

Decision No. 31417

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment
of just, reasonable and non-discrim-
inatory maximum or minimum or maxi-
mum and minimum rates, rules, clas-
sifications and regulations for the
transportation of property for com-
pensation or hire over the public
highways of the City of Los Angeles.

Case No. 4121

Additional Appearances

Lawrence Berger, for Los Angeles Parcel &
Delivery Co.
L. A. Bey, for Wm. Volker Co.
O. P. Siddons, for Holly Sugar Corporation.
Fred Pruter, for Pacific Coast Garment
Manufacturers.

WHITSELL, Commissioner:

FIFTH SUPPLEMENTAL OPINION

Following the receipt of evidence at extensive public hearings in this proceeding, minimum rates were established for the transportation of property by radial highway common, highway contract and city carriers, within the Los Angeles drayage area. Thereafter, further public hearings were held at Los Angeles for the purpose of affording interested parties an opportunity to introduce evidence as to what modifications or revisions, if any, should be made in the minimum rates so established. The instant decision treats matters as to which evidence was adduced at the further hearings but as to which final disposition has not been

made by prior orders herein.¹

The evidence to be considered here consists chiefly of testimony by interested shippers and carriers as to the manner in which the existing basis of rates has affected or will affect their businesses or operations, together with various recommendations as to the changes necessary to remedy the allegedly adverse effect of the present rate structure. In general, the objections expressed were both as to the volume of the rates and as to the form and manner in which they were stated. For convenience the evidence will be grouped for discussion (1) as it relates to the general rate level, (2) as it relates to the present zoning basis, (3) as it relates to the classification of commodities and (4) as it relates to miscellaneous rates, rules and regulations.

The Rate Level

Objections to the general level of the present rates, particularly of those applying for the transportation of small shipments consisting of mixtures of high rated and low rated articles, were made by a few carriers and by numerous shippers. The objecting carriers testified that they were experiencing, and under the effective basis would continue to experience, a serious diversion of

¹ The original decision in this proceeding (Decision No. 30600 of February 11, 1938, 41 C.R.C. 100) was predicated upon evidence received at hearings held in June 1936 and in October and November, 1937. In March 1938, before the rates thus provided became effective, a further hearing was had for the purpose of receiving evidence as to what changes or modifications in the initial order should be made. Following the latter hearing Decision No. 30785 (41 C.R.C. 222) was issued, making substantial revisions in the rates originally promulgated and causing the revised structure to become effective May 1, 1938. In June 1938, after the rates had been in effect for a short time, another hearing was held and, based upon the additional evidence presented, Decision No. 31067 (unreported) was entered on June 30, 1938, making certain emergency adjustments. Thereafter, in July and August, 1938, additional hearings were held and additional evidence was received. The purpose of the instant decision is to dispose finally of matters given emergency consideration in Decision No. 31067, supra, and of other matters raised in the June, July and August hearings.

traffic to proprietary operations; the shippers claimed that they could not afford to pay the present rates. The latter interests insisted strenuously that they would be compelled to purchase and operate their own trucks or to discontinue the handling of certain lines of merchandise. They contended that a continuation of the present level would force manufacturers in other territories to distribute their products through Los Angeles Harbor or through other points outside the Los Angeles drayage area.

In addition, various proposals were made as to changes in rates for particular types of services. A cost study prepared by C. H. Jacobsen and G. L. Malquist, engineers in the Commission's Transportation Department, was introduced to show the estimated cost of transporting shipments weighing 100 pounds or less in "parcel delivery service" for manufacturers, jobbers and wholesalers.² The costs reflected in this study were as follows:

Weight in Pounds	: Average: : Weight : : per : : Package:	: Cost per : Package : : (in Cents):	: Number of: : Packages : : per : : Shipment : : (in Cents):	: : : : :
12 or less	5.3	10.62	1.05	11.14
Over 12 and including 32	20.7	14.49	1.10	15.94
" 32 " " 50	38.0	17.70	1.30	23.01
" 50 " " 100	63.0	19.90	1.50	29.84

It was stated on behalf of Los Angeles Parcel Delivery Association and United Parcel Service of Los Angeles, Inc., that the foregoing estimated costs were fairly representative of those experienced in the operations of such parcel delivery carriers and that rates for the transportation of small shipments should be predicated thereon. Some doubt was expressed, however, as to whether rates developed

²

Delivery of parcels weighing 100 pounds or less from retail stores has been exempted from the application of the established minimum rates, and, hence, were not included in the engineers' cost study.

from such costs would be suitable for the handling of accounts involving an extremely large volume of traffic. As to such traffic it was represented that rates based upon the volume moving over a given period should be established; however, no definite proposal was made as to the volume of the rates which should be provided or the manner in which they should be stated.

Williams Transfer Company and Higgins Trucks, Inc., asked that their operations be exempted entirely from the application of the established rates or, in the alternative, that their operations be exempted as to shipments weighing 500 pounds or less. As a further alternative, they requested permission to enter into separate contractual arrangements with hardware and electrical supply dealers, manufacturers and jobbers and to file such contracts with the Commission. These carriers explained that they performed routed delivery services for manufacturers, jobbers and wholesalers, handling shipments of all weights. They contended that the rates applicable to their operations were in excess of the cost to them of performing the services³ and, also, that a loss of a substantial portion

³

The May 1938 traffic of a patron of Williams Transfer Company was said to be typical of this routed service in regard to the weight of the shipments transported. The following is an analysis of this traffic:

<u>Weight of Shipments in Pounds</u>	<u>Number of Shipments</u>	<u>Percentage</u>
Under 100	6,594	79.2
100 to 200	734	8.8
200 to 300	293	3.5
300 to 500	256	3.1
Over 500	450	5.4
	<u>8,327</u>	<u>100.0</u>

It was testified that during the month of May 1938 the average weight of the 8,327 shipments handled was 144 pounds, that shipments weighing less than 100 pounds averaged 20.6 pounds and that those weighing over 100 pounds averaged 671.5 pounds. Based upon book records, upon certain engineering estimates and upon test checks, a witness representing these carriers developed the cost for pick-up and delivery in the Williams' operation to be 28½ cents per delivery stop and in the Higgins' operation to be 93 cents per shipment.

of their traffic to proprietary carriage or to other forms of distribution was being threatened. They claimed that the loss of their larger accounts to proprietary operations would force them to discontinue serving their customers having only small quantities. The proposal for complete exemption was supported by the Los Angeles Traffic Managers Conference and Los Angeles Wholesale Institute, although certain individual members of these organizations indicated that exemption up to 500 pounds would be satisfactory.⁴

The Los Angeles Warehousemen's Association contended that the established rates were excessive in so far as they applied to traffic moved out of public utility warehouses by carriers affiliated with such warehouses. Its witnesses stated that, ordinarily, the public utility warehouses in the Los Angeles drayage area conducted auxiliary trucking services, using their warehouses as terminals. They asserted that the cost of transporting property from a terminal warehouse is less expensive than is ordinary drayage service and that the difference in cost should be reflected by a difference in rates. They called attention to the fact that in various orders establishing rates outside of drayage areas the Commission had authorized a 5-cent differential in connection with shipments of certain kinds and quantities when picked up at or delivered to a carrier's terminal. The warehouse interests pointed out, also, that the warehousing rate included delivery of the property to the loading plat-

⁴ By Decision No. 31067, supra, commodity rates were established for the transportation of mixed shipments consisting of commodities rated first class or lower, with not to exceed 10 per cent of higher rated commodities. However Williams and Higgins, as well as the Los Angeles Traffic Managers Conference and Los Angeles Wholesale Institute, represented at the later hearings that these rates provided little, if any, relief in that, while they obviated the necessity of classification, they required zoning and produced excessive charges.

forms of the warehouses and that, hence, the only accessorial service ordinarily required to be performed in the carrier capacity was loading from such platforms on to the trucks. They contended, moreover, that the latitude in arranging schedules, made possible through unified control, permitted the obtaining of unusually high load and use factors.

The warehouse interests proposed that the rate differential sought be accorded by making the present intra-zone rates applicable to movements from public utility warehouses to points throughout a greatly enlarged "inner zone," and that the present two-zone scale be made applicable to points outside.⁵

The Motor Truck Association of Southern California opposed the foregoing recommendation. It claimed that public utility warehouses performing drayage service compete with unaffiliated carriers for the warehouse traffic and that all carriers should be accorded an equality of competitive opportunity in that field.

Zoning

Under the existing basis, the Los Angeles drayage area is divided into eight zones. Four rate bases are provided (A, B, C and D), the application of each rate basis being dependent upon the number of zones traversed. A "grasshopper" scale is provided for shipments weighing less than 100 pounds, the rates for shipments of such size being independent of zoning.⁶ Only minor objections to this zoning plan were offered, in so far as it applied to general drayage operations involving shipments of substantial quantities. However, Williams Transfer Company and Higgins Trucks, Inc., asserted that

⁵ The proposed "inner zone" would comprise all of the area now included within Zones 1 and 2 and most of Zones 3, 4, 5 and 6 as defined in Decision No. 30785, supra. The center zone would embrace the balance of the drayage area.

⁶ A schedule naming charges "per shipment," dependent upon the weight bracket in which the shipment falls, as distinguished from a schedule naming rates in cents per 100 pounds or other unit, is commonly referred to as a "grasshopper" scale.

the zoning plan was impracticable for the routed delivery services which they performed, in that it complicated the computation of charges by shippers. In addition, they claimed that the difference in rates between an intra-zone movement and movements between zones was not representative of the additional cost of performing deliveries in a routed service, in that numerous shipments destined to the outer zones were ordinarily transported in one truck at one time. These carriers were fearful that the present zoning arrangement, if continued, would cause a substantial loss of traffic to proprietary operation. Shippers utilizing these carriers testified to the same effect.

As previously mentioned in connection with the recitation of evidence relating to the rate level, the Los Angeles Warehousemen's Association also sought substitution of a two-zone plan for the present eight-zone arrangement, for application on shipments originating at public utility warehouses. In addition to their representations as to the excessive volume of the rates for that type of service, the warehouse interests asserted that many of their patrons are located outside of Los Angeles and are not familiar with the geographical location of the points to which shipments moving out of the warehouses are destined. They claimed that these shippers were unable to calculate charges in advance of movement and that the inconvenience thus created was causing these shippers to distribute from points outside the drayage area. The warehouse interests stated, moreover, that warehouses located in different zones are ordinarily competitive with each other and that the zoning plan had a tendency to divert storage business to the more central warehouses, to the prejudice of those located further from the usual destination points. Certain shippers testified that their merchandise was sold

at a flat price throughout the Los Angeles area and that, hence, a flat rate from distribution warehouses without regard to destination was required.

A witness for the Union Pacific Railroad stated that under the existing zoning arrangement the principal freight depots of the rail lines serving Los Angeles were exclusively in Zone 1 except in the case of the freight depot of the Southern Pacific Company at 1281 North Spring Street. This depot, he said, was partly in Zone 1 and partly in Zone 2. Thus, he contended, the Southern Pacific Company had an undue advantage in competing for traffic. The witness suggested that the boundaries of Zone 1 be re-described so as to place the depot wholly within the zone. No one opposed the proposed change.

Counsel for Pacific Iron and Steel Company and Johnson Steel & Wire Company, Inc., which companies maintain plants at 11633 South Alameda Street and 11641 Mona Boulevard, respectively, requested that the drayage area be enlarged so as to include these plants within Zone 7. He stated that no advantage would accrue to these companies by such action, but that their competitors were located within the drayage area and that approval of the recommendations would provide comparable rates for competing concerns. No objections to this request were voiced.

Classification of Commodities

As previously indicated, the rates presently in effect for shipments weighing less than 100 pounds are in the form of a "grass-hopper" scale. Rates are stated in cents per shipment and are not dependent upon the type of commodity of which the shipment consists. However, rates for heavier shipments are stated in class rate form, rates being provided for four classes and commodities being rated according to the class provided therefor (without regard to packing

requirements) in Western Classification No. 67, C.R.C. No. 6 (of J. P. Haynes, Agent), in Pacific Freight Tariff Bureau Exception Sheet No. 1-P, C.R.C. No. 597 (L. F. Potter series), supplements thereto and reissues thereof, or by special exceptions in the order itself. Several shippers contended that the burden of classifying commodities is wholly disproportionate to whatever value the classification plan may have from a transportation standpoint, at least in connection with shipments ranging in weight from 100 to 500 pounds.⁷ These shippers asserted that they would give serious consideration to the purchase and operation of their own trucks unless the classification plan were abandoned in favor of a flat rate for all commodities.⁸

For-hire carriers performing a general drayage service did not express any objection to the classification method of stating rates. However, the carriers performing routed delivery services stated that prior to the effectiveness of the established minimum

7

A representative of one of the larger shippers claimed that increased clerical and shipping room expense would be not less than \$166.91 per week. The representative of another larger shipper estimated such expense at a minimum of \$625.00 per month. Both asserted that it would be necessary for their concerns to employ additional weighers, wrappers, billing clerks and rate men and to incur additional packing expenses.

8

A witness for a shipper estimated that \$100,000 would defray the expense of purchasing a fleet of 40 to 50 trucks for use in the Los Angeles drayage area and in adjacent territory. He admitted that he had no definite figures on either the purchase price or cost of operations but claimed that he was convinced that his firm could accomplish these deliveries in its own trucks at less expense than that accruing at existing for-hire carrier rates. He stated that, during the first six months of 1938, his firm paid Williams Transfer Company \$16,968.44 for Los Angeles drayage and other for-hire carriers approximately \$8,000 for suburban deliveries. Another witness claimed that a survey had convinced him that by installing his own truck equipment and using it for other services when not required in city deliveries, the expense of drayage in Los Angeles would not exceed 12 cents per 100 pounds. He likewise had no definite figures to substantiate his contention.

rates they had quoted rates in cents per shipment or per package, regardless of the classification of the commodity or the destination of the shipment. They claimed that the burden of classification increased overhead costs of carriers and shippers without producing offsetting benefits.

The Warehousemen's Association asked that a modified classification basis be provided for shipments moving out of public utility warehouses. It suggested that a basis somewhat similar to that in effect in the San Francisco drayage area (Decision No. 28632, as amended, in Case No. 4084) be adopted.⁹

Miscellaneous Rates, Rules and Regulations

The parcel delivery carriers claimed that the requirement that a freight bill be issued for each shipment imposed an unnecessary and undue burden upon their operations. They stated that a large number of shipments were ordinarily picked up at one time at one point of origin, and that the acceptance of "manifest" (or consolidated) shipping instructions should be permitted. They asserted that shipping documents of that type could be used to compile a blanket freight bill at stated intervals and would thus be sufficient to accomplish all the purposes of the individual freight bill. The parcel delivery carriers were strongly supported in these contentions by a large group of shippers who asserted that individual shipping orders and freight bills made necessary the addition of office equipment and the employment of more clerks without serving any useful purpose.

The aforementioned group of carriers also urged that the charges established for the collection and remittance of moneys collected (C.C.D. charges) were excessive. The carriers proposed

⁹ In that order ratings are provided specifically for numerous articles, and those not named are subject to ratings and packing requirements in the Western Classification.

a charge for this service of 10 cents for the first \$100.00, plus a charge of 5 cents for each \$100.00 or fraction thereof in excess of this amount. They represented that charges of this volume had proven remunerative in the past. The proposal was specifically endorsed by many of the parties and objected to by none.

Los Angeles Parcel Delivery Association, Los Angeles Wholesale Institute and Los Angeles Traffic Managers Conference requested that the hourly vehicle unit rates named in Item 800 of Appendix "A" of Decision No. 30785, supra, be modified by reducing the minimum charge from 1 hour to 1/2 hour. They assailed the present minimum charge as excessive when applied to deliveries requiring 1/2 hour or less to accomplish. They asserted that the hourly rates were involved principally when shippers requested immediate deliveries and that the resulting charges were substantially in excess of the normal rates.

The Motor Truck Association of Southern California urged that edible nuts, in the shell, be accorded the rates in Item 730-A¹⁰ of Appendix "A" to Decision No. 30785, as amended. Its witness stated that the California Walnut Growers Association had advised the carriers that unless their shipments could be transported by for-hire draymen at rates equivalent to those established for the commodities contained in the aforementioned item, the Growers Association would arrange to perform its own drayage. The Truck Association claimed, also, that the weight, bulk, susceptibility to damage and other transportation characteristics of edible nuts were substan-

10

The item referred to names zone commodity rates for numerous commodities, including beans, peas, canned goods, cement, flour, compressed gases, glassware, grain, iron and steel articles, paper, rice, roofing, salt and sugar.

tially similar to those of the commodities now enjoying the commodity rates. This organization also requested that the application of commodity rates on sugar named in Item 740-A of Appendix "A" to Decision No. 31067, supra, be limited to movements from storage in public utility warehouses. A witness for the Association stated that the presently established rates on sugar are based on warehouse trucking costs and would not be remunerative for other traffic.

E. H. Ford, a carrier engaged in the transportation of lumber and forest products, requested that the 70 per cent of 4th class rating, minimum weight 20,000 pounds, now applicable to these commodities be made subject to a minimum weight of 4,000 pounds and restricted to shipments of lumber and forest products which do not require "hand loading or unloading" by the carrier. In support of this request he testified that 95 per cent of the lumber transported by for-hire trucks in the drayage area was loaded by use of cranes furnished by shippers and was unloaded mechanically at destination. He contended that the proposed 70 per cent of 4th class rating, minimum weight 4,000 pounds, was compensatory when shipments were loaded and unloaded mechanically, but that when the carrier performs hand loading and unloading, this rating would not produce compensatory rates.¹¹ He suggested the establishment of a 4th class rating when such services are involved. The proposal was not opposed.

11

Ford stated that his expense for hand loading and unloading averaged 3.92 cents per 100 pounds.

Owens-Parks Lumber Company urged that minimum rates for sash and doors be readjusted to a basis of 3 per cent of the invoice price of these commodities. A witness for the company testified that such basis was necessary due to a long established trade practice of selling such materials on a delivered basis; that no means of determining actual weights was available; and that, prior to the establishment of minimum rates, it has been customary for for-hire carriers to perform deliveries of sash and doors at the sought basis. The witness claimed that the basing of charges on invoice value had proven satisfactory to all parties concerned.

Conclusions

It will be seen from the foregoing recitation of evidence that the principal objections were directed against the volume of the established rates for small shipments and to the difficulty of computing charges on mixed lots of property. It will also be noted that these two major objections were advanced and supported mainly by manufacturers, wholesalers and jobbers whose shipments ordinarily include a variety of small items of differently classed merchandise for distribution throughout the drayage area and by the few carriers who handle that type of traffic in routed delivery services. These shippers and carriers have been accustomed, so it is asserted, to estimating the aggregate cost of performing service for each shipper over a given period, and of determining the average cost per shipment by dividing the estimated aggregate cost by the estimated number of shipments which will be made in the given period. This cost per shipment has then been used as a basis for contracting between the carrier and the shippers whose traffic has been so analyzed, the rate ultimately agreed upon being ordinarily stated in cents per package

or per shipment, with no regard to weight, type of commodity or distance to be transported. The resulting flat rate basis avoided, of course, the necessity for weighing, classifying and zoning, and, under the contract rates applied prior to the establishment of minimum rates, has apparently been considered satisfactory by the larger shippers. However, the practice of assessing rates without regard to transportation characteristics has certain unsatisfactory aspects which may not have been apparent to the shippers and carriers who are seeking its perpetuation here, but which, nevertheless, are serious threats to a stabilized transportation system.

A surface defect in the flat rate basis previously applied is that it has not in all instances produced compensatory operations. Surprisingly enough, the two carriers who are seeking most vigorously either exemption of their operations from the established minimum rates or permission to contract with each shipper individually, suffered substantial losses during the period immediately preceding the effectiveness of the minimum rates.¹² However, this is a defect which could probably be remedied by an increase in the contract rates. The two principal faults underlying the flat rate basis are (1) that such a rate plan tends toward uncertainty in that no shipper can know what rates his competitor is paying and (2) that one shipper will pay more or less than another shipper for identical service, depending upon the quantity and type of other traffic which one or the other may have available for shipment over

¹² The record shows that Williams Truck Company and Higgins Trucks, Inc., lost \$2500 and \$1304, respectively, during the period from January 1 to May 31, 1938. Except for the last month of this period the operations were not affected by the minimum rate order.

a period of time.

With the enactment of the Highway Carriers' and City Carriers' Acts the duty has devolved upon the Commission of providing a stabilized rate structure which will be reasonable and non-discriminatory as to the public at large and compensatory as to the carriers. Having in mind that the traffic of certain shippers consists of a wide variety of commodities moving between a wide number of points and territories whereas other shippers distribute only a few commodities between a limited number of points, and having in mind also that the operations of certain carriers embrace transportation of many commodities throughout wide territories whereas the operations of others are extremely limited in nature and scope, it appears that the goal of a stabilized, reasonable, non-discriminatory and compensatory rate structure can best be achieved by predicating minimum rates upon the transportation characteristics of each haul, rather than upon the aggregate operations of individual carriers or shippers. In this way large and small carriers may compete on equal terms for all or any portion of the traffic of each shipper. At the same time, each small shipper will be assured that his larger commercial competitors are paying equivalent rates for equivalent service.

As pointed out in previous orders in this proceeding, a rate structure designed to give recognition to differences in transportation characteristics of commodities and to differences

13

The foregoing conclusion is strongly supported by the legislative outline of the manner in which the Acts referred to were to be administered. Section 10 of the Highway Carriers' Act provides in part as follows: "In establishing or approving such rates the commission shall take into account and give due and reasonable consideration to the cost of all of the transportation services performed, including length of haul, any additional transportation service performed, or to be performed, or of any accessorial service and the value of the commodity transported and the value of the facility reasonably necessary to perform such transportation service."

Section 9 of the City Carriers' Act contains similar language.

in lengths of haul must, of necessity, contain some basis for classification and zoning. The Western Classification and Exception Sheet appeared to contain the most reasonable and comprehensive rating plan of any suggested at the initial hearings and were consequently adopted for use in applying the minimum rates. These publications are in wide use throughout the United States and most shippers have acquired detailed knowledge of their contents through long use in connection with line-haul transportation over a period of many years. No alternate plan offered at either the initial or subsequent hearings would appear to simplify materially the Western Classification and Exception Sheet method of rating. The eight-zone plan employed in the existing structure to give recognition to differences in lengths of haul, while concededly requiring some knowledge of the geography of the Los Angeles drayage area, should not be found particularly difficult of application after the boundaries have become familiar through constant usage. It will be recalled that in Decision No. 30600, supra, the Commission proposed a six-zone plan. Upon strenuous representations that at least ten zones were essential, the present eight-zone plan was finally adopted. It does not appear, therefore, that the number of zones should now be reduced.

For the reasons just stated, it would seem that the objections to the present basis should, if possible, be satisfied by a revision in the rates themselves, rather than by discarding the classification and zoning scheme. ¹⁴ Accordingly, it is recom-

¹⁴ Decision No. 31067, supra, attempted to accomplish this purpose by the establishment of commodity rates for mixed shipments of differently classed items; however, the volume of the rates apparently was not sufficiently low to enable full advantage to be taken of the relief from the classification burden thus accorded.

mended first that the rates for shipments weighing less than 100 pounds be revised. Consistent with the estimated costs developed by engineers Jacobsen and Malquist, it appears that the present "grasshopper" scale starting at 9 cents per shipment and progressing to 45 cents should be adjusted to commence at 10 cents and to progress to only 30 cents. This should result in substantial relief for small shipments as far as the rate level is concerned. No one has asserted that the rate structure is unduly complex for shipments of such size inasmuch as a flat charge applies without regard to classification or zoning.

The foregoing would require a related adjustment in the present minimum charge of 50 cents, applicable in connection with shipments weighing 100 pounds or more. If the charge for a shipment weighing 99 pounds is to be 30 cents, a minimum charge of 35 cents for a 100-pound shipment would appear to be proper.

Substantial further relief to shippers dealing in a variety of small items may be afforded by reducing the class rates for shipments weighing from 100 to 500 pounds, and by narrowing the spread between the four classes. One effect of this would of course be to produce lower transportation charges in the aggregate. Another result would be to reduce the penalty for failure to classify commodities. This would enable shippers to apply the rating on the highest rated article to mixed shipments of several commodities without creating excessive rates thereby, and would thus make available what in its practical effect would be a flat rate. At the same time, the retention of the classification plan would enable shippers who desire to classify their commodities and thus distribute the transportation burden to derive some benefit by so doing. With a substantial reduction being made in the 100-500 pound class rates no good reason would appear to be served by retaining the 500-pound weight bracket for class rates and its removal would promote

simplicity. That bracket should therefore be eliminated.

In order that shippers having available at one time a large amount of tonnage for shipment to several points may share in the transportation saving effected by the obtaining of a full load at one point, a rule should be added permitting split deliveries under class rates when freight aggregating 4,000 pounds or more is tendered to the carrier at one place and at one time. A sliding scale of additional charges should be provided, however, based upon the number of added stops, to compensate the carrier for the extra service required. This rule being added and the class rates being reduced substantially, the need for the freight rates added by Decision No. 31067, supra, and for those provided in Item No. 710 of Decision No. 30785, supra, would appear to be removed and such rates should be cancelled.

Further relief may, on this record, be accorded through the consolidation of rate basis D with rate basis C and through a reduction in the rate increment for the remaining three rate bases. The effect of this would be a substantial reduction in rates for shipments moving to the outer zones and would ease in a measure the difficulties said to be attendant upon zoning.

The proposal of the warehouse interests that its members who conducted ancillary drayage services be accorded a rate differential through the establishment of a two-zone plan was the same in all essential respects as that considered by the Commission in Decision No. 30785, supra. As therein pointed out, the establishment of rates to conform to the operations of carriers whose services are only incidental to other activities, and who allocate a large part of the overhead expenses to those other activities, would unduly prejudice carriers engaged exclusively in performing transpor-

tation services, and would jeopardize the adequacy and stability of the transportation system.¹⁴ Moreover, although the warehouse interests have pointed out that ancillary drayage operations may be more economical than ordinary drayage in that only terminal pick-up is performed, the evidence is not convincing that the alleged economies are not offset by greater expenses in other items, such as load and use factors. In any event, the reductions in the general rate level should lessen if not eliminate entirely the threatened loss of storage and cartage business and remove much of the cause for objection.

14

In Decision No. 30785, supra, the Commission said: "On the other hand the suggestion of the Warehouse Association admittedly has the disadvantage of attempting to average such important and in this instance widely varying transportation cost factors as length of haul, traffic congestion and density of available traffic. Apparently realizing that certain of its proposals have slight relation to the cost of performing the service, the Warehouse Association urged that transportation services rendered by its members were ancillary to their public warehouse business. Apparently these warehousemen are not expecting any return from transportation so long as this activity permits the offering of a complete distribution service under one management and is thus advantageous to the warehousing business. Obviously, requiring carriers whose principal activity is the transportation of property to adapt their services and charges so as to conform to those of concerns whose activities in the transportation field are incidental to activities in another enterprise, would not be conducive to the maintenance of adequate and dependable transportation. True, the Warehouse Association did not urge that other carriers be required to observe the same zoning arrangement which it sought for its members. However, the alternative, if the Warehouse Association's proposal is to be given effect, is the prescription of two schedules of rates, one for for-hire trucking operations of warehouses, and another and higher one for other for-hire carriers. Neither alternative is justified by evidence of record."

The proposal of the Union Pacific Railroad Company that Zone 2 be re-bounded to exclude the Southern Pacific Company's freight depot at 1281 North Spring Street should be adopted. This is a minor change which was not opposed and appears to be necessary in order to give the several rail carriers a competitive rate parity. It also appears that the plants of Pacific Iron and Steel Company and Johnson Steel & Wire Company Inc. are located in territory adjacent to that embraced within the drayage limits and that the extension of the drayage area will accomplish a harmonious rate adjustment with respect to competing shippers engaged in the same lines of endeavor.

In so far as the proposal relating to the use of manifest freight bills is concerned, it has been made evident that when a large number of shipments are tendered to a carrier at one time and at one point separate bills of lading or shipping orders are unnecessary. The provisions of orders heretofore issued in this proceeding in this regard should be relaxed so as to permit the acceptance of such shipping documents, provided they contain all the information necessary to a determination of the applicable charges.

The proposed reductions in C.O.D. charges are entirely inconsistent with C.O.D. charges in effect in other drayage areas and territories and should not be adopted in the absence of supporting data showing that they will be reasonably remunerative for the risk and service involved.

The request that hourly vehicle unit rates named in Item 800 of Appendix "A" of Decision No. 30785, supra, be modified by reducing the minimum time for computing charges from 1 hour to one half hour does not find support in this record. It appears that this modification is sought for the purpose of enabling parcel delivery carriers to effect emergency deliveries; however, the per shipment rates appear to be sufficiently low to obviate the need for using the hourly basis on shipments of that type.

The Motor Truck Association's contention that the temporary rates on sugar established by Decision No. 31067, supra, should be limited to movements from public utility warehouses has not been substantiated. The Association has not established that there are no other comparable movements of that commodity. If such traffic does exist or should develop in the future, it seems obvious that carriers would experience costs consistent with those predicated upon ex-warehouse drayage.

The reasons advanced by the Truck Association in support of the commodity rates it proposed for the transportation of edible nuts are substantially the same as those recited by the Commission in reaching its conclusion in Decision No. 30785, supra, that commodity rates were necessary to forestall diversion of certain commodities to proprietary operations. The proposal should be approved.

The proposal of E. H. Ford that the 70 per cent rating on lumber and forest products be made to apply on shipments of 4,000 pounds or more when mechanically loaded and unloaded has not been justified. Conceding that there is a difference in the cost of hand loading and unloading compared with mechanical handling, it has not been shown that the class ratings now provided result in excessive charges in the aggregate for lumber or forest products which are handled entirely by mechanical means. The proposal of Owens-Parks Lumber Company that rates for sash and doors be established upon a basis of 3 per cent of their invoice value takes into account only one of the many factors ordinarily considered in the fixation of rates, i.e., the value of the commodity transported. On this record sufficient cause has not been shown for such a radical departure from usual and ordinary rate-making

16
practices.

Findings

Upon consideration of all the facts of record, I am of the opinion and find that Decision No. 30785 of April 11, 1938, as amended, in this proceeding, should be further amended to the extent indicated in the order herein; and that in all other respects said decision as amended should remain in full force and effect.

The following form of order is recommended:

O R D E R

Further public hearings having been held in the above entitled proceeding, and based upon the evidence received at the hearings and upon the conclusions and findings contained in the preceding opinion,

IT IS HEREBY ORDERED that Appendix "A" of Decision No. 30785 of April 11, 1938, as amended, be and it is hereby further amended to the extent shown in Appendix "A" attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that all radial highway common carriers and highway contract carriers, as defined in the Highway Carriers' Act (Chapter 223, Statutes of 1935, as amended) and all carriers as defined in the City Carriers' Act (Chapter

16

In Re Application No. 21909 of W. J. Tannahill & Sons, Decision No. 30960 of June 6, 1938, the Commission said:

"However, the proposal to assess charges in connection with shipments of sash and doors on the basis of 3 per cent of the invoice price cannot be authorized in that form, and there is no evidence of record from which it could be converted to a cents per 100 pounds or board foot basis. The objection to basing rates on invoice prices is that the price factor is indeterminable from an enforcement standpoint, and is subject to fluctuations which are outside the Commission's knowledge or control."

312, Statutes of 1935, as amended) be and they are hereby ordered to cease and desist on the effective date of this order and thereafter abstain from charging, collecting or observing rates, rules or regulations lower in volume or effect than those provided in Appendix "A" of Decision No. 30785 in this proceeding, as amended by prior orders and by this order.

IT IS HEREBY FURTHER ORDERED that every radial highway common carrier and highway contract carrier, as defined in the Highway Carriers' Act (Chapter 223, Statutes of 1935, as amended) and every carrier as defined in the City Carriers' Act (Chapter 312, Statutes of 1935, as amended) shall issue, for each shipment received for transportation, a freight bill in substantially the form set forth in Appendix "B" of Decision No. 30600 of February 7, 1938, in this proceeding; or shall issue a manifest freight bill at the time of movement for all shipments received from one shipper at one time and at one place. In the event the latter alternative is followed, the manifests shall contain all of the information required to be shown on the form of freight bill set forth in said Appendix "B", including point of origin, point of destination, description of each commodity, weight of each shipment, rate applicable and charges assessed on each shipment. In either event said carriers may include in said manifests or freight bill, in addition to the provisions appearing in the form set forth in said Appendix "B", such other reasonable and lawful provisions as may be deemed proper. A copy of said manifests and freight bills shall be retained and preserved for a period of not less than three (3) years from the date of their issuance.

IT IS HEREBY FURTHER ORDERED that in all other respects said Decision No. 30785, as amended, shall remain in full force and effect.

IT IS HEREBY FURTHER ORDERED that the Commission shall and it does hereby retain jurisdiction of this proceeding for the

purpose of making, from time to time, such further investigation or investigations and making and rendering such further order or orders as in its discretion may be deemed proper and necessary, and as the public interest may require.

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

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 31st day of October, 1938.

Raymond A. Bunker
Leon A. Bunker
Frank R. Bunker
Ray L. Bunker
Commissioners

APPENDIX "A"

Rates, rules and regulations provided in Appendix "A" of Decision No. 30785, and as amended, are hereby further amended as follows:

1. Add to paragraph (c) under the heading "Definition of Technical Terms" the following note:

"See Rule No. 120 for exception."

2. Substitute the following boundaries for those shown for Zones 1, 2 and 7 in Rule No. 20:

Zone 1

Commencing at the intersection of Washington Boulevard and San Pedro Street, northeasterly on San Pedro Street to Aliso Street, easterly on Aliso Street to Alameda Street, northeasterly on Alameda Street to College Street, westerly on College Street to North Broadway, northeasterly on North Broadway to the Los Angeles River, southerly along the west bank of the Los Angeles River to North Main Street, northeasterly on North Main Street to its intersection with Valley Boulevard at Lincoln Park, easterly along Valley Boulevard to Marianna Avenue, southwesterly on Marianna Avenue to Eastern Avenue, southerly on Eastern Avenue to 9th Street, westerly on 9th Street to Indiana Street, southerly on Indiana Street to Washington Boulevard, westerly and northwesterly on Washington Boulevard to point of beginning.

Zone 2

Commencing at the intersection of Washington Boulevard and San Pedro Street, northeasterly on San Pedro Street to Aliso Street, easterly on Aliso Street to Alameda Street, northeasterly on Alameda Street to College Street, westerly on College Street to North Broadway, northeasterly on North Broadway to the Los Angeles River, southerly along the west bank of the Los Angeles River to North Main Street, northeasterly on North Main Street to Mission Road, northwesterly on Mission Road to North Broadway, westerly on North Broadway to Griffin Avenue, northerly on Griffin Avenue to Avenue 35, westerly on Avenue 35 to Pasadena Avenue, northerly on Pasadena Avenue to North Figueroa Street, southwesterly on North Figueroa Street to Amabel Street, northwesterly on Amabel Street to Isabel Street, northwesterly on Isabel Street to Macon Street, westerly on Macon Street to the northeasterly line of the Union Pacific right-of-way (Glendale Branch), northwesterly on the northeasterly line of the Union Pacific right-of-way to Edward Avenue, northeasterly on Edward Avenue to West Avenue 32, northwesterly on West Avenue 32 to Marguerite Street, southwesterly on Marguerite Street to the northeasterly point of the Union Pacific right-of-way, northwesterly along the northeasterly line of the Union Pacific right-of-way to Rosslyn Street, westerly on Rosslyn Street to San Fernando Road, southerly along San Fernando Road to Tyburn Street, southwesterly on Tyburn Street and its prolongation across the Southern Pacific right-of-way to Casitas Avenue, southeasterly on Casitas Avenue to Fletcher Drive, southwesterly on Fletcher Drive to Glendale Boulevard, northwesterly on Glendale Boulevard to Rowena

Avenue, northwesterly on Rowena Avenue to Hyperion Avenue, southwesterly on Hyperion Avenue to Fountain Street, westerly on Fountain Street to Normandie Avenue, southerly on Normandie Avenue to Wilshire Boulevard, westerly on Wilshire Boulevard to Irolo Street, southerly on Irolo Street to Olympic Boulevard, westerly on Olympic Boulevard to Crenshaw Boulevard, southerly on Crenshaw Boulevard to Washington Boulevard, easterly and southeasterly on Washington Boulevard to point of beginning.

Zone 7

Commencing at the intersection of 88th Street and Vermont Avenue, southerly on Vermont Avenue to 120th Street, easterly on 120th Street and its prolongation to Alameda Street, northerly on Alameda Street to 92nd Street, westerly on 92nd Street to Maie Avenue, northerly on Maie Avenue to 87th Place, westerly on 87th Place to San Pedro Street, southerly on San Pedro Street to 88th Street, westerly on 88th Street to Figueroa Street, northerly on Figueroa Street to 87th Street, westerly on 87th Street to Hoover Street, southerly on Hoover Street to 88th Street, westerly on 88th Street to point of beginning.

3. Substitute the following rule for Rule No. 100:

"Rule No. 100-A - Minimum Charge

The minimum charge for shipments weighing 100 pounds and over shall be 35 cents."

4. Add the following new rule:

"Rule No. 120 - Split Delivery

A shipment transported under class rates may consist of several component parts delivered to (a) one consignee at more than one point of destination, or (b) more than one consignee at one or more points of destination, subject to the following conditions:

- (1) The composite shipment shall be shipped by one consignor at one point of origin;
- (2) Charges shall be paid by the shipper;
- (3) The composite shipment shall weigh (or transportation charges shall be computed upon a weight of) not less than 4,000 pounds;
- (4) The charge for the composite shipment shall be the charge applicable for transportation of a single shipment of the same kind and quantity of property from point of origin to the point of destination which would produce the highest charge for transportation of the entire lot as a single shipment plus an added charge as provided in paragraph (5);
- (5) Table of added charges:

<u>Number of Deliveries</u>	<u>Added Charge</u>
2	150 cents
3 to and including 5.	200 cents
6 to and including 10	250 cents
11 to and including 20	300 cents
21 or more	15 cents per delivery

(6) At time of tender of shipment carrier shall issue a single bill of lading or shipping document for the composite shipment, and be furnished with manifest or written delivery instructions showing the name of each consignee, the point of destination, and the kind and quantity of property in each component part.

5. Change each rate basis D appearing in Item No. 600 to rate basis C.

6. Substitute the following item for Item No. 650:

Item	No.	Rates in Cents per 100 Pounds											
		Minimum Weight in Pounds											
Rate													
Basis		100				2000				4000			
		1	2	3	4	1	2	3	4	1	2	3	4
650-A	A	19	18	17	15	16	15	14	12	13	12	11	10
	B	24	22	20	18	19	18	17	15	15	14	13	12
	C	28	26	24	22	22	21	20	18	17	16	15	14
		Minimum Weight in Pounds											
		10,000				20,000							
		1	2	3	4	1	2	3	4				
	A	11	10	9	8	9	8	7	6				
	B	12	11	10	9	10	9	8	7				
	C	13	12	11	10	11	10	9	8				

7. Substitute the following item for Item No. 700:

