1936, authorization by the Commission to make such adjustments is not required. It is not shown that the applicant will be deprived of the inhaul movement from docks to warehouse and the shipping movement from warehouse to docks if his rates are substantially

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<sup>3</sup> This application was filed shortly after Decision No. 28731 was issued. Although the record does not show whether Decision No. 28731 affords the applicant the full relief sought, it is evident that at least partial relief exists thereunder.

the same as those in effect by rail switching movement; in fact the shipper has indicated a preference for the truck movement. Nor has it been shown on this record that for this traffic a minimum rate differing from that now in effect is justified. No direct evidence was offered in support of the statement that, if necessary, the shipper would purchase its own equipment to effect city deliveries nor does it appear from this record that the city delivery traffic involved is particularly well adapted to proprietary truck handling.

Upon full consideration of all the facts of record and in view of the particular circumstances here obtaining, I am of the opinion and find that the application should be denied.

The following form of order is recommended:

O R D E R

This matter having been duly heard and submitted,

IT IS HEREBY ORDERED that the application of C.A.Weske, doing business as California Drayage Company, for an order modifying Decision No. 28632 of March 16, 1936 in Case No. 4084 and as amended insofar as it establishes minimum rates for the service here involved be and it is hereby denied.

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 26th day of October, 1936

M. B. Carr  
Leon A. Kelly  
W. J. Carr  
William A. Carr  
Frank P. Kelly  
Commissioners.