

Decision No. 35240

ORIGINAL

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 regu- )  
lations 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 trans- )  
portation, for compensation or )  
hire, of any and all commodities. )

Case No. 4246

In the Matter of the Establishment )  
of maximum or minimum, or maximum )  
and minimum rates, rules and regu- )  
lations of all carriers as defined )  
in the City Carriers' Act of the )  
State of California (Statutes of )  
1935, Chapter 312, as amended) for )  
the transportation over the public )  
highways within any city or city )  
and county in the State of )  
California, for compensation or )  
hire, of any and all commodities. )

Case No. 4434

BY THE COMMISSION:

Additional Appearances

Harold J. Blaine, for United Van & Storage Association, Inc. and California Van & Storage Association.  
J. W. Barker, for United Van & Storage Association, Inc. and San Francisco Movers, Inc.  
Henry Kearney, for California Movers Association and League of Highway Carriers.  
A. E. Patton and W. O. Narry, for Richfield Oil Corporation and Rio Grande Oil, Inc.  
W. E. Paul, for Union Oil Company of California.  
Robert W. McKenzie and E. L. Dougan, for Van and Storage Drivers Union (Local 389, International Brotherhood of Teamsters).

SUPPLEMENTAL OPINION

Minimum rates, rules and regulations for the transportation of used household goods and related articles by city and highway carriers have been established by Decision No. 32629 of December 27, 1939, as amended, in these proceedings.<sup>1</sup> They have been incorporated in City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4 (Appendix "A" of said Decision No. 32629). By petition, United Van & Storage Association, Inc., The Truck and Warehouse Association of San Diego and Imperial Counties and California Van & Storage Association urge that the prescribed "local moving" rates, except those applicable to transportation from, to or between points situated in an area described as "Territory 'A'," be substantially increased.<sup>2</sup> At petitioners' request, however, evidence received at the initial public hearing, had at Los Angeles before Examiner Mulgrew, was confined to that relating to rates for the Los Angeles and San Diego metropolitan areas, for Orange County, and for Los Angeles County outside of the metropolitan area.<sup>3</sup>

Petitioners are chiefly concerned with residence-to-residence moving under hourly rates, particularly such operations

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<sup>1</sup> The property for which rates have been so established consists of used household or personal effects, such as clothing, furniture, furnishings, radios, musical instruments, stoves and refrigerators; and used office and store fixtures and equipment, such as furniture, furnishings and other appurtenances.

<sup>2</sup> "Local moving" is transportation within an incorporated city, within defined metropolitan areas, and other transportation for distances not in excess of 30 miles. The area designated as Territory "A" is comprised of the City and County of San Francisco, the Counties of Alameda and San Mateo, and the Cities of Palo Alto and Richmond. Increased hourly rates for "local moving" in that area were prescribed in these proceedings, effective August 1, 1941, (43 C.R.C. 583).

<sup>3</sup> The metropolitan areas are not confined to territory within the corporate limits of Los Angeles and San Diego. The extent to which these areas include territory contiguous to the cities is shown in subparagraphs (f) and (g) of Items Nos. 180-A and 181-A of the tariff.

with vehicles which have a loading area of 70 square feet or greater. The minimum rates established for this class of service, they contend, are far below the level necessary to return reasonable operating costs and to permit maintenance of adequate and dependable service. In support of these contentions, petitioners submitted studies showing estimated average costs for the transportation in question. Estimates of the cost of this transportation were also submitted by a senior engineer from the Commission's transportation department. The minimum rates now in effect and the costs disclosed by these studies are shown below:

| Equipment Having A Loading Area of 70 Square Feet Or Greater | R A T E S                               |   | C O S T S    |            |          |
|--|---|---|--------------|------------|----------|
|  | Metro-politan Los Angeles And San Diego | Los Angeles And Orange County Territory | Petitioners' | Engineer's |          |
|  |   |   |              | Class I    | Class II |
| Equipment, driver and helper                                 | \$3.50                                  | \$3.15                                  | \$4.1630     | \$3.9021   | \$4.0583 |
| Equipment and driver only                                    | \$2.70                                  | \$2.50                                  | \$3.3579     | \$2.6892   | \$2.7849 |

The engineer's classification of the carriers was made according to the method used to determine wages for the men employed. He assigned to "Class I" carriers who pay their men for the revenue hours involved in the jobs for which they are engaged and to "Class II" carriers who pay their men for the actual time they are employed regardless of the number of revenue hours. Petitioners and the engineer agree that the type of service which individual carriers render varies widely because of differences in the requirements of their patrons and differences in the equipment operated. Petitioners claim, however, that minimum household goods rates must produce earnings sufficient to return the average costs of all classes of carriers if service satisfactory to the majority of the shippers.

is to be continued, and that classification of the carriers for the purpose of estimating costs would, therefore, be of little or no value in determining proper rates.

The studies follow the same plan of cost allocation, cost factors being assigned to fixed, running, labor and overhead expenses. Converted to an hourly basis, petitioners' estimate and the engineer's estimate for "Class I" carriers for fixed and running expenses are almost identical but the latter's estimate for "Class II" carriers is materially higher.<sup>4</sup> There are also important differences in the labor and overhead expense estimates.<sup>5</sup>

The final results as hereinbefore shown range upward from the engineer's estimate of \$3.90 per hour for "Class I" carriers to the petitioners' estimate of \$4.16 for all types of carriers. These estimates were based upon studies confined to operations in the metropolitan Los Angeles area. However, representatives of carriers performing service in the metropolitan San Diego area and in Los Angeles and Orange Counties outside of the metropolitan Los Angeles area testified that they had compared the costs of performing service in those areas with that shown in petitioners' study and that although there are some variations in individual cost factors, the final results are approximately the same.

According to petitioners, the hourly rates for equipment of the size covered by the cost studies when the services of two men are engaged must be increased to at least \$4.16 to arrest the

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For these expenses petitioners' study shows a cost of \$0.7901, the engineer's \$0.7914 for "Class I" and \$0.9194 for "Class II" carriers.

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Labor cost per hour (driver and helper) is estimated as amounting to \$1.7077 by petitioners and as \$1.5784 and \$1.9058 for "Class I and II" carriers, respectively, by the engineer. Overhead expense per hour is estimated at \$1.6652 by petitioners and \$1.5323 and \$1.2331, respectively, for "Class I and II" carriers by the engineer.

present trend towards lowered standards of service and to discourage discriminatory practices attributable to the insufficiency of earnings under the present rate structure. Specific proposals were not made with respect to the hourly rates for equipment which has a loading area of less than 70 square feet, for moving operations for which only the driver's services are engaged or for the services of additional helpers. Likewise, proposals were not made with respect to the rates in cents per 100 pounds and per article for designated transportation and accessorial services.

Petitioners claim that in the territory in question here there is keen competition among the for-hire carriers of household goods. As a result of this competition the minimum rates assertedly must generally be charged by a majority of the carriers. Under conditions such as these, carriers are said to be "prone to charge part of the public all the traffic will bear" and "the chiseling element of the public" is said to benefit by being able to barter "for a cheaper price against the price already quoted." Low minimum rates, it is argued, fail to protect shippers who do not question the rates quoted and have no effect upon competition with truck rental agencies. In regard to this type of competition petitioners urge that the people who patronize and are satisfied with the so-called "U-Drive" method of moving will use that method regardless of the for-hire carrier moving rates.

Because of the asserted impracticability of securing rates higher than the minimum rates for any appreciable amount of traffic, minimum rates are said to be "going" rates and as such, it is contended, they should not be so low that superior equipment cannot be maintained and expedited service rendered thereunder. Only the "chiseling public" and the "chiseling operator" are said to be opposed to increased rates. Petitioners claim, moreover,

that the proposed rates are not higher than necessary for ordinary moving operations.

In support of petitioners' contentions several carrier witnesses testified that their expenses were greater than the revenues produced by the minimum rates and that they had found it virtually impossible to secure rates higher than the minimum rates. Two of these witnesses, proprietors of relatively small moving concerns, said that the returns from their businesses were insufficient to provide reasonable sums of money for ordinary living expenses. Another witness, formerly a carrier of the same type, said that he had discontinued his operations because of the unsatisfactory earnings under the present rate structure. According to one of these witnesses, it may be possible for the "major" household goods movers to secure higher than the prescribed minimum rates, but it is not possible for other and smaller carriers. According to another of these witnesses, the one who discontinued his business, he charged more than the minimum rate when not "pinned down" but practically all of his customers had known about the availability of the services of other carriers at the minimum rates and, therefore, no important amount of additional revenue had been secured.

A group of carriers belonging to the California Movers Association opposes the establishment of any increase in the present rates. The spokesman for this group testified that it is composed of carriers who drive their own trucks and whose wives take care of the office work. These carriers, the witness said, employ casual workers as helpers where help is necessary to move heavy and bulky pieces. By operating in this manner, the witness claimed, carriers of this type are able to earn their living. They have no chance, he said, to get higher rates than the present minimum rates for the service they perform.

Officials of the International Brotherhood of Teamsters, representing drivers and helpers employed by the carriers, urge that the employment of skilled men is necessary to provide adequate service for the public. The wages paid such men, they assert, should exceed those paid men having no skilled trade. The drivers' and helpers' wages, they also assert, should reflect increased living costs and be calculated on the basis of the time the men are engaged by the carrier, not on the basis of the carrier's revenue hours.

Aside from the group of carriers affiliated with the California Movers Association, no one opposed the establishment of increased rates for the transportation in question.

From the evidence of record, it appears that the prescribed minimum hourly rates for the transportation in question are insufficient under prevailing conditions. However, increases greater than 50 cents per hour for equipment having a loading area of over 70 square feet, driver and helper, 30 cents per hour for equipment of that size and driver, 45 cents per hour for smaller equipment, driver and helper, 25 cents per hour for the smaller equipment and driver, and 25 cents per man per hour for additional helpers have not been shown to be justified.

Upon consideration of all the evidence of record, we are of the opinion and find that City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4 (Appendix "A" of Decision No. 32629, supra, as amended), should be amended as shown in the revised pages attached to and made a part of the order herein, that highway common carriers now required to maintain rates no lower than those named in the aforesaid tariff should be required to increase their rates to the minimum rate level found justified herein, and that in all other respects said Decision No. 32629 should remain in full force and effect.

O R D E R

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

IT IS HEREBY ORDERED that City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4 (Appendix "A" of Decision No. 32629, as amended, in these proceedings), be and it is hereby amended by substituting therein, to become effective May 20, 1942, the revised pages attached hereto and by this reference made a part hereof, which pages are number as follows:

Second Revised Page 15 Cancels First Revised Page 15  
Second Revised Page 18 Cancels First Revised Page 18

IT IS HEREBY FURTHER ORDERED that the tariff publications to be made by common carriers as a result of the amendment herein of the aforesaid City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4 (Appendix "A" to Decision No. 32629, as amended), shall be made on or before May 20, 1942, on not less than three (3) days' notice to the Commission and to the public.

IT IS HEREBY FURTHER ORDERED that in all other respects said Decision No. 32629, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 7<sup>th</sup> day of April, 1942.

Justus J. Cavener  
Walter H. Price  
W. H. Price  
Francis L. Havens  
Richard Jackson

Commissioners



| Item No.   | SECTION NO. 1 - RULES AND REGULATIONS (Continued)  |
|--|--|
| <p>180-B<br/>                     Cancels<br/>                     180-A</p> | <p style="text-align: center;"><b>TERRITORIAL DESCRIPTIONS</b><br/>                     (Items Nos. 180 and 181 Series)</p> <p>The following territorial, metropolitan area and group descriptions apply in connection with rates, rules and regulations making reference hereto. These descriptions include both sides of streets, boulevards, roads, avenues or highways when they are used as boundaries. Where the boundary line intersects the limits of an incorporated city, the boundary line shall follow the city limits so as to include the entire city within the boundary. Where a road or highway is used as a boundary line in unincorporated territory, all points not more than 500 feet beyond the road or highway shall be included within the boundary.</p> <p>(a) TERRITORY "A" consists of the City and County of San Francisco, the counties of Alameda and San Mateo, and the cities of Palo Alto and Richmond.</p> <p>(b) TERRITORY "B" consists of the counties of Los Angeles, Marin and Orange; Metropolitan San Diego, Sacramento, San Bernardino, San Jose and Santa Barbara groups as described in Items Nos. 180 and 181 series; and the cities of Bakersfield, Fresno and Stockton.</p> <p>(c) TERRITORY "C" consists of all territory not described in paragraphs (a) and (b) hereof.</p> <p>(d) San Francisco Group (Mileage Point: 10th &amp; Market Streets, San Francisco) consists of the cities of San Francisco, South San Francisco, Daly City and San Bruno.</p> <p>(e) Metropolitan Oakland (Mileage Point: 14th &amp; Broadway, Oakland) consists of the cities of Oakland, Alameda, Emeryville, Piedmont, Berkeley, Albany, El Cerrito, Richmond and San Leandro.</p> <p>(f) Metropolitan Los Angeles (Mileage Point: First &amp; Main Streets, Los Angeles) consists of that area embraced by the following boundary:</p> <p>Beginning at the intersection of the Los Angeles-Orange County Line with the Pacific Ocean, thence westerly and northerly along the coast line to its intersection with the projection southerly of the line of Topanga Canyon Road; thence northerly along said projection, Topanga Canyon Road and Topanga Canyon Boulevard to Devonshire Street; thence easterly along Devonshire Street to Sepulveda Boulevard; thence northerly and northeasterly along Sepulveda Boulevard and Chatsworth Drive to San Fernando Road (Highway U.S. 99); thence northwesterly and northeasterly along San Fernando Road, McClay Avenue and Pacoima Canyon Road to the southerly boundary of the Angeles National Forest; thence easterly along said southerly boundary of the Angeles National Forest to the San Gabriel Forest Highway; thence southerly along San Gabriel Forest Highway and Azusa Avenue to Highway U.S. 60; thence westerly and southwesterly along Highway U.S. 60, Sunset Avenue, Seventh Avenue, Turnbull Canyon Road to Greenleaf Avenue in Whittier; thence southerly along Greenleaf Avenue to Highway U.S. 101; thence southeasterly along Highway U.S. 101 to the Los Angeles-Orange County Line; thence southerly, westerly and southwesterly along said County Line to the point of beginning.</p> |
|  | <p>↑ Increase, Decision No. <b>35240</b></p>   |
|  | <p style="text-align: right;">EFFECTIVE MAY 20, 1942</p>   |
| <p>Correction No. 6</p>  | <p style="text-align: center;">Issued by The Railroad Commission of the State of California,<br/>                     San Francisco, California.</p>   |

| Item No.  | SECTION NO. 2 - LOCAL MOVING RATES               |     |     |     |     |
|---|--|-----|-----|-----|-----|
|   | UNCRATED PROPERTY (1)<br>Rates in Cents per Hour |     |     |     |     |
|   | COLUMNS  |     |     |     |     |
|   | 1  | 2   | 3   | 4   | 5   |
| Carrier's Equipment, having a loading area of 70 square foot or less (2): |  |     |     |     |     |
| Carrier's Equipment and driver .....                                      | 270  | 245 | 225 | 220 | 200 |
| Carrier's Equipment, driver and helper                                    | 385  | 345 | 310 | 300 | 265 |
| Additional helpers, per man .....   | 140  | 125 | 100 | 100 | 75  |
| Carrier's Equipment, having a loading area of over 70 square foot (2):    |  |     |     |     |     |
| Carrier's Equipment and driver .....                                      | 325  | 300 | 280 | 270 | 250 |
| Carrier's Equipment, driver and helper                                    | 440  | 400 | 365 | 350 | 315 |
| Additional helpers, per man .....   | 140  | 125 | 100 | 100 | 75  |

200-B  
 Cancels  
 200-A

COLUMN 1 rates apply between points in Territory "A" on the one hand and points in Territories "A", "B" or "C" on the other. (3)

COLUMN 2 rates apply between Metropolitan Los Angeles points; between Metropolitan San Diego points; and between Metropolitan Los Angeles and Metropolitan San Diego points on the one hand and other points in Territory "B" and points in Territory "C" on the other. (3)

COLUMN 3 rates apply between points in Los Angeles County, except Metropolitan Los Angeles points; between points in Orange County; between points in Los Angeles County, except Metropolitan Los Angeles points, on the one hand and Orange County points on the other; and between points in Los Angeles County, except Metropolitan Los Angeles points, and Orange County points on the one hand and other points in Territory "B", except Metropolitan Los Angeles and San Diego points, and points in Territory "C" on the other. (3)

COLUMN 4 rates apply between points in Territory "B", except points in Los Angeles and Orange Counties and Metropolitan San Diego points; and between points in Territory "B", except points in Los Angeles and Orange Counties, and Metropolitan San Diego points on the one hand and points in Territory "C" on the other. (3)

COLUMN 5 rates apply between points in Territory "C". (3)

(1) When in advance of shipment the shipper elects, in the manner provided in Item No. 102 (j) series, to have a shipment transported under the rates provided in Item No. 210 series, the rates named in this item will not apply.

(2) Loading area means the total area of floor space of carrier's equipment available for loading, including tailgate and overhead (loading space above driver's compartment).

(3) See Items Nos. 180 and 181 series for descriptions of territories and Metropolitan areas.

\* Increase, Decision No. 35240

EFFECTIVE MAY 20, 1942

Issued by The Railroad Commission of the State of California,  
 San Francisco, California.  
 Correction No. 7