

Decision No. 34352

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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

Case No. 4084

BY THE COMMISSION:

Additional Appearances

Carl M. Stull, for Retail Dry Goods Association.  
A. T. White, for Western Traffic Conference and City  
of Paris Dry Goods Co.  
C. Duffy, for Western Traffic Conference and Dohrmann  
Commercial Co.

TWENTY-SIXTH SUPPLEMENTAL OPINION

Minimum rates, rules and regulations have been established by Decision No. 28632 (39 C.R.C. 636), as amended, in this proceeding for the transportation of property within the City and County of San Francisco by for-hire carriers. By petition, Draymen's Association of San Francisco seeks the establishment of (1) increased rates for property transported under class rates lower than first class and under monthly truck unit rates; (2) increased rates for pickup and delivery services not embraced by the established transportation rates; (3) revised classification ratings for salt, in bulk, and egg cases or trays; and (4) a reduced annual tonnage minimum in connection with the transportation of property for wholesale department stores, wholesale dry goods houses and mail order houses. Evidence relative to these proposals was received at a public hearing held in San Francisco before Examiner Mulgrew. Only the sought increase in class rates was opposed.

Increased Class Rates

Claiming that increased operating expenses required offsetting increases in the carriers' earnings and that the existing class rates were not properly related to one another, petitioner urged that the present second, third and fourth class rates be increased. Illustrative of the rates sought and those now in effect are the following:

Weight of Shipment In Pounds	Rate Scale*	Class Rates in Cents Per Shipment Except as Otherwise Indicated							
		1		2		3		4	
		E and P	E	P	E	P	E	P	
Over 100 but not over 200	1	70	55	60	45	50	40	40	
	2	90	70	75	55	65	45	55	
	3	95	75	80	55	65	50	55	
Over 750 but not over 1,000	1	195	155	165	115	135	100	115	
	2	230	185	195	140	160	115	140	
	3	255	205	215	155	180	125	155	
Over 3,000 but not over 3,500	1	525	420	445	315	370	265	315	
	2	625	500	530	375	440	315	375	
	3	650	545	580	405	475	340	410	
Over 6,000 #	1	14	11	12	8 $\frac{1}{2}$	10	7	8 $\frac{1}{2}$	
	2	16 $\frac{1}{2}$	13	14	10	11 $\frac{1}{2}$	8 $\frac{1}{2}$	10	
	3	17 $\frac{1}{2}$	14 $\frac{1}{2}$	15	10 $\frac{1}{2}$	12 $\frac{1}{2}$	9	10 $\frac{1}{2}$	

# Rates for shipments weighing over 6,000 pounds are stated in cents per 100 pounds.

E-Rates now in effect.

P-Proposed rates.

\* Scale 1 rates apply between points in the same zone; Scale 2 rates between points in Zone 1 and points in Zone 2 and between points in Zone 2 and points in Zone 3; and Scale 3 rates between points in Zone 1 and points in Zone 3 and between points in Zones 1, 2 and 3 on the one hand and points in Zone 4 on the other. The zoning arrangement is set forth in Exhibit "A", as amended, of Decision No. 28632, supra.

Petitioner claims that revenues from the existing minimum rates are not sufficient to return the carriers' costs under present conditions; and that the proposed increases in those rates are necessary to reflect increases in operating expenses which have been experienced since July 15, 1937, when the present rates were established.

It was testified that the Draymen's Association and representatives of drivers and helpers employed by its members had entered into an agreement, effective June 28, 1940, which shortened the working day by one-quarter hour; provided for a yearly vacation of six days with pay for regular drivers and helpers; and granted wage increases to helpers of 50 cents for a full or a half-day's work and 15 cents per hour for broken time. The petitioner's witness estimated that this agreement had increased labor costs approximately 5 per cent for drivers and 8 per cent for helpers. Labor expenses, he said, were considered as accounting for 50 per cent of total drayage costs.

Increased operating expenses in addition to those attributable to the wage increases, it was represented, had been occasioned by decreased efficiency of drivers and helpers and by congestion at steamship piers. The witness for petitioner explained that the vacations given regular employees and the loss of some such men through induction into the United States Army had required the draymen to employ men who were unfamiliar with the operations in which they were engaged and who were not generally as efficient as the men they had replaced. Congestion at steamship piers, the witness said, had resulted from the increased volume of traffic handled for the federal government and from the reduced number of steamship lines operating in the intercoastal trade. No estimate was submitted, however, of the additional expense claimed to have been experienced because of these conditions.

Rate adjustments since 1937 are said to have been predominantly downward. Because of extended pickup and delivery service of line-haul carriers business is said to have decreased. No offsetting increase in tonnage is said to be in prospect.

In regard to the limitation of the proposed increases to class rates, it was explained that the carriers had not as yet studied the effect increased commodity rates would have on their business,

and, therefore, no increase in commodity rates was proposed. It was suggested, however, that increases in commodity rates might well result in loss of traffic. Petitioner's witness argued that traffic moved under the class rates proposed to be increased had long enjoyed relatively low rates and that it was accordingly best able to bear higher rates at this time.

Its proposal, petitioner claims, in addition to recommending increases in rates made necessary by higher operating expenses also provides a more appropriate class-rate relationship. The existing relationship, it was contended, provides broader spreads between the class rates than are warranted in truck transportation. In support of this position it was pointed out that second, third and fourth class rates prescribed for San Francisco drayage were 80, 60 and 50 per cent, respectively, of first class, while like class rates subsequently established for Los Angeles and East Bay drayage and for line-haul highway carriers were related on the basis of 90, 80 and 70 per cent of first class. A witness for petitioner testified that the proposed relationship of 85, 70 and 60 per cent corresponded with that maintained by the rail lines. He also presented a rate study which purportedly shows that while first and second class rates in San Francisco are not "out-of-line" with rates for the same classes in the Los Angeles and East Bay drayage areas, the third class rates in San Francisco are considerably lower and fourth class rates markedly lower than like rates in the other drayage areas. Charges in cents per shipment for various weights, as shown in this study, are reproduced below:

Weight of Shipment In Pounds	San Francisco				Los Angeles				East Bay			
	1	2	3	4	1	2	3	4	1	2	3	4
100	55	45	40	40	40	40	40	40	60	60	60	50
500	110	90	65	55	105	95	65	75	160	140	100	85
1,000	195	155	115	110	210	190	170	150	200	175	150	125
2,000	360	285	215	180	320	300	280	240	350	300	270	240
3,000	470	375	280	235	480	450	420	360	450	400	375	300
4,000	580	460	345	290	520	480	440	400	600	520	500	400
6,000	825	660	495	415	780	720	660	600	800	750	600	500

On cross-examination petitioner's witness admitted that less than half of the for-hire drayage in San Francisco was performed under class rates and that the proposed increases in these rates would, in some cases, be as great as 20 per cent. He insisted, however, that the aggregate increase which would be experienced by the shippers would not exceed 5 per cent and that the present rate structure had benefited shippers of the more adversely affected commodities for a period of five years. The witness refused to concede, as suggested by a protestant, that the carriers were responsible for the asserted inefficiency of some of their drivers and helpers. With respect to delays at the steamship piers, he admitted that delays of more than 30 minutes for which the carrier was not responsible were required to be charged for at a rate no lower than \$2.20 per hour, minimum charge 55 cents. In practice, he said, this charge was made only when the delayed equipment was handling shipments for one shipper. When a number of shippers were involved he claimed that there was no practical means of establishing the charge for delay to be made against each shipper.

California Packing Corporation strongly urged that rates applicable to canned goods and roasted coffee be not increased and that instead rates applicable to these commodities be reduced from fourth class to 60 per cent of fourth class. The latter rates, it was claimed, are now provided for a group of commodities which were said to possess similar transportation characteristics. A witness for the corporation said that charges for drayage of canned goods and roasted coffee would be increased some 21 per cent under the proposed

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<sup>1</sup> Included in this group are beans, grain, iron and steel articles, malt, rice, salt and sugar. For the complete list of these articles and their package requirements see page 18 of Exhibit "A", as amended, to Decision No. 28632, supra.

rates. This, he asserted, would cast an undue burden on his firm as well as on other shippers of the same or like commodities. The witness also asserted that fourth class rail rates were not uniformly 60 per cent of first class, and in support of that assertion referred to proceedings before the Interstate Commerce Commission in which, he said, it had prescribed fourth class rates 55 and 50 per cent of first class for extensive territories. In regard to delays at the docks, the witness claimed, that his firm had paid, as the occasions had arisen, the required additional charges.

The establishment of any increase in the rates for the transportation of drugs and related articles was opposed by Allied Drug Distributors Association and by Johnson and Johnson, a member of that association. Some 98 per cent of the drayage of drugs in San Francisco, they represented, was handled under class rates. The intrastate rate level in California, a witness for these protestants said, had caused San Francisco drug wholesalers to lose business, and the proposed drayage increase, he predicted, would cause further losses. The witness suggested that some rates might be too high while others were too low and urged that a cost study be required before any increase is granted.

Although it is evident that the payment of higher wages to drivers and helpers has increased the carriers' operating expenses neither the amount of the increase nor the amount of the additional revenue which would be derived from the proposed rates has been established on this record. According to the estimates of petitioner's witness the increase in expense directly attributable to wage increases would not exceed 4 per cent of full cost; and the increase in revenue under the proposed rates would amount to not more than 5 per cent. Increased expense for operations involving only drivers, on the basis of these estimates, would approximate 2½ per cent and that for operations involving both drivers and helpers would be between 2½

and 4 per cent. The estimates were not supported, however, by any detailed study of expenses and revenues and at best are merely indications of the effect higher wages have had on costs and of the probable effect of the proposed increased rates. They were not offered nor can they be accepted as accurate portrayals of the amounts of additional costs and earnings. No estimate of the added expenses claimed to have resulted from decreased efficiency of the carriers' employees or from congestion at steamship piers was submitted, nor can the extent to which these conditions may affect operating costs be determined from the evidence.

Although, as petitioner has pointed out, rates for the lower classes in the Los Angeles and East Bay drayage areas are generally substantially higher than in San Francisco, and although petitioner contends that lower classed traffic has been preferred in San Francisco for some time and is best able to stand higher charges, there is no showing of similarity of conditions surrounding transportation in these drayage areas, of the extent of any undue preferment of lower classed traffic or of its ability to bear increased rates.

Because of the state of the record it cannot be concluded whether the proposed increases in rates would yield additional revenues greater than, approximately the same as, or less than the added costs experienced by the carriers; or whether the proposed increases would cast an undue burden on the traffic for which higher rates were proposed. While it may well be, as the record tends to show, that the spread between the minimum class rates for San Francisco drayage should be narrowed the record made is not convincing that the proposed rates are justified. The requested class-rate increases will be denied without prejudice to the conclusions the Commission may reach upon a more comprehensive record.

Increased Monthly Truck Unit Rates

Outstanding orders provide minimum rates on a monthly basis for the exclusive use of equipment and the services of a driver. These rates vary with the capacity of the equipment and the number of days per month it is used. They range from \$255 for vehicles with a capacity of 2,500 pounds or less to \$405 for vehicles with a capacity of over 15,500 pounds when the equipment is used on not more than 23 days during a month, and from \$285 to \$470 for vehicles of those capacities when used more than 23 days during a month.

A witness for petitioner testified that, under the agreement referred to in the discussion of the proposed class rate increases, drivers of equipment in monthly truck unit service had also been granted an annual vacation of 6 days with full pay. These drivers, the witness said, were paid daily wages of from \$7 to \$9, depending upon the size of the equipment. On a monthly basis, increases in expenses attributable to the paid vacations was said to amount to \$3.50 for the \$7 men and to \$4.50 for the \$9 men. The average truck, according to the witness is operated on an \$8 per day wage scale resulting in a \$4 per month increase for paid vacations. He said that while it was immaterial to the carriers whether the varying amounts of the increases or the \$4 average was added to the present rates it was necessary that the added operating expense be reflected in the rates.

Petitioner has justified increased monthly truck unit rates offsetting higher labor expense occasioned by the payment of vacation wage to drivers. As both this additional expense and the rates for the service are based upon the carrying capacity of the equipment the rates will be increased accordingly.



Increased Rates for Accessorial Service

A rate of \$1.25 per man per hour is now provided for making pickups or deliveries under commodity rates except when they are made at sidewalk, platform truckside or inside shippers' and consignees' door at street level not more than 20 feet from the curb, and except when a vehicular elevator or a vehicular ramp is available. Only the actual time involved is required to be charged for when the pickup or delivery is made by the driver but when labor in addition to the driver is required a minimum charge of \$1.25 must be assessed.

Petitioner urged that the hourly rate for helpers be increased to \$1.50 per man on the grounds that this is the "going" rate, that under the wage agreement previously referred to in this opinion wages for helpers had been increased from \$1.10 to \$1.25 per hour for broken time and 50 cents per day for full or half-day employment, and that these increased wages plus the six-day annual vacation, pay roll taxes and the large amount of nonproductive time which the carriers must pay for, <sup>2</sup> justify the sought rate.

It is clear that under the present minimum rate of \$1.25 per hour operations involving helpers on a broken time basis would result in substantial losses to the carriers. It is also clear that nonproductive time paid for by the carriers should, as they contend, be reflected in the rate for helper services. In view of these circumstances and because of the material increase in wages since the present rate was established the proposed rate seems no higher than that necessary to permit compensatory operations. The recommended increase will be prescribed.

Reclassification of Egg Carriers or Trays

The carrier or tray for eggs involved herein was said by a witness for the petitioner to be made of moulded pulpboard and to be rated at third class under outstanding orders in the proceeding. It

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Helpers are paid for the time involved going to and returning from jobs but this time is not used in determining the charges for their services.

was proposed that a rating of one and one-fourth times first class be established. In support of the proposal it was represented that the commodity is light and bulky, each shipping carton of 250 nested trays weighing but 17 pounds and measuring 3<sup>1</sup>/<sub>2</sub> cubic feet. A study of the cost of transportation submitted by the witness shows that revenue under third class rates are somewhat less than labor expenses. He testified that other expenses incurred in handling this traffic were equivalent to the labor costs and that rates no lower than those proposed were necessary to return full costs. According to his study earnings under the proposed rates and those which would be produced by the hourly rates established for so-called "unusual shipments" would be approximately the same.<sup>3</sup>

On this record it appears that the proposed rates are justified by the cost of rendering service and that their approval is necessary to provide compensating rates for transportation of this commodity. The sought basis will be established.

Reduction of Minimum Tonnage Requirement on Commodities  
Transported for Wholesale Dry Goods Houses

A commodity rate of 11 cents per 100 pounds, minimum 3,500 tons per calendar year, is now provided for inhaul<sup>4</sup> transportation of commodities transported for wholesale department stores, wholesale dry goods houses and mail order houses. Petitioner proposed that the minimum be reduced to 2,500 tons per calendar year. In justification of the proposed reduction, it was represented that Englander Drayage

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<sup>3</sup> These hourly rates are limited to shipments on which an actual or estimated weight can be secured and where there is neither a definite point of destination nor specific time for loading, unloading or for releasing the vehicle. They, of course, do not apply to the transportation here involved and were used for comparison only.

<sup>4</sup> The term "inhaul" is defined in outstanding orders as "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."

& Warehouse Co. would lose the inhaul transportation it performed for Walton N. Moore Dry Goods Co. Inc. unless petitioner's request were granted. It was testified that when the rate was established Moore's inhaul tonnage was sufficient to meet the annual minimum weight requirement, that thereafter this tonnage had decreased steadily, and that only 2,400 tons were handled during the year 1940. The principal commodities involved were said to be cotton piece goods, dry goods and linoleum and a study of the shipments handled during the first three months of 1941 was said to show that the charges under class rates during that period would not have been as high as those applicable under the commodity rate.<sup>5</sup> Ascertainedly the interested shipper will not use the class rates because of the added expense which would be incurred in classifying the commodities. Although no cost estimate was submitted it was represented that the proposed basis would be compensatory. No attempt was made to show that the proposed basis would be proper if applied to traffic handled for other shippers.

While the record tends to show that conditions surrounding inhaul transportation for Walton N. Moore Dry Goods Co. Inc. may well justify adjustment in the present commodity rate basis for the traffic handled for that shipper the evidence submitted in support of the proposal falls far short of being convincing that the same basis should be extended to all shippers. It seems evident that the transportation characteristics of the goods hauled and the mixtures of the various commodities involved control the ability of the carrier to

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The results of the study are shown in the following tabulation:

<u>Month</u>	<u>Weight in Pounds</u>	<u>Charges Under Commodity Rate</u>	<u>Charges Under Class Rates</u>
January	514,637	\$566.50	\$ 549.12
February	540,957	594.99	579.50
March	377,199	414.91	409.96

conduct profitable operations under the proposed basis and that should there be any substantial change in the nature or quantities of the commodities transported the proposed basis might well prove to be unprofitable. In any event transportation of merchandise for other shippers has not been shown to be similar to that covered by petitioner's showing and hence an adjustment of rates for all traffic affected by the proposal is not warranted. If, transportation for the Moore Company is a special case, as this record indicates, the interested carrier may file an application under Section 10 of the City Carriers' Act seeking permission to deviate from the established minimum rates.

Adjustments Not Covered By Petitioner's Proposals

Decision No. 30955 of June 6, 1938, in this proceeding, established a commodity rate of 25 cents per 100 pounds for the transportation of exhibits from and to the site of the Golden Gate International Exposition on Treasure Island. As the Exposition has been closed and the exhibits have been removed from the island this rate no longer serves any useful purpose. It will be cancelled.

Transportation of used household goods, furniture, personal effects, musical instruments, radios, office and store fixtures and equipment has been exempted from the rates established in this proceeding. Rates for that transportation prescribed in other proceedings have been incorporated in City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4 (Appendix "A" to Decision No. 32629 of December 7, 1939, as amended, in Cases Nos. 4246 and 4434). In Decision No. 32325 (42 C.R.C. 119) it was found that transportation of used

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Section 10 of the Act reads as follows:

"If any carrier hereunder desires to perform any transportation or accessorial service at a lesser rate than the minimum rates so established, the Railroad Commission shall, upon finding that the proposed rate is reasonable and consistent with the public interest, authorize such rates less than the minimum rates established in accordance with the provisions of section 9 hereof."

household goods and related articles when shipped for sale or speculation was similar to transportation of that property new and should be subjected to the same rates. It was accordingly excluded from the household goods tariff and will be made subject to the general drayage rates.

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 Exhibit "A" of Decision No. 28632 of March 16, 1936, as amended, in the above entitled proceeding, be and it is hereby further amended to the extent shown in Appendix "A" attached hereto and hereby made a part hereof; and that in all other respects the petition of Draymen's Association of San Francisco, filed April 5, 1941, be and it is hereby denied without prejudice.

IT IS HEREBY FURTHER ORDERED, that 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 August 1, 1941.

Dated at San Francisco, California, this 24<sup>th</sup> day of June, 1941.

W. L. M.  
Carl Kieffer  
Justin J. Gakker  
Francis D. Havener  
Richard R. Chase

Commissioners

APPENDIX "A"

Rates, ratings, accessorial charges, rules and regulations set forth in Exhibit "A" of Decision No. 28632, and as amended, are hereby further amended as follows:

Original Page 5:

Rule 5 - Application of Rates

Change subparagraph 1 of the note under paragraph (a) to read as follows:

"1. Used property, viz.: household goods, office and store fixtures and equipment, as described in and for which rates are provided in City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4 (Appendix 'A' of Decision No. 32629 of December 7, 1939, or as amended, in Cases Nos. 4246 and 4434), and used property as described therein transported for the United States, state, county or municipal governments."

Change subparagraph (2) of paragraph (b) to read as follows:

"(2) On shipments moving under commodity rates: \$1.25 per hour for actual time consumed when service is performed by driver, or when labor in addition to the driver is required \$1.50 per max. per hour, minimum charge \$1.25 for such additional labor."

Original Page 11 - Classification of Articles

Add to the classification ratings on Original Page 11 the following:

"Boxes, Egg, Pulpboard containing moulded compartments ...1½"

Original Page 15 - Classification of Articles

Change the description "Salt, in sacks" appearing on Original Page 15 to read:

"Salt, in sacks or in bulk."

Original Page 24 - Commodity Rates

Cancel the item providing rates for exhibits for the Golden Gate International Exposition.

Original Page 25:

Item 130 - Rates for Transportation on  
Monthly Truck Unit Basis

Substitute the following item:

Rates for Transportation on Monthly Truck Unit Basis, Including Driver and All Other Operating Expenses (See Note)						
Capacity of Truck Unit				Rates Limited To 50 Miles Per Day		Rates In Cents Per Mile
				Column 1	Column 2	Column 3
	2,500 pounds or less			\$258.50	\$288.50	5
Over	2,500 pounds but not over 4,500 pounds			293.50	333.50	7
"	4,500	"	" " " " 6,500 "	329.00	374.00	9
"	6,500	"	" " " " 8,500 "	364.00	409.00	13
"	8,500	"	" " " " 10,500 "	379.00	429.00	17
"	10,500	"	" " " " 15,500 "	389.00	444.00	20
"	15,500	"		409.50	474.50	23

Column 1 rates apply when the truck unit is used on not more than 23 days per month.  
 Column 2 rates apply when the truck unit is used on more than 23 days per month.  
 Column 3 rates are to be added to the monthly charge for any distance in excess of 50 miles per day the truck unit is operated.

NOTE - Rates named in this item apply during regular working hours. See Rule 35.

END OF APPENDIX