

Decision No. 40057

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment
of rates, rules, classifications
and regulations for the transporta-
tion of property, exclusive of
property transported in dump trucks,
for compensation or hire, over the
public highways of the City and
County of San Francisco.

ORIGINAL

Case No. 4084

Appearances

Edward M. Berol, for Draymen's Association
of San Francisco,
N. R. Moon, Walter A. Rohde, J. L. Roney, and
Donn W. Wilson, for interested shippers
and shipper organizations.

SUPPLEMENTAL OPINION

Draymen's Association of San Francisco proposes that the
minimum drayage rate structure for that city be amended by
increasing minimum charges, by cancelling "wholesale parcel city
delivery" rates, by modifying zoning arrangements and by revising
provisions affecting hourly truck unit rates.

A public hearing was had at San Francisco on February 24,
1947, before Examiner Mulgrew.

For shipments transported under class rates, the existing
minimum charges are 44 cents for 25 pounds or less, 55 cents for
over 25 but not over 50 pounds, 66 cents for over 50 but not over

¹ These matters are among those covered by a petition filed by the
Association on February 7, 1947. At the request of petitioner, the
taking of evidence on other matters involved therein has been post-
poned to allow it to complete its studies thereon.

75 pounds and 77 cents for over 75 pounds. Petitioner urges that minimum charges of 75 cents for shipments weighing 50 pounds or less and \$1. for shipments weighing over 50 pounds be established on this traffic.

According to a study made by petitioner's consulting engineer, the cost of handling shipments weighing 500 pounds and less, a weight group which includes virtually all of the minimum charge traffic, is as follows:

	WEIGHT GROUP - IN POUNDS				
	1-100	100-200	200-350	350-500	1-500
Pickup & Delivery	\$.8895	\$.4125	\$.2775	\$.2155	\$.3365
Cargo Insurance, Etc.	.4140	.0691	.0605	.0310	.0921
Billing, Collecting, Etc.	.3660	.3423	.0757	.0446	.1037
Overhead & Gross Rev. Exp.	<u>.2109</u>	<u>.0773</u>	<u>.0513</u>	<u>.0369</u>	<u>.0667</u>
Total Cost (per 100 pounds)	*1.8804	.7012	.4650	.3280	.5990
Cost Per Shipment (on mean weight per shipment)	.940	1.052	1.279	1.394	1.498

* Calculation error corrected

The pickup and delivery expense factor is based upon recent investigation by the consultant. It reflects higher costs experienced since he last studied San Francisco drayage operations more than a year ago. For cargo insurance and related costs and billing and collecting expenses, however, the experience of other carriers instead of that of the draymen is used.

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The factor of cargo insurance and other loss and damage expense was developed by the consultant by using the experience of 6 transbay carriers during the 12-month period ending June 30, 1946, to determine the relationship of these expenses to other so-called "indirect" costs and by using the experience of those carriers during the month of August, 1946, to determine expense ratios for the various weight brackets.

For billing, collecting and allied costs, the witness used the August, 1946 expenses of the 6 transbay carriers and the October, 1946 experience of 2 other intercity operators. He explained that he had developed these figures in previous cost studies and that their use here avoided costly and time-consuming further study. Based on his familiarity with both intercity and drayage operations, he expressed the opinion that comparable studies of San Francisco drayage expenses would have produced substantially the same results.

The consultant reproduced a schedule which he had incorporated in a previous drayage cost study and which showed the ratio of overhead (unassigned) expense to direct expense for 10 San Francisco draymen for the year 1944. He pointed out that the 25.5 per cent ratio of overhead expense shown in that schedule was identical with that for the 6 transbay carriers for the 18-month period ending June 30, 1946. These studies also show, however, that cargo insurance and loss and damage accounted for 5.9 per cent of the aggregate overhead cost of the transbay carriers and only 2.3 per cent of like cost in the case of the draymen.

In regard to billing and collecting charges, the intercity carriers are required to present bills to shippers within a week from the delivery of the freight and to collect the charges within the following week. The San Francisco draymen, on the other hand, are permitted to present bills not later than the fifth day, excluding Saturdays, Sundays and holidays, of the calendar month following the delivery of the freight and to collect the charges within the next five days, exclusive of Saturdays, Sundays and holidays. Furthermore, San Francisco draymen are authorized to issue shipping documents in manifest form whereas intercity carriers must issue individual documents for each shipment handled.

The record shows that a minimum charge of less than \$1.00 is insufficient for shipments weighing over 100 pounds, but it is not convincing that this charge should be established for shipments of lesser weight.

In regard to the proposed cancellation of rates for "wholesale parcel city delivery" service, petitioner's rate witness pointed out that this service had not been otherwise described or defined by the Commission.³ The description used, he said, was not a part of the terminology of the drayage business and had no definitely established meaning. The rates in question, 25 cents for each 40 pounds or fraction thereof, produce lower per-shipment charges than the class-rate minimum charges. Uncertainty in regard to the proper application of the parcel rates, the witness claimed, has led to their misuse in applying them to general drayage traffic.

The rate witness conceded that volume movement of small shipments might, in a few instances, justify "parcel delivery" rates lower than the general drayage rates. In such cases, he said, authority to charge less than the minimum rates could be applied for under Section 10 of the City Carriers' Act. By using this procedure, he claimed, cancellation of the "parcel delivery" rates of general application would not deprive carriers and shippers of such rates in any proper case and would remove the opportunity for their misuse. His recommendations were not opposed.

It appears from the record that there is no need of continuing "parcel delivery" rates of broad application and that cancellation of the present rates is justified. However, in order to afford any parties who may seek further consideration of parcel rates an opportunity to submit their proposals (either in this proceeding

³ Parcels delivered from retail stores have been exempted from the established minimum rates.

or in Section 10 applications) prior to the cancellation of the existing rates, the cancellation will be made effective ninety days from the effective date of the order herein.

The rate witness for petitioner, calling attention to the fact that streets are used as zone boundaries in connection with the application of the drayage rates, recommended that both sides of boundary streets be included in each of the zones so bounded. He said that the cost of service was generally the same for deliveries on either side of the same street, that shippers situated on the far side of boundary streets strenuously objected to the higher charges for interzone movement applicable under the present zoning plan, and that the proposed rate uniformity for both sides of the same street was highly desirable. A representative of a shipper located on a boundary street supported and no one opposed the proposed adjustment.

Adoption of this adjustment appears warranted for the reasons advanced. This action will be taken.

In connection with hourly rates, petitioner proposed that provision be made for compensation for the nonproductive time involved in dispatching equipment to origin points and that the recently removed limitation of these rates to so-called "unusual" shipments be reinstated. It has also requested further consideration of the volume of these rates and a hearing thereon has been scheduled for March 21. In view of the desirability of considering and disposing of all phases of this rate situation at one time action will not now be taken on the proposals here made.

Upon consideration of all the facts of record we are of the opinion and find that the modifications of existing rates, rules and regulations contained in the order herein have been justified.

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 Exhibit "A" of Decision No. 28632 of March 16, 1936, as amended, in this proceeding, be and it is hereby further amended as follows:

RULE 10 - DESCRIPTION OF ZONES FROM AND TO WHICH RATES APPLY

In place of "Rates herein apply to and from the districts bounded as follows:" substitute, effective April 6, 1947, the following:

"Rates in this exhibit apply for transportation of shipments between points in the City and County of San Francisco located in the zones described below. The zones hereinafter described embrace all points of origin and destination within their respective boundaries and include both sides of the streets, boulevards, roads, avenues or highways named."

ITEM 95 - WHOLESALE PARCEL CITY DELIVERY

Cancel item effective July 5, 1947.

ORIGINAL PAGE 25 - MINIMUM CHARGES

Substitute the following for the charges now shown, effective April 6, 1947:

<u>Weight of Shipment</u>	<u>Minimum Charge In Cents</u>
25 Pounds or less	44
Over 25 pounds but not over 50 pounds	55
Over 50 pounds but not over 75 pounds	66
Over 75 pounds but not over 100 pounds	77
Over 100 pounds	100

In all other respects Decision No. 28632, 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 17th day of March, 1947.

Harold P. Huls
Justice J. Caswell
John H. Powell
W. J. ...
W. ...
Commissioners