

ORIGINAL

Decision No. 30167

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

Jackson W. Kendall, for Bekins Van Lines, Inc.  
J. L. Roney, for S. & W. Fine Foods, Inc., and Equitable  
Cash Grocery.

BY THE COMMISSION:

EIGHTH SUPPLEMENTAL OPINION

A further hearing in the above entitled proceeding was had at San Francisco on August 12, 1937, before Examiner Mulgrew.

Numerous modifications of the minimum rates, rules and regulations heretofore established were proposed by the Draymen's Association of San Francisco, hereinafter referred to as the Association. A complete list of the proposals is contained in Appendix "A" hereof.

Evidence relating to many of the proposals was confined to an explanation of the modifications sought and to statements that they were desirable from the carriers' standpoint. Only those proposals that were supported by evidence of probative value will be discussed.<sup>1</sup>

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<sup>1</sup> The Commission has repeatedly held that revisions in established rates should be authorized only upon a convincing showing except in instances where changes are necessary to correct obvious errors or for the purpose of clarification. See Decisions Nos. 29902 of June 28, 1937 in this proceeding, 30069 of August 23, 1937, in Cases Nos. 4108 and 4109, and 29891 of June 28, 1937, in Cases Nos. 4086 and 4099.

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Revision of Horizontal Increase

It was contended that wholesale parcel city delivery rates should be increased from 20 to 23 cents per shipment of 40 pounds and less and from 20 to 23 cents for each additional 40 pounds or fraction thereof. In support of this contention it was alleged that carriers specializing in this service as well as city carriers rendering general drayage services are faced with increased operating expenses due to rising costs of supplies and to higher wage scales for drivers and helpers. It was claimed that the rules for disposing of odd cents in increasing minimum rates pursuant to the authorization contained in Decision No. 29902 in this proceeding preclude carriers engaged in rendering a wholesale parcel delivery service from participation in the increased minimum rates.<sup>3</sup> A witness testified that the cost, exclusive of supervision and depreciation, of making 500 daily deliveries in this service amounts to 18½ cents per delivery. The evidence is not convincing that the operating costs now being experienced in this particular service justify an increase in excess of the general 10% horizontal increase authorized in drayage rates. Increased by 10% these rates in certain instances exceed class rates or other commodity rates now in effect. Obviously, wholesale parcel city delivery rates are not designed for the movement of shipments of substantial size. The order herein will therefore provide a 10% increase in wholesale parcel delivery rates and for their alternative application with other class and commodity rates now in effect.

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<sup>2</sup> By Decision No. 29902 of June 28, 1937, the minimum rates then in effect were increased 10% subject to certain rules for the disposition of odd figures resulting from the increase authorized.

<sup>3</sup> The rule in question provided that in disposing of odd cents in increasing rates stated in cents per unit of weight, odd cents of less than 2½ cents should be dropped. Hence wholesale parcel city delivery rates were not increased.

The Association also pointed out that in applying the 10% increase to rates of \$1.00 per ton and less and rates of 5 cents per 100 pounds and less, the rules for disposing of odd cents and fractions of a cent frequently result in greater and lesser percentage increases than 10%. It is claimed, therefore, that the increases are in some instances excessive and in others insufficient. A review of such increased rates indicates that where they deviate from an actual 10% increase the amount of such deviation varies from only 1/40 to 1/8 of a cent per 100 pounds. It has not been demonstrated on this record that adjustments of such relatively small amounts affect carriers' revenues or the freight charges paid by shippers to any appreciable extent.

#### Reduction of Minimum Tonnage Requirement

In justification of its proposal that the minimum tonnage requirement be reduced from 600 to 400 tons per calendar year in connection with the rate of 16½ cents per 100 pounds applicable to property transported for chain and retail department stores, the Association urged that this reduction would place five department stores handling the same class of merchandise on a proper competitive level and that inasmuch as vehicles are ordinarily loaded to capacity even though only 400 tons are transported per year there is little if any difference in cost between the two operations. However, the testimony offered by the Association with respect to these comparative costs is far from convincing. Moreover, if this theory were correct, then serious doubt would be cast upon the propriety of the maintenance of minimum tonnage requirements in excess of 400 tons per calendar year in connection with many other rates now in effect. The particular services covered by this proposal have not been shown to differ from other services subject to the same or higher minimum tonnage requirements.

The Association's proposals were not opposed.

Upon consideration of all the facts of record it must be found that wholesale parcel city delivery rates should be increased from 20 to 22 cents per shipment of 40 pounds and less with a similar increase for each additional 40 pounds or fraction thereof; that these rates should alternate with rates otherwise applicable; and that all other proposals have not been justified on this record.

O R D E R

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

IT IS HEREBY ORDERED that Exhibit "A" of Decision No. 28632 of March 16, 1936, and as amended, in the above entitled proceeding, be and it is hereby further amended as follows:

Original Page 23, Item 95:

Substitute the following item:

Parcel City Delivery, wholesale (see Note)  
40 pounds or less . . . . . \$ .22 per shipment  
Each additional 40 pounds  
or fraction thereof . . . . . .22

Charges for collecting and remitting the amount of C.O.D. bills collected on C.O.D. shipments should be as follows:  
\$50.00 and under . . . . . \$ .10 per shipment  
Over \$50.00 . . . . . 1/4 of 1%

Note: If rates provided elsewhere in this exhibit produce a lower charge, such rates shall apply.

IT IS HEREBY FURTHER ORDERED that in all other respects Decision No. 28632, as amended, shall remain in full force and effect.

This order shall become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 27<sup>th</sup> day of September, 1937.

*[Handwritten signatures of three commissioners]*

Commissioners.

## APPENDIX "A"

### STATEMENT OF PROPOSED CHANGES IN EXISTING MINIMUM RATES ADVOCATED BY THE ASSOCIATION

1. Revision of the horizontal increase authorized by Decision No. 29902 of June 28, 1937, in this proceeding, to provide:

- (a) Increases of 3 cents per shipment of 40 pounds and less and 3 cents for each additional 40 pounds or fraction thereof in wholesale parcel city delivery rates.
- (b) Substitution of an actual increase of 10% in lieu of the increases authorized in said decision in connection with rates of \$1.00 per ton and less and rates of 5 cents per 100 pounds and less.

2. Reclassification of:

- (a) Canned tuna fish in packages weighing less than 30 pounds each, from 3rd to 4th class.
- (b) Empty wine barrels, returned, from  $1\frac{1}{2}$  x 1st class to  $\frac{1}{2}$  of 3rd class.
- (c) Spices, N.O.S., in bulk in bags or barrels, from 2nd to 3rd class.
- (d) Property transported for wholesale plumbing supply houses in outhaul movements at 3rd class in lieu of specific ratings for the articles transported.

3. Revision of steamship transfer rates to provide a specific rate of 25 cents per 100 pounds for furniture and household goods.<sup>1</sup>

4. Reduction of minimum tonnage requirement from 600 to 400 tons per calendar year in connection with the rate of  $16\frac{1}{2}$  cents per 100 pounds applicable to property transported for chain and retail department stores.

5. Revision of zoned rates to provide that when it is necessary to transport property moving between points in the same zone through another zone, two-zone rates are applicable.

6. Substitution of the definition of the term "inhaul" contained in City Carriers' Tariff No. 2 applicable within East Bay cities for the definition prescribed in this proceeding.

7. Prohibition of the practice of the free checking of transportation bills or the establishment of a specific charge for such service.

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<sup>1</sup> It was represented that the existing rate is  $6\frac{1}{2}$  cents per 100 pounds, the rate applicable to "Freight not otherwise specified" in the steamship transfer item. However, used furniture and household goods have been specifically exempted from the minimum rates heretofore prescribed in the proceeding, rates for these commodities having been established in Case No. 4086 in re: Establishment of maximum or minimum \*\*\* rates, rules and regulations of all, \*\*\* city carriers \*\*\* for the transportation \*\*\* of household goods, etc.