

Decision No. 35933

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
WALKUP DRAYAGE & WAREHOUSE COMPANY)
for an order granting permission to)
charge less than the minimum rates)
established by Decision No. 32541,)
in Case No. 4084.)

Application No. 25066

BY THE COMMISSION:

Appearance

Aaron H. Glickman, for applicant

O P I N I O N

Applicant is a city carrier operating in the City and County of San Francisco. By this application, as amended, it seeks authority to transport property for Baker and Hamilton at a minimum rate less than the minimum rates established for this transportation in Rates for San Francisco City Carriers, 39 C.R.C. 636, as amended.

A public hearing was had at San Francisco before Examiner Mulgrew.

The interested shipper is engaged in the wholesale hardware business. The established drayage rate structure provides a rate of 7-3/4 cents per 100 pounds, minimum charge 30 cents per

shipment, for transportation of property for wholesale hardware houses. This rate applies to all classes of property, to shipments of all sizes, and between all points within the city. It is limited, however, to transportation in minimum aggregate quantities of 9,000 tons per calendar year. For lesser quantities, the established rates, with exceptions not here important, vary according to the classification of the property, the size of the shipment, and the location of the points between which the shipment is transported. These rates range from $5\frac{1}{2}$ cents per 100 pounds, minimum weight 6,000 pounds, for shipments of commodities classified at 80 per cent of 4th class in intrazone drayage to 70 cents per shipment for shipments of commodities classified 1st class or higher weighing 100 pounds or less in interzone drayage.

Applicant urges that it be granted temporary authority to observe, for the transportation in question, a rate of $8\frac{1}{2}$ cents per 100 pounds, minimum charge 35 cents per shipment, in minimum aggregate quantities of 4,000 tons per calendar year. For the remainder of this year, it seeks authority to observe the proposed rate and minimum charge for an aggregate minimum quantity related to 4,000 tons in the same degree as the remainder of the year is related to the entire year.

According to the record, abnormal conditions resulting from the war have substantially reduced the volume of drayage traffic under consideration, and the shipper cannot, under these conditions, meet the 9,000-ton annual minimum provided for in connection with the $7\text{-}\frac{3}{4}$ -cent rate. During the five-month period April to August, 1942, inclusive, the aggregate weight of the

shipments handled averaged less than 600 tons per month (7,200 tons per year). Further reductions in this tonnage are anticipated. The reduction in tonnage thus far experienced is attributed chiefly to the discontinuance of intercoastal shipping and the diversion of the large quantity of traffic formerly handled by the vessel lines and the applicant to rail and freight forwarder movement in connection with which deliveries are made at Baker and Hamilton's warehouse by the line-haul carriers. Restrictions and priorities affecting the manufacture and distribution of many of the articles handled by the interested shipper have also contributed to the material decrease in the drayage tonnage. Further decreases in tonnage are expected to result from additional restrictions and priorities.

Studies submitted by the applicant show the total cost of transporting the 235.92 tons handled for Baker and Hamilton during the first ten working days of September, 1942, amounted to \$457.98; that if the proposed rate had been applicable to that transportation it would have produced revenue amounting to \$487.08; that the average rate for the September traffic studied was 2.06 per ton; and that the existing minimum rates averaged 2.46 per ton for the 2,903.57 tons handled from April to August, 1942, inclusive.

Baker and Hamilton supported the granting of the application. Its acting traffic manager said that increased transportation costs resulting from the lower volume of drayage traffic must be absorbed by his firm because higher prices for the merchandise handled by it reflecting these increases are prohibited by

regulations of the Office of Price Administration, and that for the war emergency the lower annual minimum and somewhat higher rate proposed by applicant are acceptable.

No one opposed the granting of the application.

The record indicates that, under the abnormal conditions now prevailing, the existing minimum rates for the drayage service in issue are higher than necessary to provide adequate remuneration for this service. The proposed rate, on the other hand, appears sufficient to permit compensatory operations to be conducted thereunder. The sought authority is justified and will be granted. It will be limited, however, to December 31, 1943, unless sooner changed, canceled or extended, as the conditions under which this service is rendered may change at any time.

O R D E R

Based upon the evidence of record and upon the conclusion and finding set forth in the preceding opinion,

IT IS HEREBY ORDERED that Walkup Drayage and Warehouse Company be and it is hereby authorized to transport property for Baker and Hamilton between points in San Francisco at rates less than the minimum rates established for that transportation in Decision No. 28632 of March 16, 1936, as amended, in Case No. 4084, but not less than $8\frac{1}{2}$ cents per 100 pounds, minimum charge 35 cents per shipment, in minimum aggregate quantities of 500 tons for the period November 15 to December 31, 1942 and 4,000 tons for the calendar year 1943.

The authority herein granted shall expire with December 31, 1943, unless sooner changed, canceled or extended by appropriate order of the Commission.

This order shall become effective November 15, 1942.

Dated at San Francisco, California, this 5th day of November, 1942.

Justus J. Coxner

[Signature]

Francis R. Havener

Richard Laska

Commissioners