

Decision No. 21204

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment  
of rates, rules, classifications and  
regulations for the transportation  
of property, exclusive of property  
transported in dump trucks, for com-  
pensation or hire, over the public  
highways of the City and County of  
San Francisco.

ORIGINAL

Case No. 4084

Additional Appearances

Walter Christie and L. J. Gruenberg, for General Manu-  
facturing Co., Box Board Products Co., Melvin Isaacs  
Co., Simon Mattress Co. and Pacific Electric Manu-  
facturing Co.

BY THE COMMISSION:

SEVENTEENTH SUPPLEMENTAL OPINION

At an adjourned hearing held in San Francisco before  
Examiner E. S. Williams, evidence was received concerning certain  
proposals of the Draymen's Association of San Francisco, for modi-  
fication of the minimum rates, rules and regulations heretofore  
established in the above entitled proceeding for transportation of  
property within the San Francisco drayage area.

Rating on Iron or Steel Bars

Under outstanding orders a fourth class rating is pro-  
vided for "iron or steel, viz.: bars," and a third class rating  
for "iron or steel, viz.: billets, cold rolled, forgings, spring,  
tool steel or welding rods." A witness for the Association stated  
that certain of the latter described types of iron or steel are  
sometimes shipped in bar form and that a question had arisen as to  
whether the third or fourth class rating would be applicable when  
so shipped. He urged that the term "bars" be qualified to exclude  
specifically the types of iron or steel shown as taking a third  
class rating.

In justification of the proposed change, the witness contended that the fourth class rating was reasonable and proper only for ordinary iron or steel bars and that the types of iron or steel described in connection with the third class rating should take that rating even when shipped in bar form. In support of this contention he asserted that ordinary iron bars are usually shipped in bundles which may be roughly handled without damaging the bars, whereas spring and tool steel in bar form, for example, are usually shipped in single pieces, are highly polished, are greased to prevent rust, must be carefully handled to prevent damage, and have a value several times greater than an equal weight of ordinary iron bars.

The evidence shows that the types of iron or steel described in connection with the third class rating require greater care in handling and involve greater risk of damage than is encountered in handling ordinary iron bars. In view of these circumstances and of the fact that the third class rating is now provided on iron or steel of the types mentioned, when moving in other than bar form, the proposed change appears justified and will be made.

#### Rating on Fertilizers

Fertilizers generally take a fourth class rating under existing orders. A proposal was made that a rating of 80 per cent of fourth class be established on fertilizers when shipped in minimum quantities of 6,000 pounds. The testimony was to the effect that fertilizers are usually of low value, are easily handled and, when moving in lots of 6,000 pounds or more, have transportation characteristics similar to those of other articles for which the rating sought is now provided.<sup>1</sup>

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<sup>1</sup>

A rating of 80 per cent of fourth class, minimum weight 6,000 pounds, is now provided for blood, bone and fish meals, and for a wide range of other commodities.

It appears that the transportation characteristics of fertilizers, when moving in minimum quantities of 6,000 pounds, are substantially the same as those of other commodities for which the sought rating is now provided and that an equivalent rating should be provided for fertilizers. The proposed rating will be approved.

#### Rating on Papeteries

A rating of first class is provided for papeteries.<sup>2</sup> A proposal was made that this rating be reduced to second class. In support of this proposal the Association's witness pointed out that the ratings now provided on envelopes and writing paper, when packed separately, are second and third class, respectively, and that the rating on "Stationery, N.O.S." is second class. He contended that the rating on papeteries should not exceed the higher of the ratings applicable on the articles of which this commodity is composed when separately packed, or the rating provided for "Stationery, N.O.S."

The proposed reduced rating for papeteries is the same as that applicable to this commodity in the Western Classification. In view of this fact, and of the fact that the same or lower ratings are now provided for writing paper, envelopes and stationery, the second class rating will be approved.

#### Minimum Tonnage Requirement on Commodities Transported for Wholesale Hardware Houses

A proposal was made that the minimum tonnage requirement in connection with the commodity rate of 7½ cents per 100 pounds provided for city delivery and inhaul transportation of commodities transported for wholesale hardware houses, be changed from 1,000 tons per calendar month to 12,000 tons per calendar year. In justification of this proposal it was stated that the volume of business of hardware houses is irregular in that firms may have 900 tons during

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<sup>2</sup>

Papeteries are envelopes and writing paper, packed together in boxes.

one month and 1,100 or 1,200 tons during the next month. It was contended that the proposed change in the minimum tonnage requirement is necessary, therefore, to permit the rate to be applied where the yearly tonnage averages not less than 1,000 tons per calendar month. It was said to be necessary, moreover, to provide the same minimum tonnage requirement as is now applicable in connection with the rate now being charged for similar transportation by a carrier which has obtained relief under the provisions of Section 10 of the City Carriers' Act.<sup>3</sup>

Under ordinary circumstances the advantages accruing to a carrier under monthly minimum tonnage rates are greater than they are in connection with yearly minimum tonnage rates producing the same monthly average. This is due to the fact that the former assures a uniform distribution of tonnage throughout the year (or revenue based on such minimum tonnage) thereby permitting economies to be effected through the more efficient utilization of equipment. Traffic moving under yearly minimum tonnage rates may be sporadic or seasonal in nature, and require a carrier to keep sufficient equipment available to meet unusual demands. During the slack season much of this equipment may remain idle. Thus a rate which may be justified for a given monthly tonnage may be unduly low when predicated on a yearly minimum tonnage producing the same monthly average. No evidence was submitted to show that the proposed basis would be reasonable and compensatory. While the carrier possessing Section 10 relief has authority to apply the sought minimum in connection with its rate for somewhat similar transportation, it will be noted

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Walkup Drayage & Warehouse Company was granted authority by Decision No. 29905 of June 28, 1937, in Application No. 20520, to assess and collect a rate of \$1.55 per ton (7.75 cents per 100 pounds) for city delivery, inhaul, shipping and returned city delivery transportation of commodities transported for wholesale hardware houses in minimum quantities of 12,000 tons per calendar year.

that the rate authorized is in excess of the rate here sought to be applied. On this record the modification will not be made.

Rating on Empty Wine Barrels

The establishment of a rating of third class for wine barrels when returning in the same vehicle which delivers shipments of wine, in barrels, was proposed. However, a third class rating is already provided for this commodity under the description "Carriers (Ale, Beer, Porter, Stout, Wine) empty, returning," hence no further order appears necessary.

Upon careful consideration of the facts of record, the Commission is of the opinion and finds that the changes and modifications sought are justified to the extent shown in the order herein and that all other proposals have not been justified on this record.

O R D E R

An adjourned hearing having been held in the above entitled proceeding, and based upon the evidence received at the hearing and upon the conclusions and findings set forth in the opinion which precedes this order,

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

1. Iron or Steel:

Substitute the following descriptions and ratings for those shown for Iron or Steel on Original Page 13, as amended:

\*Iron or Steel:

- Angles, Bars (exclusive of bars composed of iron or steel specifically described below), Beams, Channels, Columns, Plates, Reinforcing, Scrap or Sheet ..... 4
- Billets, Cold Rolled, Forgings, Spring, Tool Steel or Welding Rods ..... 3
- Precision Steel, loose ..... 2  
in boxes or crates ..... 3<sup>w</sup>

2. Papeteries:

Change the commodity description and rating  
"Papeteries, boxed ..... 1" appearing on original  
page 14 to read:

"Papeteries, in boxes ..... 2"

3. Fertilizers:

Add to Note 1 of item appearing on page 2 of  
Appendix "B" of Decision No. 29902, which item  
reads "Property as described in Note 1 below in  
lots of 6,000 pounds or more, 80% of 4th class"  
the following:

"Fertilizers"

In all other respects said Decision No. 28632, as amended,  
shall remain in full force and effect.

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

Dated at San Francisco, California, this 23<sup>rd</sup> day of

January, 1939.

Frank J. Dennis  
Ray C. Coley  
H. L. Bell  
Justus J. Coe

Commissioners.