

Decision No. 30210.

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 "M"

In the Matter of the Investigation and Establishment of rates, charges, classifications, rules, regulations, contracts and practices, or any thereof, of Common Carriers of property.

Case No. 4145  
Part "B"

ADDITIONAL APPEARANCES

G.M. Hunton for Valencia Truck Co.  
H.W. Dail for I.B. of T.C.S and H. of A  
E.A. Maher for Automotive Council of Orange County.  
Chas G. Munson for Los Angeles Warehousemen's Association.  
C.E. Smith for Davies Warehouse Co.  
T.G. Differding for Oakland Chamber of Commerce.  
Lowe P. Siddons for Holly Sugar Corporation, Colorado Springs and for American Crystal Sugar Company, Denver, Colo.  
Mc Intyre Faries for California Delivery Service.

BY THE COMMISSION:

OPINION ON FURTHER HEARING

By previous orders in these proceedings the Commission established rates, rules and regulations for the transportation of property for compensation within the territory bounded generally by Burbank and San Fernando on the north, Redlands, Yucaipa, Hemet Valley and Escondido on the east, the Mexican Border on the south and the Pacific Ocean on

the west.<sup>1</sup> The rates were prescribed to become effective April 12, 1937.

On September 11, 1937, Certificated Highway Carriers, Inc., a non-profit corporation whose membership is composed of highway common carriers operating in this territory, represented to the Commission that the rates were lower than the cost evidence adduced during the hearings justified and that since that time wages, materials and supply costs had increased materially. For these reasons petitioner represented that the existing rates resulted in a serious loss to all for-hire operators of trucks and that its members would not be long able to continue in business if the present rates were continued in effect.

In response to these representations the matter was set for further hearing which was had at Los Angeles, October 1, 1937 before Examiners Warren K. Brown and Howard G. Freas.

At these hearings two cost studies and rate scales were introduced, one (Exhibits MB-9 and MB-13) by H.J. Bischoff, President of the Southern California Freight Forwarders, and the other (Exhibit MB-10) by C.G. Anthony, Vice-President of the Pacific Freight Lines. A detailed discussion of these studies appears to be unnecessary. Generally speaking they are developed along lines previously employed. They show that a very substantial portion of the operating expenses involved in the transportation of property in this territory has increased materially

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<sup>1</sup> Decisions Nos. 29480, 29592, 29662, 29725 and 29991 of January 25, March 20, April 8 and 30 and July 27, 1937 respectively establish just, reasonable and non-discriminatory minimum rates for radial highway common carriers and highway contract carriers as defined in the Highway Carriers' Act and reasonable and sufficient rates for common carriers as defined in the Public Utilities Act. These rates apply only on shipments weighing not more than 15,000 pounds, excepting that shipments weighing in excess of 15,000 pounds may not be transported at a lesser total charge than the charge provided for the same transportation of a shipment of 15,000 pounds. No rates are provided for transportation between steamship docks or wharves at Los Angeles or Long Beach Harbors on the one hand and Los Angeles and certain adjacent territory on the other, nor on traffic having both origin and destination within an area defined in the decision and embracing Los Angeles and adjacent territory.

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since the present rates were established and that the rates now in effect do not return the cost to these companies of performing the service. Both witnesses stressed the need for an increase in salaries of clerical help and pointed out that in many instances station agents were receiving less compensation than drivers under their supervision.

The rates proposed by witness Anthony are said to be necessary to return costs which, with certain designated exceptions, have actually been experienced by the carrier which the witness represents. Those developed by witness Bischoff have been increased somewhat to take care of certain costs which have not been incurred in the past but which the witness believes to be imminent. On property transported in lots of less than 4,000 pounds, the rates proposed by Mr. Anthony are generally in excess of those proposed by Mr. Bischoff; on larger shipments the reverse is true.

Mr. H.W. Scott, Vice-President of the Motor Truck Association of Southern California, included in whose membership are some 200 highway common, radial highway common and highway contract carriers, concurred in the testimony of witnesses Anthony and Bischoff. H.W. Dill, Secretary of the Truck and Warehouse Association of San Diego and Imperial Counties stated that his organization had made a study of the matters involved, concurred in the views expressed by witnesses Anthony and Bischoff, and would like to see an upward revision in these rates.

The testimony regarding wages of drivers and freight handlers was confirmed by Mr. H.W. Dail, International Representative of the International Brotherhood of Teamsters, who testified that a study of the existing rates convinced his organization that they did not justify the wages which they believed were proper and which they demanded. He

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<sup>2</sup> Increases of 20% or more are said to have occurred in the cost of fuel, lubricants, vehicle repairs, tires, tubes, stationary and printing. Wages of drivers and freight handlers have increased by varying amounts and additional demands are being made by the unions at the present time.

said he realized that the Commission was not a wage fixing body but urged that rates prescribed be high enough to enable the carrier to pay reasonable wages.

Mr. Halverson, Secretary of the Motor Truck Association of Southern California, urged that the rates to be prescribed be made applicable for transportation between Los Angeles and Long Beach Harbors on the one hand and the territory described in Exception No. 1 of Rule 30 of Appendix "A" to Decision No. 29480, which territory was excluded when the rates were originally prescribed, on the other. He pointed out that rates for interstate transportation between the points involved were filed with the Interstate Commerce Commission but that the absence of rates for intrastate transportation between the same points brought about a very unsatisfactory condition.<sup>3</sup> He testified that the cost of transporting property to and from these Harbors exceeded that obtaining throughout the remainder of the territory here involved. In the interest of equalization and stabilization he urged that rates of the volume of those prescribed for the surrounding territory be made applicable here, with the exception, however, that a minimum charge of \$1.00 per shipment be established. This higher minimum he contends is necessary to compensate for increased costs occasioned by delays at the docks in securing delivery orders, receiving and delivering shipments, obtaining checkers and the like.

Although cross-examination indicated that certain parties were not fully in accord with the proposals, no one testified in opposition thereto.

This is not a case in which carriers contend that they are getting an unreasonably low return upon their investment and seek to have the rate of return increased. The cost studies of record indicate that

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<sup>3</sup> If rates are established for this service it is intended to revise those filed with the Interstate Commerce Commission so that the two will be uniform. In some instances the proposed rates are higher than those filed with the Interstate Commerce Commission; in others the reverse is true.

the carriers represented thereby are not making operating expenses. In fact the testimony shows that they have incurred losses month after month for a considerable length of time. Neither is the experience of these carriers unusual or due to their own inefficiency. The record is convincing that they have made an honest endeavor to increase efficiency wherever possible and that the difficulties they are encountering are in general common to those engaged in the transportation of property in less than truckload and less than carload lots. The carriers are in dire need of immediate relief and on the record are entitled to an adjustment of rates which will enable them to meet increased costs of materials, wages and salaries. The order herein will be made without prejudice to whatever other or different conclusions the Commission may reach in Case No. 4246.<sup>4</sup>

Upon consideration of all of the facts of record we are of the opinion and find that the rates set forth in Appendix "A" attached to the order herein are justified and necessary to the maintenance of an enduring and stabilized transportation industry. Appendix "A" of Decision No. 29480 of January 25, 1937, as modified, should be further modified as follows:

- (1) Substitute the following exception for Exception No. 1 to Rule No. 30:

Exception No. 1: This appendix does not apply upon shipments transported between the cities of San Diego, Chula Vista, Coronado and National City, or any of them.

- (2) Change paragraph (a) of Rule No. 100 to read as follows:

(a) The charge per shipment for shipments weighing 100 pounds or less shall be as follows:

<u>Weight of Shipment</u>	<u>Charge in cents</u>
25 pounds or less	40
Over 25 pounds but not over 50 pounds	50
Over 50 pounds but not over 75 pounds	60
Over 75 pounds but not over 100 pounds	70

<sup>4</sup> The rates here involved will again be reviewed by the Commission in Case No. 4246. That proceeding is state-wide and embraces all commodities. Further modifications of the rates involved in these proceedings may be necessary when Case No. 4246 is decided. Initial hearings in that proceeding were had on September 23 and 24, 1937 on which latter date the matter was adjourned to November 9, 1937 at San Francisco.

(3) Add the following paragraph to Rule No. 100:

(c) Exception: Shipments having point of origin or point of destination on steamship wharves or docks at Los Angeles Harbor or Long Beach Harbor shall be subject to a minimum charge of \$1.00 per shipment, regardless of weight.

(4) Substitute for the rates now provided the rate table shown in Appendix "A" which is attached hereto and by this reference made a part hereof.

### O R D E R

Public hearings having been held in the above entitled proceedings, and based upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Decision No. 29480 of January 25, 1937, as modified, in the above entitled proceedings, be and it is hereby further modified to the extent indicated in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED that all common carriers as defined in the Public Utilities Act be and they are hereby ordered and directed to establish on or before ten (10) days from the effective date of this order, on not less than three (3) days' notice to the Commission and to the public, rates, rules and regulations no lower in volume or effect than those established in and by said Decision No. 29480, as modified by prior orders and by this order.

IT IS HEREBY FURTHER ORDERED that in all other respects said Decision No. 29480 as modified shall remain in full force and effect.

The effective date of this order shall be fifteen (15) days from the date hereof.

Dated at San Francisco, California, this 11<sup>th</sup> day of October, 1937.

Walter H. ...  
Leon ...  
Frank ...  
Ray ...  
Ray & Ricci  
Commissioners

APPENDIX "A"

CLASS RATES IN CENTS PER 100 POUNDS

M I L E S	Any Quantity				Minimum Weight 500 pounds				Minimum Weight 2,000 pounds				Minimum Weight 4,000 pounds				Minimum Weight 10,000 pounds			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Not over 10 .....	49	44	39	34	40	36	32	28	35	32	28	25	26	24	21	18	18	16	14	13
Over 10 but not over 20 .....	56	50	45	39	47	43	38	33	39	35	31	27	29	26	23	20	20	18	16	14
Over 20 but not over 30 .....	62	56	50	44	54	49	43	38	44	40	35	31	32	29	26	22	23	21	18	16
Over 30 but not over 40 .....	67	60	54	47	58	52	46	41	49	44	39	34	36	33	29	25	25	23	20	18
Over 40 but not over 50 .....	71	64	57	50	61	55	49	43	51	46	41	36	38	34	30	27	27	24	22	19
Over 50 but not over 60 .....	73	66	58	51	63	57	50	44	53	48	42	37	40	36	32	28	29	26	23	20
Over 60 but not over 70 .....	75	68	60	53	65	58	52	46	55	50	44	38	42	38	34	30	31	28	25	22
Over 70 but not over 80 .....	76	68	61	53	66	59	53	46	56	50	45	39	43	39	34	30	33	30	26	23
Over 80 but not over 90 .....	78	70	62	55	68	61	54	48	58	52	46	41	45	41	36	32	35	32	28	25
Over 90 but not over 100 .....	79	71	63	55	69	62	55	48	59	53	47	41	47	43	38	33	37	33	30	26
Over 100 but not over 120 .....	81	73	65	57	72	65	58	51	62	56	50	44	50	45	40	35	40	36	32	28
Over 120 but not over 140 .....	83	75	66	58	74	67	59	52	64	58	51	45	53	48	42	37	43	39	34	30
Over 140 but not over 160 .....	85	77	68	60	76	68	61	53	66	59	53	46	55	50	44	39	46	41	37	32
Over 160 but not over 180 .....	88	79	70	62	79	71	63	55	69	62	55	48	57	52	46	40	49	44	39	34
Over 180 but not over 200 .....	90	81	72	63	81	73	65	57	71	64	57	50	59	53	47	41	52	47	42	36