

Decision No. 34830

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application )  
of WALKUP DRAYAGE & WAREHOUSE )  
COMPANY, a corporation, for per- )  
mission under Section 10, City )  
Carriers' Act (Statutes 1935 )  
Chapter 312) to transport prop- )  
erty within the City and County )  
of San Francisco at rates less )  
than the minimum rates prescrib- )  
ed for City Carriers by Decision )  
No. 28632, as amended, in Case )  
No. 4084. )

Application No. 24565

BY THE COMMISSION:

Appearances

Glen C. Holtwick and Alec W. McTavish, for  
applicant.  
Joseph Robertson, for Robertson Drayage Co.,  
Inc., protestant.

O P I N I O N

By this application Walkup Drayage & Warehouse Company, a city carrier, seeks authority to transport soap and shortening for Lever Brothers Co. at a rate less than the minimum rates established in re Rates for San Francisco City Carriers, 39 C.R.C. 636, as amended. The matter was submitted at a public hearing had at San Francisco on November 19, 1941, before Examiner Mulgrew.

Stocks of Lever Brothers' soap and shortening are maintained in San Francisco by various brokers and wholesalers who sell these products to the city's retail stores. Lever Brothers Co. also maintains a separate stock from which merchandise sold by its salesmen directly to the stores is withdrawn. This merchan-

dise is generally delivered by the salesmen who operate small trucks in connection with their selling and advertising activities. A for-hire carrier is employed to make these deliveries when they cannot be made by the salesman. The manufacturer plans to discontinue having its salesmen make deliveries and to turn all of this hauling over to a for-hire carrier. For this transportation applicant proposes to apply, on a temporary basis, a rate of 17 cents per 100 pounds, minimum charge 55 cents per shipment, said rate and minimum to include pickup and delivery service, the collecting and remitting of moneys on C.O.D. shipments, and the compiling of reports of deliveries for the shipper.

Minimum rates established for the transportation in question vary according to the zone or zones in which the points of origin and destination are located. They also vary according to the distance between the curb or the carrier's equipment and the points where the property is picked up and delivered. When such distances are not more than 20 feet the rates range from 40 cents per shipment for shipments weighing 100 pounds and less to 10½ cents per 100 pounds for shipments weighing over 6,000 pounds. When a greater distance is involved the rates range from 65 cents per shipment to 14½ cents per 100 pounds for the same weights. For the accessorial services of collecting and remitting C.O.D. moneys, the established minimum rate is 1/4 of 1 per cent of the amount collected and remitted, minimum charge 15 cents, and for the compiling of reports for shippers rates have not been prescribed.

Applicant represents that the interested shipper has requested a flat rate basis because it would be more convenient to apply, because it would be in conformity with drayage arrangements in other cities throughout the country, and because it would permit determination of delivery costs in advance of the sale of the mer-

chandise. According to applicant's estimates, 15 cents of the 17-cent proposed rate and 50 cents of the proposed 55-cent minimum would return it revenues sufficient to perform transportation and pickup and delivery services on a compensatory basis, and the remainder of said proposed rate and minimum would produce adequate charges for making C.O.D. collections and compiling the required reports. It is pointed out that the established rates are generally somewhat lower, in some cases substantially lower, than the proposed rate and that the latter should, therefore, produce at least as great an aggregate revenue. The proposed rate is said to be designed to return approximately the same revenue as the established rates.

A study of Lever Brothers' deliveries for the month of September 1941 shows that the established minimum rates would have returned revenues of \$204.35, a 17-cent flat rate \$203.37, and a 15-cent flat rate \$182.38. No C.O.D. collections were handled during that month. The difference between the charges under the two flat rates, it is claimed, would provide adequate compensation for accessorial services involved in handling such occasional C.O.D. shipments as may be offered and in making the required reports. The latter service is said to involve not more than one clerk-hour per day five days per week. Applicant states that if the sought authority is granted, it will make and submit to the Commission a cost study based upon actual operations for a ninety-day period, and in the event it finds that costs or earnings are at variance with its estimates, will apply for authority to make such changes as actual experience may demonstrate are necessary.

Robertson Drayage Co., Inc., objects to the granting of the sought authority on the ground that revenue and cost figures based upon actual experience are needed to demonstrate whether or

not the proposed rate is reasonable. This carrier claims to have performed drayage service for the interested shipper for the past eighteen years. It requests the opportunity to develop its costs for the prospective increased volume of traffic and additional accessorial service, so that both it and the applicant may then propose such rate adjustments as their cost figures appear to justify.

The interested shipper was not represented at the hearing and its position is somewhat obscure. In the light of the evidence offered by applicant, however, it appears that the granting of the sought authority would result in the shipper discontinuing proprietary hauling and employing applicant to make the deliveries involved. On the other hand, although applicant believes that denial of the authority to observe the proposed rate might well result in the shipper continuing its present delivery arrangements the attitude of the shipper in this eventuality is admittedly unknown.

It is evident that the primary purpose of the application is to secure authority to observe a flat rate to meet the interested shipper's request for such a basis rather than to secure authority to assess a rate which would produce lower aggregate charges than those produced by the established minimum rates. Obviously, a flat rate basis would be somewhat more convenient to apply than the prescribed basis. However, it has not been made to appear that the latter imposes any undue burden upon the interested shipper or that the planned diversion of traffic would not materialize should authority to observe the proposed flat rate be denied. The rates established by outstanding orders in Rates for San Francisco City Carriers, supra, have been in effect for some time and have apparently been applied to a portion of the traffic involved as well as to other similar traffic with little, if any,

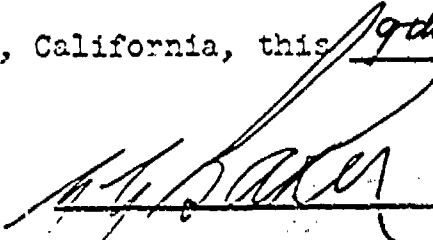
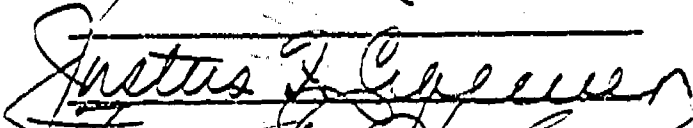

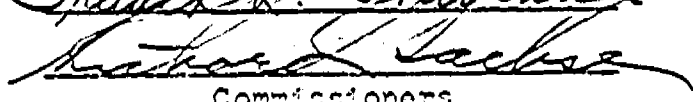
difficulty. The advantage which the shipper involved in this proceeding would obtain under the proposed flat rate basis has not been shown to be justified by transportation conditions peculiar to the drayage in question. The mere showing that the proposed rate would produce aggregate charges approximately the same as the established rates, would be more convenient to apply and might secure added traffic for applicant does not demonstrate that the proposed rate is reasonable and consistent with the public interest. On the contrary, the benefits which the public derives from a stabilized basis of known transportation charges for all carriers and shippers of the same commodities appear far to outweigh such relatively minor benefits as the applicant and interested shipper might derive from the granting of the sought authority.

We are of the opinion and find that the proposed rate has not been shown to be reasonable and consistent with the public interest under the circumstances and conditions here of record. The application will be denied.

O R D E R

This matter having been duly heard and submitted,  
IT IS HEREBY ORDERED that the above entitled application  
be and it is hereby denied.

Dated at San Francisco, California, this 19th day of  
December, 1941.

  
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Commissioners