

Decision No. 31826

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 "F"

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

In the Matter of the Establishment of maximum and minimum, or maximum or minimum rates, rules and regulations of all common carriers, as defined in the Public Utilities Act of the State of California, as amended, and all highway carriers as defined in Statutes 1935, Chapter 223, as amended, for the transportation, for compensation or hire, of any and all agricultural products.)

Case No. 4293

Additional Appearances

- F. E. Miller and Reginald L. Vaughan, for California Milling Corporation.
- S. Herzberg and Reginald L. Vaughan, for Ontario Fertilizer Works, Inc.
- R. F. Walker, for J. P. D. Fritz of Larowe Milling Co., and for D. B. Wells of J. D. Heiskell & Company, Inc..

BY THE COMMISSION:

SUPPLEMENTAL OPINION

A further hearing was held in the above entitled proceedings at San Francisco on November 22, 1938, before former Commissioner Whitsell, to afford interested parties an opportunity to present evidence with respect to what changes, if any, should be made in the minimum rates established by Decision No. 30640 of February 14, 1938, as amended, for the transportation of grain,

-grain products and related articles.

At the hearing a request was made that the Imperial Valley be blanketed as a single origin territory for the purpose of computing rates to other points in California, particularly to Los Angeles. In support thereof, it was stated, (1) that contracts for the sale of grain are made in the Los Angeles market prior to the time the grain is purchased from the grower and that, hence, brokers must be in a position to compute transportation costs accurately in advance of shipment, even though they do not know the precise point from which shipments will move; (2) that rail carriers accord a rate parity to all Imperial Valley shipping points in connection with movements of grain into Los Angeles, and (3) that by Decision No. 30848, as amended, in Case No. 4293, the Imperial Valley is blanketed as a single origin territory for the transportation of hay by highway carriers.

In addition, it was requested that a rate of 15 cents per 100 pounds, minimum weight 30,000 pounds, be established for the transportation of beet pulp from Spreckels to Tulare in lieu of the corresponding rate of 19 cents per 100 pounds applicable under the mileage scale. It was asserted that a rate of this volume is essential to enable Tulare feed dealers to compete with truck peddlers dealing for their own account and in order to permit beet pulp manufactured at Spreckels to be sold in the San Joaquin Valley in competition with locally grown feeds as well as with feeds shipped into the district from San Francisco. A highway contract carrier witness asserted that he had transported beet pulp from Spreckels to Tulare at a rate of 15 cents per 100 pounds in the past and that this rate had been profitable to him. He acknowledged on cross examination that his computations did not include all items entering into the cost of truck transportation and did not know to what extent costs might have increased since

the transportation under the 15 cent rate had been performed.

While minimum rates should not unnecessarily disrupt accustomed selling practices, it does not appear that the desire of the grain brokers that the transportation rate be ascertainable before the origin point of the grain is known is sufficient reason for establishing equal rates from all points in a producing area in disregard of differences in the cost of performing the service and of other transportation characteristics attending individual hauls. Nor does the fact that Imperial Valley points are blanketed in the rail rate structure require that they be similarly blanketed for highway transportation. As pointed out in Decision No. 30640, supra, the propriety of the rail groupings has never been passed upon by the Commission. To the extent that the rail rates are lower than the basic truck rates they alternate with the truck scale. Neither has it been shown that the conditions found by Decision No. 30848, supra, to justify the blanketing of Imperial Valley points in connection with the transportation of hay exist to the same extent in connection with grain transportation. The requested modification will not be made.¹

Except for the unsupported statement that a 15 cent rate had proved compensatory in the past for the transportation of beet pulp from Spreckels to Tulare, there is nothing in this record to show that a rate of that volume will be reasonable for the future. Moreover, the fact that competing feeds grown locally in the San Joaquin Valley

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By its Third Supplemental Opinion and Order in this proceeding (Decision No. 31622 dated January 3, 1939) the Commission modified Decision No. 30640, supra, to provide that the mileage rates established thereby would be subject to the revised basis of computing mileages established by Decision No. 31605 of December 27, 1938, in Case No. 4088, Part "N", Case No. 4145 and Case No. 4246. The new plan includes a comprehensive schedule of specific mileages together with rules and regulations for determining mileages between any two points in the state and will eliminate in a large measure the difficulty encountered in computing mileages under the basis previously in effect.

or shipped from San Francisco enjoy rates to the consuming point lower than the rate available for movements of beet pulp from Spreckels to the same point, does not, standing alone, establish that the rates sought are justified and necessary to enable the beet pulp traffic to move. The request for the establishment of the special rate sought will be denied.

In view of the foregoing conclusions, no further order is necessary at this time.

Dated at San Francisco, California, this 3^d day of January, 1939.

Robert W. ...
Frank ...
Ray L. Riley
H. ...

Commissioners.