

Decision No. 29802

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment)
of rates, rules, classifications)
and regulations for the transporta-)
tion of property, exclusive of prop-)
erty transported in dump trucks, for)
compensation or hire over the public)
highways of the City and County of)
San Francisco.)

Case No. 4084.

ADDITIONAL APPEARANCES

R. E. Wedekind, for Southern Pacific Co., Pacific Motor Trans-
port Co. and Pacific Motor Trucking Co.
A. D. Poe and Gwyn H. Baker, for J. A. Clark Draying Co.
T. G. Differding, for Oakland Chamber of Commerce.
P. G. Williams, for Commercial Distributors Assn. of Northern
California.
F. M. O'Donnell and Roy F. Lennon, for Johnson & Johnson.
H. Barbier, for Haas Brothers.

BY THE COMMISSION:

SIXTH SUPPLEMENTAL OPINION

Further hearing in the above entitled proceeding was had before Examiner Mulgrew at San Francisco on May 12, 1937, for the purpose of considering what further modifications of outstanding orders had become necessary.¹ The Draymen's Association of San Francisco, hereinafter called the Association, made the following proposals:

1. A horizontal increase in the minimum rates now in effect.
2. A readjustment of the percentage relationship between class rates.

¹ The rates, rules and regulations now in effect were established by Decision No. 28632 of March 16, 1936 (39 C.R.C. 636), Decision No. 28731 of April 20, 1936 (39 C.R.C. 682), Decision No. 28753 of April 20, 1936 (unreported), Decision No. 29277 of November 16, 1936 (unreported), Decision No. 29595 of March 15, 1937 (unreported), and Decision No. 29638 of April 5, 1937 (unreported).

3. A revision of the established minimum charges for the transportation of property in small lots moving under class rates.
4. Certain changes in classification ratings.
5. Certain changes in the rule governing inside delivery.
6. The establishment of commodity rates on cotton (high density), fresh fruits and vegetables.

No objection was offered to proposals submitted by the Association except that relating to the general increase in rates.

Horizontal Increase in Minimum Rates

The Association seeks a general increase in existing minimum rates to the extent necessary to properly compensate the carriers under rising operating costs. Witnesses for the Association testified that it had reached an agreement with the representatives of the drivers and helpers employed by its members providing a wage increase of \$1.00 per day to become effective June 4, 1937; that renewals of agreements with machinists and auto mechanics call for increased wages effective July 1, 1937, and that members contemplate relative adjustments of laborers' wages and the salaries of supervisory and office employees. These witnesses also testified that the carriers' operating costs have been increased to a large extent by increased costs of supplies. Studies presented by these witnesses contrasting the operating expenses experienced during the year 1936 and for the first three months of 1937 with probable operating expenses for the year 1937 under rising costs of supplies and the new wage scales develop probable increases in operating expenses ranging from 8 per cent to 15.8 per cent.² Association witnesses also laid particular stress on the fact that the studies submitted during the initial hearings were based on 1934 experience and consequently do not properly

² The studies embrace the operations of Overland Freight and Transfer Company, Carley & Hamilton, Inc., Robertson Drayage Co., Haslett Warehouse Company and Walkup Drayage and Warehouse Company.

reflect present operating expenses.

Generally, the shippers represented at the hearing, while conceding quite frankly that the draymen may well be entitled to an increase in their present minimum rates, strongly urged that the increase be fairly distributed for all services performed. They pointed out that in addition to city drayage, draymen perform car loading and unloading and pick-up and delivery of shipments for common carriers for which rates have not been established and which are consequently not involved in the increase proposal. They assert that increased costs should be distributed over all services performed and not charged wholly to city drayage.

However, witnesses for the Association testified that car loading and unloading charges were increased effective March 1, 1937, and that rates for pick-up or delivery of shipments for common carriers will be subjected to similar increases as may be found justified in drayage rates.

The record is persuasive that an increase in the level of established minimum rates is justified but it also indicates that carriers may well anticipate an improvement in load and use factors for 1937 over those experienced in 1936, with resulting operating economies. Thus, although the average percentage increase in operating expenses developed from cost studies of record is approximately 12 per cent, it appears that a general increase of approximately 10 per cent will enable carriers to meet their increased expenses and insure to the public the preservation of adequate and dependable transportation service.

Readjustment of Percentage Relationship Between Class Rates

Other than the assertion that the existing progression between classes of 100%, 80%, 60% and 50% for 1st, 2nd, 3rd and 4th classes, respectively, should be revised to 100%, 90%, 80% and 70%

in order to conform more closely with the rate relationships prescribed in Case No. 4108³ and Case No. 4088, Part "M"⁴, no evidence in support of this proposal was offered.

Minimum Charges

It is suggested that minimum charges be increased to 60 cents for 1st class, 55 cents for 2nd class and 50 cents for 3rd and 4th class commodities, except from or to Yerba Buena Island (Zone 4) where a minimum charge of \$1.25 is proposed regardless of classification.⁵

Little or no evidence was offered to support the increases in the minimum charges applicable within and between Zones 1, 2, and 3. On the other hand the suggested increase from and to Zone 4 (Yerba Buena Island) appears to be justified by the relatively small volume of traffic available to these carriers.

Changes in Classification Ratings

Classification adjustments proposed by the Association include a request that 5th class ratings be eliminated. In their stead 4th class ratings are suggested for shipments weighing less than 6,000 pounds and 80 per cent of 4th class for shipments weighing 6,000 pounds and over. In justification of this proposal a witness for the Association testified that the commodities involved usually move in truckload lots. The witness explained however that these

³ Case No. 4108, In re Establishment of rates, etc., within the cities of Oakland, Albany, etc., by City Carriers and between the cities of Oakland, Albany, etc., by Radial Highway Common Carriers and Highway Contract Carriers.

⁴ Case No. 4088, In re Establishment of rates, etc., of Radial Highway Common Carriers and Highway Contract Carriers, Part "M" thereof, dealt with rates within the general territory San Fernando and Burbank on the north to San Diego on the south and from the Pacific Ocean on the west to Redlands, Hemet Valley and Escondido on the east.

⁵ The existing minimum charges range from 35 to 65 cents for lots of 100 pounds and under.

articles occasionally move in small lots and expressed the opinion that for such movements a 5th class rating is unduly low. Other proposed changes involving reductions in the ratings on bird food or seed, scrap rubber, foreign rugs and steel desks are suggested by the Association to correct maladjustments in the existing classification and provide a more equitable relationship between commodities. These adjustments appear reasonable and will be authorized.

Inside Delivery

Modification of the rule governing inside delivery is suggested by the Association to:

(a) Eliminate accessorial charges for inside delivery when vehicular elevator or vehicular ramp is available, and,

(b) Restrict the application of the present minimum accessorial charge of \$1.25 per man per hour to apply only where one or more helpers are employed to make delivery.

These changes are intended to reflect the economies in operation resulting from the use of vehicular elevators or ramps and by accomplishing delivery by the use of driver without the assistance of a helper. They appear to be justified.

Commodity Rates on Cotton, Fresh Fruits and Vegetables

The Association proposes the establishment of a commodity rate of 5 cents per 100 pounds (plus whatever general increase may be found justified), for the transportation of high density cotton in "steamship transfer" movements. This reduction is said to be necessary to hold this traffic to the Port of San Francisco in competition with ports providing shipside storage. The evidence indicates the proposed rate will return something above out-of-pocket costs and is justified by competitive conditions.

The rates proposed for the transportation of fresh fruits and vegetables are stated in cents per package or per ton and provide a penalty of 50 per cent for deliveries to hotels, restaurants and

hospitals. It seems apparent that little consideration has been given the transportation characteristics of the commodities involved or of the relative transportation and delivery costs in connection with movements to hotels, restaurants and hospitals on the one hand and other consignees on the other hand.

Except to the extent heretofore indicated, the suggested revisions have not been justified and cannot be approved on this record. It may well be that one or more of these proposals have merit but except to correct obvious errors or for the purpose of clarification revisions in established rates should only be authorized upon a convincing showing.

O R D E R

A public hearing having been held in the above entitled proceeding,

IT IS HEREBY ORDERED that the rates, rules and regulations heretofore established in this proceeding by Decision No. 28632, and as amended, be and they are hereby further amended to the extent shown in Appendices "A" and "B" attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that in all other respects Decision No. 28632 in the above entitled proceeding as amended by Decisions Nos. 28731, 28753, 29277, 29595 and 29638 shall remain in full force and effect.

This order shall become effective August 1, 1937.

Dated at San Francisco, California, this 2nd day of

June, 1937.

W. H. Harrison
Leon Overhill
Spencer K. Allen
W. A. Humphrey
W. L. Kelly
Commissioners.

APPENDIX "A"

Except as provided in paragraph 3(b) hereof, the minimum rates set forth in Decision No. 28632, and as amended, are hereby increased 10 per cent. The following rules shall govern the disposition of odd cents or odd dollars or fractions of a cent resulting from the increase authorized:

1. Class rates in Items 35, 40 and 45:

- (a) Where the increased rate in cents per unit of weight does not end in zero or five, dispose of odd cents thus:
Less than $2\frac{1}{2}$ cents drop, $2\frac{1}{2}$ cents and less than $7\frac{1}{2}$ cents make 5 cents, $7\frac{1}{2}$ cents and over increase to nearest 10 cents, observing a minimum rate of 40 cents.
- (b) In increasing rates stated in cents per 100 pounds fractions of one cent shall be disposed of as follows:
Fractions of less than $\frac{1}{4}$ or .25 of a cent omit,
Fractions of $\frac{1}{4}$ or .25 of a cent or greater but less than $\frac{3}{4}$ or .75 of a cent will be stated as $\frac{1}{2}$ or .50 of a cent,
Fractions of $\frac{3}{4}$ or .75 of a cent or greater, increase to next whole figure.
- (c) Eliminate all rates now provided under columns headed "5".

2. Commodity rates:

- (a) In increasing rates stated in cents per 100 pounds, dispose of fractions in accordance with paragraph 1 (b) above.
- (b) Except as provided in paragraph 3 hereof in increasing rates stated other than in cents per 100 pounds, dispose of odd cents in accordance with paragraph 1(a) above.

3. Item 130, rates for transportation on monthly truck unit basis:

- (a) In increasing rates provided in Columns 1 and 2, dollars less than $2\frac{1}{2}$ shall be dropped, $2\frac{1}{2}$ dollars and less than $7\frac{1}{2}$ dollars shall become 5 dollars, $7\frac{1}{2}$ dollars and over, increase to nearest 10 dollars.
- (b) Rates provided in cents per mile for distances in excess of 50 miles per day shall not be increased.

APPENDIX "B"

Ratings, rules and regulations provided in Exhibit "A" to Decision No. 28632, and as amended, are hereby further amended as follows:

Change Rule 5(b) to read as follows:

"Except as otherwise specifically provided rates include pick-up and delivery at sidewalk, platform, truckside or inside shippers' and consignees' doors at street level not more than 20 feet from the curb, except that rates include pick-up and delivery at other than street level where vehicular elevator service or vehicular ramp is provided. Charges for any additional service necessary to effect pick-up or delivery shall be assessed as follows:

- (1) On shipments moving under class rates, the next higher (greater) class rate with a minimum penalty of 25 cents.
- (2) On shipments moving under commodity rates, \$1.25 per hour for actual time consumed when service is performed by driver or \$1.25 per man per hour, minimum charge \$1.25, when labor in addition to the driver is required."

Original Page 11 (added item)

Change "Bird food or seed 4" to read "Bird food or seed, in packages, 4."

Original Page 12 (added item)

Change "Desks D1" to read "Desks, steel, 1½."

Add a new item:

"Desks, NOS, D1."

Original Page 15

"Rubber, scrap, NOS 2" change to read "Rubber, scrap, NOS 3."

"Rugs, Foreign, woolen 1½" change to read "Rugs, Foreign, woolen, declared value \$125.00 and over per 100 pounds 1½."

Add a new item:

"Rugs, Foreign, woolen, declared value less than \$125.00
per 100 pounds 1."

Original pages 11 to 17 inclusive:

Change ratings applicable to the commodities described
in Note 1 below from "5" to "4".

Original Page 18 - "Exceptions to Classification"

Item No. 5
Substitute for 5th class, 80% of 4th class.

Item No. 15
Substitute for 5th class, 80% of 4th class.

Item No. 20
Substitute for 5th class, 80% of 4th class in lots of
6,000 pounds and less than 20,000 pounds.

Item No. 30
Substitute for 5th class 80% of 4th class.

Add a new item as follows:

"Property as described in Note 1 below in lots of 6,000
pounds or more, 80% of 4th class:

Note 1

Beans, dried, N.O.S., in bags,

Brick, loose or in packages,

Burlap and Bags, in compressed
bales,

Cement, building,

Cereals, Prepared, Other than
Flaked, requiring cooking,

Coffee, green,

Copra,

Cylinders, steel, empty returned,
when returned on a truck de-
livering a shipment of full
cylinders,

Flour, Cereal Products and feed,
in packages, inhaul only,

Flue lining, loose or in packages,

Grain, whole,

Note 1 (Continued)

Hides, green,

Iron, pig,

Iron or steel, angles, channels, plates, reinforcing, scrap or sheet,

Lime,

Malt,

Meal, Blood, Bone or Fish,

Oil cake,

Ore, sacked or boxed,

Paper, Newsprint or wrapping, in rolls 24 inches or greater in diameter,

Plaster, in sacks or barrels,

Rags, in bales, machine compressed,

Rice, in sacks,

Salt, in sacks,

Sand, in sacks,

Seed, N.O.S. in sacks,

Split Peas,

Sugar, N.O.S.

Tile, hollow, building."

Original Page 24 (added item):

Amend item captioned "Steamship Transfer (see Rule 75 g),
by adding:

"Cotton, when compressed to a density of not less than 22½
pounds per cubic foot, in lots of 500 bales or more, 5½ cents per
100 pounds."