

Decision No. 30236

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
J. A. CLARK DRAYING COMPANY, LTD.
under the authority of Section 10
of the "City Carriers' Act" for an
order exempting it from certain pro-
visions of the order in Decision
No. 28632.

ORIGINAL
Application No. 21150

SAN FRANCISCO SHOPPING NEWS COMPANY,
INC.,

Complainant,

vs.

Case No. 4217

J. A. CLARK DRAYING COMPANY, LTD.,

Defendant.

Hugh K. McKeivitt, for San Francisco Shopping News Company,
Inc.
Gwyn H. Baker and Arlo D. Poe, for J. A. Clark Draying
Company, Ltd.
J. F. Vizzard, for Draymen's Association of San Francisco.

BY THE COMMISSION:

O P I N I O N

J. A. Clark Draying Company, Ltd., operates motor vehicles for the transportation of property for compensation within the City and County of San Francisco. By Application No. 21150 it seeks relief from the observance of accessorial charges for incidental services rendered in connection with the transportation of newsprint paper.¹

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The rates from which it seeks relief were established by Decision No. 28632 of March 16, 1936, and as amended, in Case No. 4084, In the Matter of the Establishment of rates, rules, classifications for the transportation of property " " over the public highways of the City and County of San Francisco. Therein the Commission prescribed a minimum charge of \$1.25 per man per hour in addition to the charges

Complainant in Case No. 4217 alleges that the rates demanded by defendant for the transportation of newsprint paper and for accessorial services rendered in connection with this transportation are unreasonable, excessive and unjustly discriminatory. It seeks an order requiring defendant to cease and desist from assessing, demanding and collecting any charges for these services in excess of \$1.00 per ton both on shipments heretofore made and on those it may make in the future.

These matters were consolidated and heard at San Francisco before Examiner Mulgrew.

The City Carriers' Act contains no provision authorizing the awarding of reparation. It is in this regard similar to the Highway Carriers' Act. Because of the absence of such a provision, retroactive relief was denied in a proceeding brought under that Act.² It will likewise be denied here. The discussion of these matters will be confined to the relief sought in connection with future shipments.

A witness for complainant testified that its newsprint paper is discharged by vessels at San Francisco piers in quantities ranging from 100 to 250 tons per vessel, that a period of 10 days' free storage is allowed at the docks and that it carries a month's supply of paper on hand at its plant. These circumstances, he stated, permitted defendant to transport complainant's newsprint paper at its convenience. He also testified that for eight years prior to the

1 (concluded)

otherwise applicable for articles or packages that cannot be handled by one man and a penalty of one class higher for commodities including newsprint paper transported under class rates and picked up and/or delivered at other than street level not more than 20 feet from the curb. The carrier seeks authority to perform these accessorial services without assessing any charge in addition to the transportation rate.

² In re: Application of J. A. Clark Draying Co., * * * for relief from observance of minimum rates * * * (40 C.R.C. 97).

establishment of the present minimum rates, the rate observed by carriers handling newsprint paper for his firm was \$1.00 per ton for the combined transportation and accessorial services. The witness readily admitted that he had little knowledge of drayage costs but expressed the opinion that this rate was fair under existing conditions. Although the property is delivered in the basement at his plant he stated that there were no unusual obstacles tending to obstruct defendant in unloading and making deliveries and that with a single exception conditions at his plant were equal to or better than those obtaining at the plants of daily newspapers.³

In its answer to the complaint defendant (applicant in Application No. 21150) admitted the allegations contained therein. By its application and at the hearing it urged that it be relieved from observing rates higher than \$1.00 per ton for the future.⁴

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Decision No. 28632 of March 16, 1936, in Case No. 4084, supra, established a rate of \$.75 per ton for the transportation of newsprint papers in quantities averaging 750 tons or more per calendar month. By Decision No. 29902 of June 28, 1937, this rate was increased to \$.85 per ton. For pick-up and delivery at other than street level not more than 20 feet from the curb and on commodities that cannot be handled by one man, charges of \$1.25 per man per hour are provided. By Decision No. 29104 of September 14, 1936, in Application No. 20520, In the Matter of the Application of Walkup Drayage & Warehouse Company for authorization to transport, etc., that carrier was authorized to transport newsprint paper in quantities of not less than 35,000 tons per calendar year at a rate of not less than \$.55 per ton including pick-up and/or delivery at other than street level not more than 20 feet from the curb. However, this rate is subject to an additional charge of \$1.25 per man per hour on articles or packages which cannot be handled by one man. By Decision No. 29905 of June 28, 1937, the \$.55 per ton rate was increased to \$.60 per ton.

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By Decision No. 29902 of June 28, 1937, in Case No. 4084, supra, the rate of \$1.00 per ton, applicable at the time these matters were heard, to the transportation of shipments of newsprint paper weighing over 6,000 pounds picked up and delivered at street level not more than 20 feet from the curb, was increased to \$1.10 per ton and the rate applicable to shipments of similar size picked up and/or delivered at other than street level not more than 20 feet from the curb was raised from \$1.30 per ton to \$1.40 per ton. These changes became effective July 15, 1937. They reflect increased wages and other increased operating expenses.

In support of its position it contends that:

(1) It maintains certain units of equipment particularly well suited to the transportation service involved.

(2) Handling these shipments in the large lots tendered at one time at its convenience permits greater flexibility in the dispatching of equipment and increases operating efficiency.

(3) Certain sized rolls of newsprint paper can actually be handled by one man but may be more effectively and safely handled by two men.

It submitted cost studies (Exhibits 1 to 5 inclusive) which are said to bear out these contentions. These studies are predicated upon actual operations and purport to show that costs for these services range from \$.60 to \$.66 per ton.⁵ When questioned with regard to the propriety of the allocations made for overhead expenses its witnesses defended their adequacy on the grounds that the specific movements studied involved no exercise of direct supervision by its foreman, and that overhead as estimated at 27% of direct costs, other than labor, provides liberal allowance for office, advertising and other miscellaneous expenses.

It seems obvious that the movement of property here in issue will require the exercise of some supervision. However, from the record made the exact cost of such supervisory expense cannot be determined. Moreover, although doubt has also been cast upon the sufficiency of costs allotted to overhead expense, the record fails to disclose the degree of whatever insufficiency, if any, exists in

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Shipments transported for complainant are shown in Exhibit No. 2 as 163 tons on May 17, 1937, at a purported cost of \$.65 per ton and 59 tons on May 21, 1937, at a cost shown in Exhibit No. 3 as \$.60 per ton.

Shipments transported for another shipper are set forth in Exhibit No. 4 as 46 tons on May 26, 1937, at an indicated cost of \$.62 per ton and in Exhibit No. 5 as 34 tons on May 25, 1937, at a cost shown at \$.66 per ton.

this respect. Another factor which must not be overlooked in consideration of rates for the future is that these studies do not reflect substantial increases in labor expense given recognition in Decision No. 29902 of June 28, 1937, in Case No. 4084 supra, decided subsequent to the submission of these matters.

After making due allowance for inadequacies of defendant's cost studies we are of the opinion that the rates sought in Application No. 21150 are reasonable minimum rates for the transportation here involved. It will be observed that evidence of record is confined to inhaul transportation of newsprint paper between points in Zone 1 as defined in Decision No. 28632, as amended, in Case No. 4084, supra. Moreover, it seems evident that such operations, as conducted by defendant, are predicated upon the availability for movement of shipments of substantial size and that under less favorable circumstances cost of operation would exceed costs of record here.

Complainant introduced no cost study nor has it otherwise shown that with the modification indicated the rates prescribed are not proper for this service. The complaint will be dismissed.

The findings herein are necessarily predicated upon existing conditions. The possibility of changes in these conditions which would require an adjustment of the rate found justified herein leads to the conclusion that the relief to be authorized should be limited to a definite period. Accordingly the application will be granted for a period of one year. If upon its expiration the carrier is of the opinion that an extension is justified an appropriate application requesting such action should be filed.

O R D E R

These matters having been duly heard and submitted,

IT IS HEREBY ORDERED that Case No. 4217 be and it is hereby dismissed.

IT IS HEREBY FURTHER ORDERED that applicant, J. A. Clark Draying Company, Ltd., be and it is hereby authorized to assess and collect rates less than those established in Decision No. 28632 and as amended in Case No. 4084 but not less than the rates set forth in Appendix "A" attached hereto and by this reference made a part hereof, for the transportation of property as described in said Appendix "A", over the public highways of the City and County of San Francisco.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire one year from the effective date of this order.

IT IS HEREBY FURTHER ORDERED that in all other respects Application No. 21150 be and it is hereby denied.

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 18th day of October, 1937.

William H. Hall
Leon S. O'Connell
Frank R. Allen
Robert W. Brown
Ray L. Riley
Commissioners.

APPENDIX "A"

Application of Appendix

Except as otherwise provided the rate named in this appendix is subject to the rules and regulations contained in Exhibit "A" of Decision No. 28632 of March 16, 1936, and as amended, in Case No. 4084.

Rate (Subject to Note)

Paper, newsprint in rolls \$1.00 per ton
Minimum weight 100 tons per shipment

Note: (a) applies only on inhaul movements between points
in Zone 1.

(b) not subject to Rules 5(b) and 50 of Exhibit "A"
of Decision No. 28632 and as amended in Case No.
4084.