

# ORIGINAL

Decision No. 29786.

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of J. A. CLARK DRAYING COMPANY, )  
LTD., a corporation, for Relief )  
from Observance of Minimum Rates ) Application No. 21087.  
Established by Decision No. 29480 )  
as Modified by Decision No. 29592. )

Shaw, Bailey & Poe, by Arlo D. Poe, for applicant.  
R. E. Wedekind, for Southern Pacific Company, Pacific  
Motor Transport Company and Pacific Motor Trucking  
Company, protestants.  
E. L. E. Bissinger, for Pacific Electric Railway Com-  
pany, protestant.  
G. E. Duffy, for The Atchison, Topeka and Santa Fe  
Railway Company and Santa Fe Transportation Company,  
protestants.  
Stuart Russel, for Motor Truck Association of Southern  
California.

BY THE COMMISSION:

### O P I N I O N

By this application J. A. Clark Draying Company, Ltd., a corporation operating as a highway contract carrier, seeks authority under Section 11 of the Highway Carriers' Act to transport iron and steel articles for Columbia Steel Company from its Torrance plant for distances of not more than 20 miles at lesser charges than those accruing under the minimum rates established by this Commission in Decision No. 29480 of January 25, 1937, in Part "WM" of Case No. 4088, as modified by subsequent orders in the same proceeding.

A public hearing was had before Examiner Freas at Los Angeles on April 27, 1937.

Applicant claims that economies made possible by the large volume and regularity of traffic and favorable plant facilities will enable it to operate profitably at rates substantially lower than those heretofore established. Rates of 10 cents per 100 pounds, minimum charge \$1.00 for any quantity shipments and 7½ cents per 100 pounds for shipments in quantities of 10,000 pounds but not exceeding 15,000 pounds, are proposed.<sup>1</sup>

The record shows that since February, 1930, applicant has had an exclusive contract with the Columbia Steel Company for delivery of iron and steel articles from that company's plant, located within the city limits of Torrance approximately 20 miles south of the center of Los Angeles. The average monthly tonnage tendered to applicant is approximately 6464 tons, substantially all of which is delivered to warehouses and industries not more than 20 miles distant from the Torrance plant. While the average weight per load is in excess of 15 tons, there are numerous shipments ranging in weight from 2 tons to 7 tons. Shipments of less than 2 tons are unusual, but are occasionally made to take care of shortages.

<sup>1</sup> The following rates in cents per 100 pounds were established in Case No. 4088, Part "M", for the transportation of 4th class articles within southern California, in quantities of 15,000 pounds or less. The majority of the articles involved in this application are classified at 4th class in the Western Classification.

	Any Quantity	Minimum Weight 500 lbs.	Minimum Weight 2000 lbs.	Minimum Weight 4000 lbs.	Minimum Weight 10,000 lbs.
Over 10 but not over 20 miles	* 31	24	22	18	10
	(25 pounds or less				35¢
	(over 25 pounds but not over 50 pounds.				45¢
	(over 50 pounds but not over 75 pounds.				55¢
	(over 75 pounds but not over 100 pounds				65¢
	(over 100 pounds.				75¢
*Minimum charge					

Applicant has assigned to this service 12 pieces of specially constructed equipment, to-wit, 3 six-wheel trucks, 3 six-wheel trailers, 2 tractors, 3 semi-trailers and 1 three-ton truck. This equipment is garaged within one half block of the plant. On occasion it is necessary to bring additional equipment from applicant's garage in Los Angeles to take care of overflows.

The loading facilities at the Torrance plant are designed to expedite handling and eliminate delays to equipment. Adequate space is provided for parking and passing, and loading is performed with overhead traveling cranes. The plant operates on a 24 hour per day schedule, and the customary practice is to place trucks or trailers in the loading areas at the close of the day, where they are loaded between 12 midnight and 8:00 A.M. by plant employees without the assistance of the driver or other employee of the carrier.

Shipments are usually consigned to points in the industrial section of Los Angeles which can be reached without passing through congested areas. In practically all instances unloading is performed by consignees' cranes, without delay to trucks. It was testified that a five-ton load can be unloaded by crane in five minutes.

The plant maintains a manifesting and billing office where all waybills and shipping documents are prepared by plant employees and tendered to applicant in completed form, with certified weights shown. Applicant has a dispatcher at the plant eight hours per day and the steel company furnishes him with a weekly and daily schedule of shipments so that movements can be coordinated and a maximum use of the equipment obtained.

O. H. Scott, general manager of the Los Angeles branch of applicant corporation, presented a series of statements showing the

actual costs experienced on individual pieces of equipment employed in this operation. He stated that applicant's system of cost accounting was designed for them by a firm of certified public accountants, and is based upon daily work cards prepared by the drivers. All items other than those affecting direct operating costs are said to be included in "general overhead." Total costs over a period of several months were reduced to average cost in cents per hour per piece of equipment. Average actual costs thus obtained were compared with revenue which would have accrued under the rates here proposed, and it was demonstrated that such rates would have returned something above actual average costs on past shipments. The witness pointed out that costs of solicitation, billing, collection, advertising and damage claims are eliminated in this type of operation and that the cost in cents per 100 pounds of handling less than truckloads is not greatly in excess of the cost of handling truckloads, inasmuch as shipments are all accumulated at one place for pick-up.

Representatives of several carriers operating in the general territory here involved entered appearances as protestants and participated in the cross-examination of applicant's witnesses. However, they offered no evidence in opposition to applicant's proposal.

There is little doubt but that the high equipment use factor, low overhead and direct costs shown should enable applicant to operate profitably at rates less than the minimum rates heretofore established, particularly in view of the fact that split deliveries are not contemplated under the reduced rates. Moreover, in this type of operation, with billing and pick-up costs eliminated, it does not appear that the costs in cents per 100 pounds will vary greatly with the volume of the shipment. Under these circumstances, gradation of rates into various

weight brackets is not required. While the rate of 10 cents per one hundred pounds appears comparatively low for small shipments, it should be observed that, because of the proposed minimum charge of \$1.00 per shipment, this rate in reality comes into play only on shipments weighing in excess of 1,000 pounds.

Upon consideration of all the facts of record we are of the opinion and find that under the circumstances here shown, the rates proposed by applicant are reasonable and that the application should be granted.

#### O R D E R

Public hearing having been held in the above entitled application, and based upon the evidence received at the hearing and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that J. A. Clark Draying Company, Ltd., be and it is hereby authorized to charge, for the transportation described in Item No. 5 of Appendix "A" attached hereto and by this reference made a part hereof, rates less than those established by Decision No. 29480 of January 25, 1937, as modified by subsequent orders, but not less than the rates set forth in said Appendix "A".

This order shall become effective five (5) days from the date hereof.

Dated at San Francisco, California, this 24<sup>th</sup> day of May, 1937.

Leon Overhill  
Frank Allen  
Ray E. Riley  
Commissioners.

APPENDIX "A"

ITEM NO. 5 - APPLICATION

(a) Rates set forth in this appendix apply for the transportation, by J. A. Clark Draying Company, Ltd., of articles described in Item No. 15 in shipments of 15,000 pounds or less when originating at the plant of the Columbia Steel Company in the City of Torrance, California, and destined to points not more than twenty miles distant by public highway from such plant.

ITEM NO. 10 - DEFINITION OF SHIPMENT

Shipment means a quantity of freight received from one shipper on one shipping order or one bill of lading at one point of origin at one time for one consignee at one destination. Split delivery will not be allowed.

ITEM NO. 15 - DESCRIPTION OF ARTICLES

Iron and Steel, Articles of, viz.:

Bands;	Hoops;	Pipe;
Bars, plain, corrugated,	Ingots;	Pipe Fittings;
twisted or bent;	Nuts;	Bale ties;
Billets;	Nails;	Tinplate;
Bolts;	Washers;	Rivets;
Castings, rough;	Wire;	Rods;
Forgings, rough;	Fencing;	Sheets, Black,
		Galvanized, Corru-
		gated or Plain;

Also Structural Iron or Steel,  
Fabricated or Unfabricated,  
Consisting of:

Angles;	Girders;	Railings, bridge;
Bars, truss;	Guides, Elevator;	Rails;
Bases, post;	Hangers, joist;	Shoes, riveted or
		cast;
Beams;	Ladder Assemblies,	Tees;
Braces;	Tank or Tower;	Trusses;
Caps, post;	Piling;	Tubing, pier;
Channels;	Plates;	Turnbuckles;
Columns;	Plates, Fish;	Weights (not includ-
	Pulley, tank or	ing sash weights);
	reservoir;	Zees.
Frames, circular;		

ITEM NO. 20 - MINIMUM CHARGE

The minimum charge per shipment in connection with rates named in this appendix shall be \$1.00.

ITEM NO. 25 - ACTUAL WEIGHT VERSUS MINIMUM WEIGHT

When the charges accruing on a shipment based upon actual weight exceed the charges computed from the rate based upon the minimum weight of 10,000 pounds, the latter will apply.

ITEM NO. 30 - RATES

		Rate in cents <u>per 100 pounds</u>
Any Quantity		10
Minimum Weight	10,000 Pounds	7½