

Decision No. 28632

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment of)
rates, rules, classifications and regu-)
lations for the transportation of prop-)
erty, exclusive of property transported)
in dump trucks, for compensation or hire,)
over the public highways of the City and)
County of San Francisco.)

ORIGINAL

Case No. 4084

BY THE COMMISSION:

TWENTY-FOURTH SUPPLEMENTAL OPINION

By Decision No. 28632, as amended, in the above entitled proceeding, minimum rates, rules and regulations were established for transportation of property within the San Francisco drayage area by city carriers. At an adjourned hearing held in San Francisco on September 17, 1940, before Examiner E. S. Williams, Draymen's Association of San Francisco (hereinafter referred to as the Association) sought certain modifications of the minimum rates, rules and regulations so established. None of these modifications was opposed. They were as follows:

Commodity rate on Iron or Steel Articles:

The Association proposed the establishment of commodity rates of \$.90, \$1.00 and \$1.37 per ton, subject to a minimum weight of 5,000 tons per shipment, for transportation of specified iron or steel articles from the plant of the Columbia Steel Company located at 20th and Illinois Streets to the plant of that company located at Islais Creek.¹ The proposed rates are intended to apply to a con-

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The \$.90 per ton rate is proposed to apply on:

Iron or Steel, viz.: Angles, bars (exclusive of bars composed of precision, spring or tool steel), beams, channels, columns, piling, plates, reinforcing, structural, fabricated scrap or sheet.

The \$1.00 per ton rate is proposed to apply on:

Wire, acid covered, galvanized, painted, plain or tinned. Wire nails, staples, spikes, strip or sheet.

The \$1.37 per ton rate is proposed to apply on:

Fencing and Fence material, iron or steel, and wire netting.

templated movement of from 20,000 to 30,000 tons of warehouse stock. They are to expire 60 days from the date of their authorization by which time the movement is to be completed.

In support of the proposed commodity rates, a witness for a drayage firm which expects to handle the bulk of the tonnage involved testified that his firm had been handling the commodities involved for the Columbia Steel Company over a period of years. He stated that such commodities were regularly hauled from docks, piers and wharves to the plant of the Columbia Steel Company at 20th and Illinois Streets in competition with railroad switching service at rates the same as or lower than those proposed between the steel company's plants, and that such rates had proved compensatory. He testified that the length of the haul under the proposed rates was approximately the same as it was from the docks to the Columbia Steel Company's plant at 20th and Illinois Streets, and that comparable competitive conditions were present inasmuch as the plants at 20th and Illinois Streets and at Islais Creek were both served by railroad spur track facilities. He testified further that load-²ing and unloading conditions were somewhat similar. The witness stated that operations under the proposed rates would be more economical to perform than on movements from the docks, claiming that higher load and use factors would be obtained due to the greater tonnage which would be hauled over a like period of time. Moreover, he

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The witness stated that whereas on the movements from the docks loading was performed by the carrier and unloading was performed by the shipper, on the movement under the proposed rates loading would be performed by the shipper and unloading would be performed by the carrier.

stated, the sought rates would produce higher earnings in some instances than the rates in effect for movements from the docks.³ A witness for another San Francisco drayage firm corroborated the testimony of this witness.

In view of the foregoing the rates proposed appear reasonable and will be authorized. Although the sought rates were proposed to be made subject to a minimum weight of 5,000 tons "per shipment" the evidence indicates that this minimum amount would be tendered over the 60 day period and would not necessarily be received on one shipping order or one bill of lading at one time, as is contemplated by the term "shipment." The rate will therefore be made subject to a minimum tonnage of 5,000 tons to be received over the period of effectiveness of the rate, rather than to that minimum "per shipment."

Commodity rate on Soap, Soap Chips, Soap Powder
and Lard Substitutes.

A proposal was made by the Association that a commodity rate of 7 cents per 100 pounds, subject to a minimum weight of 30,000 pounds per shipment and to a minimum tonnage of 3,000 tons per year,⁴ be provided for "inhaul" transportation of soap in bars, soap chips,

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Exhibit No. K-3, submitted by another witness for the Association, showed that the minimum rates for transportation from docks, piers and wharves to public warehouses and industries were, on structural iron or steel, 72 cents per ton; on iron or steel wire and the commodities grouped therewith, from 72 cents to 97 cents per ton; and on iron or steel fencing and the commodities grouped therewith, \$1.37 per ton.

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The term "inhaul" is defined in outstanding orders as follows:
"Inhaul means the transportation of property received from another carrier at a depot, dock, wharf, pier or landing, originating beyond the limits of the City and County of San Francisco, also the transportation of property from public warehouses to wholesalers."

soap powder and lard substitutes, within Zone 1. The vice-president of Overland Freight Transfer Company testified that the proposed rate was intended primarily to apply for transportation for Lever Bros., which company was said to control the drayage transportation of the commodities involved. He expressed the opinion that the proposed rate would be compensatory for the transportation involved. In this connection he stated that the commodities involved were shipped from eastern seaboard points to San Francisco by intercoastal vessels and were subsequently hauled from the docks to the warehouse of Lever Bros. by city carriers. He testified that there was substantial and regular movement of this traffic throughout the year. In support of this latter statement he submitted an exhibit (No. K-1) showing that the tonnage handled by his firm during an 18 month period from January, 1939 to June, 1940, inclusive, averaged 255 tons monthly for soap in bars, soap chips and soap powder, and 66 tons monthly for lard substitutes. The exhibit also showed that the shipments received at one time ordinarily ranged from 30,000 to 100,000 pounds in weight. The witness also presented a study (Exhibit No. K-2) indicating the time required to handle various shipments of these commodities transported by his firm from January 12 to June 18, 1940, from the docks to the warehouse of Lever Bros. This study also showed the average revenue per ton, per load and per hour under rates applicable for such transportation in competition with railroad switching service, as well as the average revenue per ton, per load and per hour which would be received under the proposed rates. The witness pointed out that the hourly revenue under existing rates as shown by the study amounted to \$3.99, as compared with \$3.35 which would be received under the proposed rate. He also compared the proposed rate of 7 cents per 100 pounds on the commodities involved with a lower rate of 5½ cents per 100 pounds, now applicable on shipments of salt water

or semi-refined soaps, subject to a minimum weight of 6,000 pounds per shipment, and to a minimum tonnage requirement of 6,000 tons per year.

The secretary-treasurer of the Overland Freight Transfer Company testified that the average hourly cost for all vehicles operated by his firm during 1939 was \$2.84.⁵ He expressed the opinion that this hourly cost afforded a proper comparison with the hourly revenue of \$3.35 which it was estimated would be received at the proposed rate on the commodities involved. He conceded, however, that the hourly cost for trucks of 7½ tons capacity ordinarily used in performing the transportation involved would be 3 or 4⁶ per cent higher than the average cost which he had developed.

The cost evidence submitted in justification of the proposed rates has many infirmities. However, there is room for considerable upward adjustment before the level of the sought rates is reached. It appears further that a rate lower than the volume of that here proposed is now applicable on salt water or semi-refined soaps which commodity has characteristics somewhat similar to the bar soap which will be embraced by the proposed rate. In view of these circumstances we are of the opinion that the sought rate is reasonable and it will be authorized.

⁵ The witness asserted that the hourly cost of \$2.84 included all items of cost, including insurance, taxes, lumpers and overhead. He stated that compensation insurance was figured at the manual rate but that his firm was self-insurer and that the actual cost was somewhat less than the manual rate. He asserted that the hourly cost was determined by taking the entire cost of operation in 1939 and dividing by the number of truck-hours, which truck-hours had previously been determined by taking the total number of truck-days for all equipment and multiplying by 8 hours, and adding 5,139 hours overtime.

⁶ No consideration was given in the developing of the average hourly cost to lost time nor was any evidence submitted from which to determine the lost time. However, assuming that the company had a lost time average of 10 per cent, the average hourly cost submitted by the witness would be increased to \$3.16. Adding to this the 3 or 4 per cent that the witness testified was the estimated additional cost of the 7½ ton capacity unit, we have a total hourly cost of \$3.28, as compared with an hourly revenue of \$3.35 which it was estimated would be received under the proposed rate.

Commodity Rate on Structural Iron or Steel

Certain structural iron or steel articles now take a rate of \$1.10 per ton when transported in minimum shipments of 6,000 pounds.⁷ The Association proposed the establishment of a commodity rate of 90 cents per ton, minimum weight 500 tons per shipment, or per job, for transportation of structural iron or steel within Zone 1. In justification it was stated that the proposed rate was necessary to enable San Francisco draymen to participate in the movement of structural iron or steel originating at East Bay Cities⁸ and destined to jobs in San Francisco. This traffic, it was asserted, was being handled by motor truck direct from plants in the East Bay Cities to jobs in San Francisco. It was pointed out that the proposed rate was the same as that now provided in minimum rate orders of the Commission applicable for similar movements within East Bay Cities.⁹ A witness for Farnsworth and Ruggles,

⁷ Iron or steel beams, channels, columns, plates, reinforcing, scrap or sheet take a rating of 80 per cent of 4th class, minimum weight 6,000 pounds. 80 per cent of the 4th class rate for movements within Zone 1 of minimum shipments weighing over 6,000 pounds produces a rate of 5½ cents per 100 pounds or \$1.10 per ton.

⁸ The term "East Bay Cities" when used herein embraces a zone consisting of Oakland, Alameda, Albany, Berkeley, Emeryville and Piedmont.

⁹ Decision No. 29217 of October 26, 1936, as amended, in Cases Nos. 4108 and 4109, established a rate of 4½ cents per 100 pounds, minimum 500 tons per shipment or per job, applicable only when shipper loads and consignee unloads and including distribution at point of delivery, for transportation within East Bay Cities of iron or steel articles specified in said decision. The term "per job" was defined in said decision as "a lot delivered to one or more locations on a single project within a period of not to exceed one year."

a firm operating a drayage service in San Francisco, testified that shippers had informed his firm that they would prefer to handle this commodity by railroad car to San Francisco, thence by city carrier to the job as needed, rather than to employ truck carriers for the through service, but that they were prevented from doing this because of the present unfavorable rate differential existing for such movements. These shippers, he asserted, had expressed their willingness to pay a differential of not to exceed 15 cents per ton for the rail-¹⁰ drayage movements. He pointed out that the proposed rate would permit East Bay shippers to make rail-truck deliveries in San Francisco at the same rate as San Francisco shippers may now make rail-truck deliveries in the East Bay Cities.

The witness submitted an exhibit (No. K-4) showing the time required to deliver 780 tons of structural iron and steel transported by his firm during March and April, 1935 from an industrial plant in San Francisco to the San Francisco Hospital. This exhibit indicated that a revenue of \$4.65 per hour would have been received on this movement at the proposed rate. It was asserted that this job was typical of structural iron or steel deliveries within San Francisco. The hourly revenue which would have been received at the proposed rate for the transportation described in the exhibit was compared with an hourly revenue of \$4.40 applicable under certain unusual circumstances for truck having a capacity over 7½ tons.¹¹ The witness stated that

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The established minimum rate by highway carriers on structural iron or steel in minimum carload quantities of 36,000 pounds from East Bay Cities to San Francisco is \$1.50 per ton as shown in Highway Carriers' Tariff No. 2 (Appendix "A" of Decision No. 31606, as amended, in Case No. 4246). The combination of the present carload rail rate on this commodity from East Bay Cities to San Francisco of 75 cents per ton with the proposed drayage rate of 90 cents per ton makes a total rate of \$1.65 per ton or 15 cents per ton higher than the established minimum rate for direct truck movement.

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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 or for releasing the vehicle.

ordinary trucks of this size would be used for the movement of structural iron or steel and that specialized equipment was not required for this movement. He asserted that shipments would be loaded and unloaded by crane but that there might be instances where the draymen would be required to furnish the crane. He expressed his willingness in such instances to furnish the crane at no additional charge.

No cost evidence was introduced by petitioner. The hourly revenue which it was estimated would be earned at the proposed rate was predicated on a single movement from an undisclosed point of origin to the San Francisco Hospital, completed more than five years ago. Such an estimate is of little value in determining the probable hourly revenue at the proposed rates for drayage transportation of structural iron or steel generally in San Francisco under present conditions. Although petitioner placed considerable stress on the fact that a rate of the volume of that proposed had been established for the transportation of structural iron or steel in the East Bay Cities, he offered no evidence to show that transportation conditions would be the same in San Francisco as they are in the East Bay Cities. Moreover, he conceded that in some instances loading and unloading conditions in San Francisco might require the carrier to furnish a crane at no additional expense to the shipper. While the rate applicable in the East Bay Cities requires that shipper load and consignee unload the iron or steel no such restriction was proposed to be attached to the sought rate. The proposed rate has not been justified.

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:

Add under heading "Commodity Rates" new items as follows:

1. "Iron or Steel, viz.:

Articles listed in Group 1 below	-	\$.90 per ton
" " " " 2 "	-	1.00 " "
" " " " 3 "	-	1.37 " "

Rates in this item apply only from the Columbia Steel Company's plant at 20th and Illinois Streets to the plant of that company located on Islais Creek.

Minimum Weight 5,000 tons per 60-day period.

Expires with November 20, 1940, unless sooner canceled, changed or extended by appropriate order of the Commission.

Group 1 rate applies on:

Iron or Steel, viz.:

Angles; Bars (exclusive of bars composed of precision, spring or tool steel); Channels; Plates; Reinforcing; Scrap, fabricated; Sheet, fabricated; Structural, fabricated or unfabricated.

Group 2 rate applies on:

Iron or Steel, viz.:

Nails, Wire; Staples; Spikes; Strip Steel; Sheets; Wire, acid covered, galvanized, painted, plain or tinned.

Group 3 rate applies on:

Iron or Steel, viz.:

Fencing; Fence Material; Netting, wire.

2. "Soap, in bars; Soap Chips; Soap Powder; Lard Substitutes

Inhaul within Zone 1 7 cents per 100 pounds.

Minimum Weight 30,000 pounds per shipment,
Minimum Tonnage 3,000 tons per year."

