

Decision No. 35011

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SAN FRANCISCO WAREHOUSE COM-)
PANY, a corporation, to charge)
less than established minimum)
rates.)

Application No. 24648

BY THE COMMISSION:

Appearances

Reginald L. Vaughan, for applicant.
J. F. Vizzard, for Draymen's Association of
San Francisco, interested party.

O P I N I O N

By this application San Francisco Warehouse Company, a city carrier, seeks authority to transport alcoholic liquor in barrels for Schenley Distilleries, Inc. at rates less than those established as minima 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 before Examiner Mulgrew. No one opposed the granting of the sought authority.

The transportation involved consists of the drayage of liquor in barrels from vessel and railroad unloading facilities in San Francisco to United States Internal Revenue Bonded Warehouses 72 and 99, situated in that city at 900 and 641-3 Battery Street, respectively, and from Warehouse 99 to Warehouse 72. All of the points of origin and destination of these drayage movements are located in the area described as Zone 1 in City Carriers' Tariff No. 1, in which the established minimum rates have been incorporated.

Only shipments from vessel docks to Warehouse 72, weighing 6,000 pounds or more, have heretofore been handled by applicant. Shipments from and to the other points involved, applicant represents, will be made in like quantities. For intrazone transportation of liquor in barrels in shipments of that size the tariff specifically provides a minimum rate of \$1.70 per ton. It also provides, however, that this rate will alternate with the rail switching basis when the drayage movement is from a vessel dock to a warehouse directly served by railroad. Charges determined on the alternative basis amount to varying rates per ton for the reason that carloading rates, one of the factors of this basis, are generally stated in cents per ton, while switching and car rental rates, the two other factors, are usually applied on a per-car basis. On the shipments handled for the interested distiller, the alternative basis is said to have amounted to a rate of \$1.16 per ton. Applicant seeks authority to observe a rate of that volume on shipments from vessel docks and railroad unloading facilities to Warehouse 99 and on shipments from that warehouse to Warehouse 72, in minimum quantities of 500 tons per month. For the service of sorting the barrels of liquor according to their serial numbers, an additional charge of 5 cents per barrel is proposed to be made. This is the same charge as that now made for this service.

Applicant claims that cartage operations from and to Warehouse 99 would be substantially the same as its operations from vessel docks to Warehouse 72. Its president testified that most of the equipment it has used in the dock to Warehouse 72 movement is suitable only for cartage for short distances, that he feared that his company's liquor traffic would be lost to proprietary carriage unless the application were granted, and that he foresaw no opportunity to use this equipment in other operations.

A cost estimate submitted by a consulting engineer retained by applicant develops \$1.04 per ton as the average full cost of rendering the transportation and accessorial services involved. This estimate is based largely upon applicant's operating experience, particularly upon its experience in the handling of liquor from vessel docks to Warehouse 72. The witness said that from a cost standpoint the proposed transportation from and to Warehouse 99 would be comparable to transportation from docks to Warehouse 72 and that the large quantities in which the liquor would be shipped would permit operating economics which are not possible in handling smaller shipments.

The controller for Schenley's western region testified that his company considered the prescribed rate higher than the cost of operating proprietary trucks. He said that although no detailed study of such operations in San Francisco had been made, the company's experience at other points indicated costs would be appreciably less than \$1.70 per ton. He also said that the company would engage in proprietary operations in San Francisco rather than pay the rate now in effect for for-hire carriage.

The record shows that conditions surrounding the transportation in question would be more favorable than those surrounding ordinary drayage operations and that because of these more favorable conditions, the costs applicant would experience in rendering the service would be materially lower than those normally experienced. It also shows that the level of the proposed basis of rates is high enough to permit compensatory operations thereunder. We are of the opinion and find that the facts and circumstances of record justify the proposed deviation from the established minimum rates. The

application will be granted. As it is possible, however, that the conditions under which this transportation service is to be rendered may change at any time, the authority will be limited to a one-year period, unless sooner canceled, changed or extended.

ORDER

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that San Francisco Warehouse Company be and it is hereby authorized to transport alcoholic liquor in barrels for Schenley Distilleries, Inc., in shipments weighing 6,000 pounds or more and in minimum quantities of 500 tons per calendar month, from vessel docks and railroad unloading facilities in San Francisco to United States Internal Revenue Bonded Warehouse 99, situated at 641-3 Battery Street in that city, and from said Warehouse 99 to United States Internal Revenue Bonded Warehouse 72, situated at 900 Battery Street, at rates less than those established as minima for that transportation by Decision No. 28632 of March 16, 1938, as amended, in Case No. 4084, but not less than \$1.16 per ton; and that when San Francisco Warehouse Company performs accessorial sorting service in connection with the aforesaid transportation, a charge of not less than 5 cents per barrel shall be made for that accessorial service.

The authority herein granted shall expire one year from the effective date of this order, unless sooner changed, canceled, or extended by appropriate order of the Commission.

This order shall become effective twenty (20) days
from the date hereof.

Dated at San Francisco, California, this 10th day of
February, 1942.

Justus J. Cassner
Way L. Riley
M. H. Baker
Frank C. Havens
Richard L. Schaefer

Commissioners