

ORIGINAL

Decision No. 39797

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application)
of Pacific Freight Lines and)
Pacific Freight Lines Express to)
cancel certain rates on fresh) Application No. 27968
fruits and vegetables and con-)
tainers and to publish in their)
place and stead other rates and)
charges on the same commodities.)

APPEARANCESWallace K. Downey, for applicants.

H. P. Merry for Southern California Freight Lines
and Southern California Freight Forwarders;
Benjamin Chapman for Office of Price Administration;
Thomas R. Phillips for the Western Growers Association;
all as interested parties.

O P I N I O N

Pacific Freight Lines and Pacific Freight Lines Express are corporations engaged in the business of transporting property as a highway common carrier and as an express corporation, respectively, between points principally within southern California. By this application they seek to effect certain increases in their rates for the transportation of fresh fruits and vegetables on the grounds that such rates are unreasonably low, non-compensatory, discriminatory, unduly prejudicial and unduly preferential.

Public hearing was had before Examiner Bryant in Los Angeles on December 5, 1946, and the matter is ready for decision.

¹ Increased rates are also proposed for the transportation of empty, second-hand, fruit or vegetable shipping containers, returning from paying load or forwarded for return paying load.

The rates involved in this proceeding are those published in applicants' Local and Joint Commodity Tariff No. 19, C.R.C. No. 15. Applicants propose to cancel this tariff in its entirety and to assess rates set forth in Local and Joint Freight Tariff No. 7, C.R.C. No. 2, of E. J. McSweeney, Agent, in which their rates for the transportation of general commodities are published. They would establish in the latter tariff ratings for fresh fruits and vegetables of 4th class, less carload, and 5th class, carloads, minimum weight 24,000. They would also amend the provisions in this tariff for carriers, second-hand, empty, returning or shipped for return pay load, to include such containers used in shipping fresh fruits and vegetables. The effect of this proposal would be to establish increases in applicants' present rates and charges for the transportation of fresh fruits and vegetables and the shipping containers therefor. Increases would result not only from the application of rates which are higher than those now assessed, but also from the cancellation of certain rules in the tariff which provide a less restricted basis for computing rates and charges than those proposed.

Applicants' traffic manager testified that the rates as originally published in 1941 in Local and Joint Commodity Tariff No. 19, C.R.C.No. 15, were based upon the minimum rates established by this Commission in its Decision No. 33977 in Case No. 4293. He asserted that the rates theretofore maintained by applicants were on a higher level, and that the publication of the reduced rates in Commodity Tariff No. 19 was an error in judgment. He claimed that cost studies developed at the time minimum rates for the transportation of fresh fruits and vegetables were established showed that such rates did not return the costs of service and that applicants' rates correspondingly were not remunerative. The witness said that the rates in applicants

commodity tariff have been increased several times since they were established; nevertheless, they are still inadequate. Operating costs have risen substantially in recent years. Moreover, the transportation of fresh fruits and vegetables requires special and more costly service because exacting delivery schedules must be maintained. The witness believed that the proposed rates would not be wholly adequate, but that they would be sufficiently compensatory to justify efforts of applicant to participate in more transportation of fruits and vegetables than it does at present.

Applicants' witness held that the present commodity rates were unsatisfactory for another reason. Increases which have been effected in the rates since their inception have not been uniform throughout the area applicants serve. The rates have thus become discriminatory, according to the witness, since higher rates are assessed for transportation performed in some districts than for comparable service in other districts. He testified that the proposed rates would be applicable uniformly over all of applicants' routes, and would be simpler and more easily applied than those which are currently maintained.

These applicants were recently authorized to make a general increase of 12 per cent in all of their rates and charges, based upon a showing of over-all revenue needs.² This increase, which became effective on October 7, 1946, was applicable to the traffic herein involved as well as to other commodities. It has not been shown on the instant record that applicants need additional revenue over and above that which will accrue on the current rates. They did not develop estimates, nor furnish a means of estimating, the amount of additional revenue which would accrue under the rates proposed. Moreover, cancellation of the commodity tariff as proposed would

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Decision No. 39436, dated September 24, 1946, in Case No. 4808. In addition to the percentage increase, applicants were authorized to, and did, establish an increased minimum charge per shipment of \$1.00.

leave applicants with no rules or regulations specifically adopted to the handling of fresh fruits and vegetables, thus requiring that such commodities be handled, if at all, under the provisions and conditions imposed upon merchandise generally. They have not shown that the resulting rates and charges would be reasonable.

Under the circumstances it must be held that no basis was provided for a finding that the proposed increases are justified. The application will be denied.

O R D E R

The above entitled application having been heard and submitted, full consideration of the matters and things involved having been had, and the Commission being fully advised,

IT IS HEREBY ORDERED that the above entitled application be and it is hereby denied.

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

Dated at San Francisco, California, this 25th day of December, 1946.

Harold A. Kuls
Arthur F. Calver
W. J. ...
W. J. ...
R. J. ...
 Commissioners