

Decision No. 31952

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment of)
rates, rules, classifications and reg-)
ulations for the transportation of)
property, exclusive of property trans-)
ported in dump trucks, for compensation)
of hire, over the public highways of the)
City and County of San Francisco)

Case No. 4084

BY THE COMMISSION:

Additional Appearances

Elmer Westlake for California-Hawaiian Sugar Refining
Corp., Ltd. and Western Sugar Refinery
Joe Robertson for Robertson Drayage Company

NINETEENTH SUPPLEMENTAL OPINION

At an adjourned hearing held in San Francisco on March 28, 1939, before Examiner E. S. Williams, Draymen's Association of San Francisco (hereinafter referred to as the Association) sought the following modifications of the minimum rates, rules and regulations heretofore established for the transportation of property within the San Francisco Drayage Area.

Minimum Weight in Connection with
Rating on Certain Described Property

Property as described in Note 1 of the item appearing on page 2 of Decision No. 29902, as amended, in this proceeding, is now rated at 80 per cent of fourth class, subject to a minimum weight of 6,000 pounds. ¹ The Association asked that the minimum weight in

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The rating referred to applies to the following commodities:
Bags, in compressed bales, Copra
Beans, dried, N.C.S., in bags, Cylinders, steel, empty returned,
Brick, loose or in packages, when returned on a truck deliv-
Burlap, in compressed bales, ering a shipment of full cylin-
Cement, building, ders,
Cereals, prepared, other than Fertilizers
flaked, requiring cooking, Flour, Cereal Products and Feed,
Coffee, green, in packages, inhaul only,

(Continued)

connection with this rating be increased to 7,500 pounds. Its witness testified that the rating involved was adopted by the Commission upon evidence of the Association indicating that this rating was proper for shipments when moving in truckload lots and that a shipment of 6,000 pounds was equivalent to a small truckload.² He asserted that further experience had shown this minimum to be too low, and that a minimum weight of 7,500 pounds was necessary to provide revenue sufficient to permit such shipments to be handled profitably. In support of these assertions the witness showed that the revenue which would accrue on a shipment of 6,000 pounds under the existing rating and rates would be considerably less than would accrue under the hourly truck unit rates applicable for the transportation of so-called "unusual shipments."³ He pointed out also

1 (Concluded)

Flue lining, loose or in packages,	Ore, sacked or boxed,
Grain, whole,	Paper, Newsprint or Wrapping in
Hides, green,	rolls 24 inches or greater in
Iron, pig,	diameter,
Iron or Steel Angles, Bars, Beams,	Plaster, in sacks or barrels,
Channels, Columns, Plates, Rein-	Rags, in machine compressed bales,
forcing, Scrap or Sheet,	Rice, in sacks,
Lime,	Salt, in sacks,
Malt,	Sand, in sacks,
Meal, Blood, Bone, or	Seed, N.C.S., in sacks,
Fish,	Split Peas,
Oil Cake	Sugar, N.C.S.,
	Tile, hollow building,

2 Originally, the commodities involved were rated at fifth class in the classification of articles. However, by Decision No. 29902, supra, fifth class rates were eliminated and the ratings on the commodities formerly taking such rates were increased to fourth class. Concurrently with this change there was established, by exception to the regular classification ratings, a rating of 80% of fourth class, subject to a minimum weight of 6,000 pounds, on all of the commodities formerly taking the fifth class rating.

3 Hourly truck unit rates apply for transportation of "unusual shipments," which term is defined as being shipments on which no actual or estimated weight can be secured; where there is neither a definite point of destination, nor specific time for loading or unloading and for releasing the vehicle. Under these hourly rates the charge for

(Continued)

that the charge for a shipment of 6,000 pounds applied as maximum on a shipment of the same commodity of lesser weight and thus had the effect of nullifying higher charges resulting under the class rates applicable to shipments weighing less than 6,000 pounds, which charges he deemed proper for shipments of less than 6,000 pounds.

Mere comparison of the existing rates with hourly rates applicable for a different type of transportation service does not establish that the applicable class rates, subject to their governing minimum weights, are unduly low. The hourly rates apply for specialized types of transportation for which the transportation to be performed would not appear to be comparable. Moreover, the fact that the charges for a shipment of 6,000 pounds at rates based on 80 per cent of fourth class are less than those for shipments of lesser weights at the fourth class rates does not in itself demonstrate that the former rate is too low. Manifestly this situation is always present where lower rates are provided for shipments subject to specified minimum weights than for any quantity shipments. The requested change has not been justified.

Rating on Precision, Spring or Tool Steel

The Association proposed that bars of precision, spring or

3 (Concluded)

transportation in a vehicle having a capacity of 6,000 pounds would be \$2.75 per hour. It was estimated by the witness that to unload a shipment of the commodities involved, transport such commodities for even a short distance, and unload them at destination, would require a minimum of one and one-half hours. On the basis of this estimate the charge for transporting the commodities involved at said hourly rate would be \$4.13, as compared with the charge of \$3.30 now applicable on a shipment of 6,000 pounds when moving within Zone 1 under the existing rating and class rates.

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The fourth class rate applicable to a shipment weighing 5,999 pounds moving within Zone 1 is \$4.15. The charge for a shipment weighing 6,000 pounds at the 80% of fourth class rate applicable to a shipment of this weight is \$3.30. Under the Association's proposal the charge for a shipment of the commodities involved weighing 6,000 pounds would be increased to \$4.13, or approximately the same as the fourth class rate now provided for a shipment of such commodities weighing 5,999 pounds.

tool steel be excluded from the application of the 80 per cent of fourth class rating named in the item to which reference has here-
inbefore been made. This would have the effect of making the ratings of second or third class, now applicable to such bars in shipments of less than 6,000 pounds, applicable to shipments of all weights. In justification, its witness contended that the exist-
ing rating was reasonable and proper only for ordinary iron or steel bars, that ordinary bars are usually shipped in bundles which may be roughly handled without damaging the bars, whereas bars composed of spring or tool steel are usually shipped in single pieces, are highly polished to prevent rust, and have a value several times greater than an equal weight of ordinary bar iron.

It is apparent from the evidence that iron or steel bars composed of precision, spring and tool steel are more expensive to handle than are ordinary iron or steel bars. When moving in lots of less than 6,000 pounds, moreover, they take ratings higher than the fourth class rating provided for ordinary iron or steel bars and higher than the classification ratings on any of the commodities for which the 80 per cent of fourth class rating applies. Under these circumstances the exclusion sought appears justified and will be made.

5 Ratings now provided on these commodities in the classification of articles, when moving in shipments of less than 6,000 pounds, are as follows:

Precision Steel, loose,	2nd Class
" " in crates,	3rd Class
Spring or Tool Steel,	3rd Class

6 This is similar to the showing relied upon by the Association in support of its proposal to exclude the types of iron or steel involved from the application of the fourth class rating on iron or steel bars, making the higher ratings of second and third class provided for such specific types of iron or steel applicable thereto. This proposal was given effect by Decision No. 31671 in this proceeding.

Rating on Cotton in Compressed Bales

A rating of third class is now provided on cotton in compressed bales. A proposal was made that this rating be reduced to 80 per cent of fourth class by including this commodity in the list of articles in Note 1 of the item to which reference has hereinbefore been made. In support of this proposal, the Association witness stated that cotton is of low value and heavy density; that it can be handled speedily; that it is not easily damaged; and that, in general, the transportation characteristics attending the movement of this commodity are comparable to those of many of the commodities on which the 80 per cent of fourth class rating is now provided. He claimed that the rating proposed, if established, would result in charges which would be profitable to the carriers performing such transportation.

As further justification, this witness asserted the proposed rating was necessary to enable the port of San Francisco to compete with other California ports, particularly Stockton and Oakland, in the movement of cotton for export. He explained that at the latter ports cotton is usually delivered to and stored on the docks at which vessels transporting this commodity call, thus avoiding the performance of any drayage transportation, whereas at San Francisco the cotton must, in many instances, be drayed to the docks from warehouses or from the terminals of the carriers performing the inbound transportation. He stated that San Francisco warehouses had established low storage charges for the purpose of offsetting this disadvantage to some extent and that these low charges had been largely instrumental in the development of a substantial movement of cotton in compressed bales through the port of San Francisco. He contended, however, that a reduction in drayage charges was necessary to offset further the disadvantage pointed out.

In view of the showing that the transportation characteristics of cotton in compressed bales, when moving in minimum quantities of 6,000 pounds, are similar to those attending the transportation of the commodities for which the sought rating is now provided, and that a relatively low basis of drayage rates within San Francisco on cotton in compressed bales is necessary to permit this commodity to move freely through the port of San Francisco in competition with other northern California ports at which no drayage transportation is required to be performed, the proposed rating will be approved.

Upon consideration of all the evidence, 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 Note 1 of item appearing on page 2 of Appendix "B" of Decision No. 29902, in the above entitled proceeding, which item reads in part, "Property as described in Note 1 below in lots of 6,000 pounds or more, 80% of 4th class," be amended as follows:

1. Change the commodity description "Iron or Steel Angles, Bars, Beams, Channels, Columns, Plates, Reinforcing, Scrap or Sheet" to read "Iron or Steel Angles, Bars (exclusive of bars composed of precision, spring or tool steel), Beams, Channels, Columns, Plates, Reinforcing, Scrap or Sheet."

2. Add to the list of commodities the commodity "Cotton, in compressed bales."

In all other respects prior decisions in the above entitled proceeding 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 ~~22nd~~ ^{25th} day of April, 1939.

Ray Washburn
James D. Wynn
Ray H. Caley
M. J. Ball
Justin J. Casner
Commissioners