

Decision No. 31606

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 common carriers as defined in the Public Utilities Act of the State of California, as amended, and all highway carriers as defined in Chapter 223, Statutes of 1935, as amended, for the transportation, for compensation or hire, of any and all commodities.

Case No. 4246

ORIGINAL

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

BY THE COMMISSION:

Additional Appearances

- E. R. Warren, for San Francisco Grain Exchange, California Hay, Grain & Feed Dealers Association and Warren and Enos.
- J. B. Costello and N. R. Moon, for Sperry Flour Company.
- John E. McCurdy and L. B. Matthews, for Poultry Producers of Central California.
- Fred Merkelbach, for Albers Bros. Milling Company.

SUPPLEMENTAL OPINION AND ORDER

Minimum rates, rules and regulations for the transportation of grain and related articles¹ by highway carriers have heretofore been established in these proceedings (41 C.R.C. 671, as amended). These rates vary with the distance the property is

¹ The grain, grain products and other articles so grouped for rate-making purposes are described in Items Nos. 652-B, 652-A and 653 of Highway Carriers' Tariff No. 2 (Appendix "D" to Decision No. 31606, as amended, in these proceedings). Minimum rates applicable to the commodities listed in those items are set forth in Item No. 654-A.

transported and with the quantity shipped. Shipments picked up at several points in one field at which the property was theretofore deposited by the harvester are ratable as though the entire shipment were picked up at the point at which the load is completed. The effect of this provision is to authorize the performance of field pickup service under the same rates as those charged for transportation which does not include that added service. To determine whether or not changes should be made in the established rates to provide proper differentials between rates which include field pickup service and those which do not, a public hearing was had at San Francisco on April 4, 1941, before Examiner Mulgrew.

At the hearing, an assistant rate expert for the Commission testified that an investigation he had made disclosed that field pickup service was more costly and constituted a more valuable service than other types of transportation under the grain rates. Conservatively estimated, he said, the cost and value of the additional service, as developed in his investigation, amounted to 2 cents per 100 pounds. The witness proposed that the existing uniform rates be replaced by two scales of rates reflecting this difference. The recommended field pickup scale provides higher rates than those now in effect. For other transportation the scale proposed is lower than the existing rates for distances of 50 miles and less and on the present rate level for greater distances. The recommended rate adjustments, the witness said, were designed to maintain the prevailing aggregate charges for transportation of grain and related articles by for-hire trucks. He explained that

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The proposed field pickup increases are 1/2 cent for distances of 10 miles and less, 1 cent for distances from 10 to 30 miles, 1½ cents for distances from 30 to 50 miles, and 2 cents for greater distances. The proposed offsetting reductions for other transportation are generally 1 cent for distances up to 30 miles, and 1/2 cent for distances of from 30 to 50 miles. Rates are stated herein in cents per 100 pounds.

for distances greater than 50 miles he proposed no reduced rates because virtually no field pickup service was rendered by highway carriers, and, consequently, no reduction could be made in rates for other services without causing unwarranted depletion of carrier revenues. For lesser distances, the witness asserted there was a substantial movement of grain in field pickup service which tended to increase as the mileage lessened, and the amounts of the proposed increases and reductions, he said, were determined accordingly. He claimed that charges under the proposed rates would in the aggregate approximate those produced by the present rates, and that the adoption of the proposal would establish a reasonable difference between rates for field pickup and other types of service. The existing rates, he said, had been in effect for approximately three years and had apparently provided reasonably efficient carriers with earnings commensurate with their costs in maintaining and operating the facilities needed to supply public demand.

A study of the cost of field pickup service was submitted by Truck Owners Association of California. According to the study, the additional expense per ton incurred by highway carriers in making field pickups amounts to \$.624 when the service is performed with line-haul trucking equipment, and \$.465 when it is performed with smaller equipment. Counsel for that Association stated, however, that his organization favored the adoption of the rates proposed by the Commission's witness rather than rates reflecting full additional costs as developed in its study.

A representative of San Francisco Grain Exchange, California Hay, Grain and Feed Dealers Association, and Warren and Enos, grain brokers, stated that they agreed with the assistant rate expert's recommendation that two scales of distance rates be provided in order to reflect the differences between field pickup and other services. He urged, however, that for distances of more than 20

miles field pickup rates be established 2½ cents higher than other rates for like distances. The proposed 2-cent difference, he said would not provide a sufficient spread between the rate scales.

California Farm Bureau Federation pointed out that a deviation from the mileage scale of rates had been provided for transportation in the Imperial Valley Irrigation District.³ It asked that no change be made in these rates without specific consideration being given to transportation conditions peculiar to that district.

Except as hereinbefore indicated no one opposed establishment of the proposed rates.

On this record it is clear that the established minimum rates fail to give reasonable effect to differences between field pickup and other transportation. The additional expense incurred by highway carriers in rendering field pickup service, it has been shown, is not less than 2 cents per 100 pounds. Although the record tends to show that field pickup rates 2 cents higher than other rates would not in all cases provide full compensation for the added service, the showing made is nevertheless persuasive that this difference is adequate in a minimum rate structure such as that which is here being considered. Similarly, a persuasive showing has been made that the recommended increased rates and the reduced rates proposed to offset these increases would provide aggregate charges substantially the same as aggregate charges under the existing rate structure. It is reasonably clear that shipper expenses and carrier revenues would, on the whole, not be materially affected by the proposed rate scales, and that these scales would provide a proper rate differential between the types of service involved. The proposed rates will be established.

³ Item No. 654-A of the tariff provides rates of 5, 4 and 3½ cents subject to minimum weights of 10,000, 20,000 and 30,000 pounds, respectively, for transportation for distances of 10 miles or less in Imperial Valley. It also provides that those rates apply to transportation for greater distances when the movement is to a team track or an established depot. The assistant rate expert proposed no change in these rates.

Therefore, good cause appearing,

IT IS HEREBY ORDERED that Highway Carriers' Tariff No. 2 (Appendix "D" to Decision No. 31606, as amended) be and it is hereby amended by substituting therein, to become effective June 1, 1941, Second Revised Page 51-D (Cancels First Revised Page 51-D) and Second Revised Page 51-E (Cancels First Revised Page 51-E) attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that the tariff publications required to be made by highway common carriers as a result of the amendment herein of the aforesaid tariff shall be made effective on June 1, 1941, on not less than five (5) days' notice to the Commission and to the public; and that tariff publications which are not required to be made but which are herein authorized may be made effective not earlier than June 1, 1941, and on not less than five (5) days' notice if published to become effective on that date.

IT IS HEREBY FURTHER ORDERED that in all other respects Decision No. 31606, 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 29th day of April, 1941.

W. J. Baker
Ray & Bailey

Francis R. Havenner
Commissioners.

Item No.	SECTION NO. 3	COMMODITY RATES (Continued)
653 12-25-39	<p>(Applies in connection with rates making specific reference hereto.)</p> <p>GRAIN, GRAIN PRODUCTS AND RELATED ARTICLES, viz.:</p> <p>Flour, viz.: Bean, Potato, Rice, Flour, prepared, edible, manufactured from one or more articles shown under head of "Grain" in Item No. 652 series, or Rice Flour, with not to exceed 30% of other ingredients,</p> <p>Split Peas,) Whole Peas,) Lentils,) Tapioca,) Sago,) Macaroni,) Not fully cooked or Noodles,) ready for human Spaghetti,) consumption Vermicelli,)</p> <p>Cake or Meal, sweetened or unsweetened, viz.:</p> <p>Babassu Nut, Palm, Copra (Cocanut), Palm Kernel, Corn Germ, Peanut, Cottonseed, Perilla, Flaxseed (Linseed), Perilla Seed, Hemp Seed, Rape Seed, Kapok Seed, Velvet Bean.</p>	<p>Provided weight does not exceed 15% of total weight of shipment.</p>

653 1/2-D Cancel 653 1/2-A	<p>APPLICATION OF RATES IN ITEMS MAKING SPECIFIC REFERENCE HERETO</p> <p>(a) Rates include services of driver and one helper to perform loading, unloading, or other accessorial services.</p> <p>(b) Demurrage shall be computed in accordance with the provisions of Note 1, Item No. 130 series.</p> <p>(c) Rates are not subject to the provisions of Items Nos. 110 or 120 series.</p> <p>* (d) (Will not apply in connection with rates named in Item No. 656 series.) Field Pickup Shipment means a quantity of property tendered to the carrier for transportation by one shipper on one shipping document at two or more points in one field where the property has theretofore been deposited by the harvester. The point of origin of a field pickup shipment shall be deemed to be the point at which loading of carrier's equipment is completed. A charge of \$2.00 per hour shall be assessed for the aggregate time in excess of 20 minutes per ton consumed performing pickup service in connection with a field pickup shipment.</p> <p>(e) Premiums and Advertising Matter:</p> <p>The rates on articles in packages containing premiums shall be 110 per cent of the rates applicable to the same articles without premiums.</p> <p>Advertising matter, not to exceed 5 per cent of the gross weight of the shipment, may be included at the rate applicable to the lowest rated article in the shipment.</p>
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*Change, Decision No.

EFFECTIVE JUNE 1, 1941

Item No.	SECTION NO. 3		COMMODITY RATES (Continued) In Cents per 100 Pounds											
	GRAIN, GRAIN PRODUCTS AND RELATED ARTICLES, as described in Items Nos. 652 to 653 series, inclusive. Column A rates apply to field pickup shipments as described in paragraph (d) of Item No. 653 series. Column B rates do not apply to field pickup shipments for which rates are provided in Columns A of this item. See Item No. 653 series for Application of Rates in this item.													
MILES (See Note 1)		C RATES												
		MINIMUM WEIGHT IN POUNDS												
		Any quantity		2,000		4,000		10,000		20,000		30,000		
		COLUMN		COLUMN		COLUMN		COLUMN		COLUMN		COLUMN		
Over	But not over	A	B	A	B	A	B	A	B	A	B	A	B	
0	3	22½	20½	17½	15½	14½	12½	5	4	4	3	3½	2½	
3	5	22½	20½	17½	15½	14½	12½	6	4½	5	3½	4	3	
5	10	23½	21½	18½	16½	14½	12½	6½	4½	5½	3½	5	3	
10	15	25	23	20	18	16	14	7½	5½	6	4	5½	3½	
15	20	27	25	21	19	17	15	8	6	6	4	5½	3½	
20	25	27	25	23	21	17	15	9	7	6½	4½	6	4	
25	30	28	26	23	21	18	16	9½	7½	6½	4½	6	4	
30	35	28½	26½	24½	22½	19½	17½	10½	8½	7½	5½	7	5	
35	40	30½	28½	26½	24½	19½	17½	11½	9½	7½	5½	7	5	
40	45	31½	29½	27½	25½	19½	17½	12	10	8	6	7	5	
45	50	32½	30½	28½	26½	20½	18½	12½	10½	8	6	7	5	
50	60	34	32	31	29	22	20	14	12	9	7	8	6	
60	70	35	33	33	31	24	22	15½	13½	10	8	9	7	
70	80	36	34	36	34	24	22	17	15	11	9	10	8	
80	90	37	35	--	--	25	23	18	16	12	10	10½	8½	
90	100	39	37	--	--	27	25	19	17	13	11	11½	9½	
100	110	40	38	--	--	28	26	20	18	14	12	13	11	
110	120	40	38	--	--	29	27	21	19	15	13	13½	11½	
120	130	42	40	--	--	30	28	22½	20½	16	14	14	12	
130	140	43	41	--	--	31	29	23½	21½	17	15	14½	12½	
140	150	44	42	--	--	32	30	24½	22½	18	16	15½	13½	
150	160	45	43	--	--	33	31	25½	23½	19	17	16½	14½	
160	170	46	44	--	--	35	33	26½	24½	19½	17½	17½	15½	
170	180	48	46	--	--	36	34	27½	25½	20	18	18	16	
180	190	48	46	--	--	36	34	28½	26½	21	19	19	17	
190	200	50	48	--	--	38	36	30	28	21½	19½	19½	17½	
200	220	52	50	--	--	40	38	31½	29½	23	21	21	19	
220	240	54	52	--	--	42	40	33½	31½	25	23	22½	20½	
240	260	56	54	--	--	44	42	35½	33½	26½	24½	24½	22½	
260	280	59	57	--	--	47	45	38	36	28	26	26	24	
280	300	61	59	--	--	49	47	40	38	30	28	27½	25½	
300	325	63	61	--	--	52	50	42½	40½	32	30	29½	27½	
325	350	65	63	--	--	53	51	45	43	34	32	31½	29½	
350	375	68	66	--	--	56	54	47½	45½	36½	34½	33½	31½	
375	400	71	69	--	--	58	56	50	48	38½	36½	35½	33½	
400	425	72	70	--	--	60	58	53	51	40½	38½	37½	35½	
425	450	74	72	--	--	63	61	55½	53½	42½	40½	39½	37½	
450	475	76	74	--	--	64	62	58	56	44½	42½	41½	39½	
475	500	79	77	--	--	67	65	60½	58½	47	45	44	42	
500	525	81	79	--	--	69	67	66	64	49	47	46	44	

*654-E
Cancel
654-A

525	550	84	82	--	--	72	70	68	66	51	49	48	46		
550	575	85	83	--	--	74	72	70	68	53	51	50	48		
575	600	88	86	--	--	76	74	72	70	55	53	52	50		
600	625	90	88	--	--	78	76	74	72	57	55	54	52		
625	650	92	90	--	--	80	78	76	74	59½	57½	56	54		
650	675	95	93	--	--	83	81	79	77	61½	59½	58	56		
675	700	96	94	--	--	85	83	81½	79½	63½	61½	60	58		
Exception to mileage rates										05	05	04	04	03½	03½

© Applies only for transportation within Imperial Valley Irrigation District for distances of 10 miles or less, or for distances of more than 10 miles when movement is to a team track or to an established depot.

NOTE 1.-Exception 2 of Item No. 100 series will not apply in connection with rates in this item.

† Increase)
 † Reduction) Decision No.

EFFECTIVE JUNE 1, 1941

Issued by The Railroad Commission of the State of California,
 San Francisco, California.

Correction No. 195