

ORIGINAL

Decision No. 40293

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment)	
of rates, rules, classifications and)	
regulations for the transportation)	
of property, exclusive of property)	Case No. 4084
transported in dump trucks, for com-)	
ensation or hire, over the public)	
highways of the City and County of)	
San Francisco.)	

Appearances

Edward M. Berol and Russel Bevans, for
Draymen's Association of San
Francisco.

Reginald L. Vaughan, for San Francisco
Warehouse Company.

SUPPLEMENTAL OPINION

Draymen's Association of San Francisco, San Francisco
Warehouse Company and Western Pacific Railroad Company seek
modification of the zoning arrangements prescribed in connection
with minimum rates established for San Francisco drayage operations.
The Association also seeks increases in monthly and hourly rates.

A public hearing was had at San Francisco on March 21,
1947, before Examiner Mulgrew.

Under the present zoning arrangements the industrial area
of San Francisco is in Zone 1. The shore line of San Francisco
Bay bounds this zone on the north and east. The western boundary
extends along Van Ness Avenue and Fillmore and Valencia Streets; the

southern boundary along Army Street, Hudson Avenue and Keith Street. Contiguous territory west and south of Zone 1 is in Zone 2. The other zones are not involved in the modifications here proposed.¹ On all class-rate and some commodity-rate traffic interzone rates are higher than intrazone rates. In some cases, commodity rates are restricted to Zone 1 movements. The Draymen's Association proposes that an area lying west and south of the present Zone 1 limits and extending to Bay Shore Boulevard, Thornton and Thomas Avenues and Keith Street be rezoned as Zone 1 instead of Zone 2 territory.

A member of the Association's Rate Committee testified that the present Zone 1 area has reached its limit of industrial expansion; that the area proposed to be added to that zone is the only territory within the city still available for industrial development; that industries are planning to move into the area recommended for rezoning as Zone 1 territory; that the resulting equalization of drayage rates would assist in the prospective industrial development; that the additional territory is contiguous to, and readily accessible from, Zone 1; and that the greater distances involved would be offset by favorable operating conditions permitting the movement of trucks without the delays encountered in more congested areas and the use of larger equipment units.

San Francisco Warehouse Company and Western Pacific Railroad Company propose the extension of Zone 1 so as to include warehouse property located on Napoleon Street near Evans Avenue. The warehouse

¹ The zoning arrangements are fully described in Rule No. 250-B of City Carriers' Tariff No. 1 in which the minimum rates are stated.

company has agreed to purchase this property provided the warehouse site is rezoned as Zone 1 territory. This rezoning is said to be necessary in order to permit the contemplated warehouse operations to be conducted on a competitive basis with warehouses now located in Zone 1. The warehouse involved is situated within the Zone 1 extension sought by the Draymen's Association.

No one opposed the rezoning recommended by the Association.

It appears that the adjustment of zoning arrangements sought by the Association is reasonable and that it should be adopted.

The Association's proposals with respect to monthly and hourly truck unit rates will now be discussed. These rates vary with the capacity of the equipment used. The Association proposes that they be increased by 10 per cent. It also proposes increases of $1\frac{1}{2}$ cents per mile in some cases and 2 cents per mile in others in the mileage rates for distances in excess of those permitted without additional charge under the monthly rates. In determining hourly rates the time used is the total of the actual loading, driving and unloading time. The Association urges that 15 minutes be added thereto to provide compensation for the nonproductive time involved in reaching the loading point. It also asks that the application of these rates be limited to movements which are not susceptible of being handled under the general drayage rates.

The Association's monthly rate proposals are based upon studies made by its consultant. He developed costs, exclusive of income tax expense, for the various sizes of equipment involved. He then expanded these figures to produce an operating

ratio of 90. After provision for income taxes, he said, the operating ratio would be approximately 93. Less favorable operating ratios, the consultant claimed, would not make adequate provision for income taxes, profit and the reserves necessary for sound drayage operations. The proposed rates, however, are not as high as those indicated as necessary by the consultant's study. The Association's rate witness testified that this business is competitive with proprietary operations conducted with equipment supplied by "for-rent" truck concerns. He pointed out that this competition is unregulated. Its strength, he said, is such that were the rates to be increased on the basis of the consultant's study all of this type of business would be lost by the draymen. The consultant's estimates and the existing and proposed rates (in dollars per month) for Monday-through-Friday operations are shown in the following tabulation:

<u>Equipment Capacity (in pounds)</u>	<u>Estimated Costs (Not Including Income Taxes)</u>	<u>Costs Ex- panded for Operating Ratio of 90 (Before Income Taxes)</u>	<u>Exist- ing Rates</u>	<u>Pro- posed Rates</u>
2,500 or less	\$ 343.89	\$ 382.06	\$315.00	\$346.50
Over 2,500 but not over 4,500	390.54	433.93	360.00	396.00
Over 4,500 but not over 6,500	433.96	482.06	405.00	445.50
Over 6,500 but not over 15,500	470.55	522.83	440.00	484.00
Over 15,500 but not over 20,500	532.44	591.59	510.00	561.00
Over 20,500	601.85	668.72	585.00	643.50

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Rates are also provided for Monday-through-Saturday operations. The situation with respect to these operations is substantially similar to that prevailing in the Monday-through-Friday service.

Additional charges for mileage in excess of the 1,050 miles per month allowed under the Monday-through-Friday monthly rates and the 1,250 miles per month under the Monday-through-Saturday rates, as hereinbefore stated, are proposed to be increased $1\frac{1}{2}$ cents per mile in some cases and 2 cents per mile in others. The consultant's estimates and the existing and proposed additional mileage charges (in cents per mile) are set forth below:

<u>Equipment Capacity</u> <u>(in pounds)</u>	<u>Estimated</u> <u>Costs (Not</u> <u>Including</u> <u>Income Taxes)</u>	<u>Costs Ex-</u> <u>panded for</u> <u>Operating</u> <u>Ratio of</u> <u>90 (Before</u> <u>Income Taxes)</u>	<u>Exist-</u> <u>ing</u> <u>Rates</u>	<u>Pro-</u> <u>posed</u> <u>Rates</u>
2,500 or less	6.45	7.17	6.0	7.5
Over 2,500 but not over 4,500	9.23	10.26	9.0	10.5
Over 4,500 but not over 6,500	10.50	11.67	10.0	12.0
Over 6,500 but not over 15,500	11.65	12.94	12.0	13.5
Over 15,500 but not over 20,500	13.32	14.80	13.5	15.0
Over 20,500	15.76	17.51	16.0	18.0

The Association made no showing of the cost of providing service under the hourly rates. Its rate witness submitted an exhibit indicating that the minimum hourly rates established by the Commission for East Bay drayage operations exceed the proposed San Francisco rates, except in the case of equipment having a capacity of 2,500 pounds or less. San Francisco labor costs, he testified, are higher than East Bay costs. Concerning the proposed addition of 15 minutes for nonproductive time, he said that a study of driving time to loading points had indicated that 15 minutes was a fair average of the draymen's experience. He called attention to the fact that under the proposal no provision is made for nonproductive time after unloading is completed and the equipment returned to the carrier's

garage or dispatched to another job. He also pointed out that under the East Bay hourly rates time is required to be computed from the time the equipment "leaves carrier's stand (place of business) until it arrives back at said stand."

In regard to the recommended limitation of the hourly rates to shipments not readily susceptible to being handled under the general drayage rates, the Association's rate witness pointed out that the hourly rates were formerly restricted to the transportation of so-called "unusual shipments," shipments for which no actual or accurate estimated weights could be secured or for which there were neither definite points of destination nor specific times for loading, unloading or releasing the equipment. Since the application of these rates was broadened, he said, they had been applied in many instances where they produced lower charges than the rates otherwise applicable. The witness claimed that the hourly rates were appropriate for use only in those instances where it is virtually impossible to determine other rates, that hourly rates are misused by applying them as a means of avoiding higher rates of general application, and that reinstating of the restriction of the hourly rates to "unusual shipments" is necessary in order properly to limit their application.

It is clear from the record that the existing monthly rates are lower than the cost of providing the service. The increased rates sought, except the excess mileage rates, are justified in the face of current costs and other conditions surrounding this transportation as disclosed by the showing made. The excess mileage rates, however, exceed the consultant's estimate of full cost plus provision for income taxes, profit and financial reserves. An increase of 1 cent per mile in these rates instead of the sought $1\frac{1}{2}$ - and 2-cent increases appears reasonable in the light of the record.

With respect to the hourly rates, the showing does not establish that the proposed 10 per cent increase is necessary or proper. A comparison of rates with those in effect in another drayage area standing alone is not sufficient to demonstrate that higher rates are needed. It appears, however, that provision should be made for the nonproductive driving time involved in connection with transportation under hourly rates. The additional time of 15 minutes proposed by the Association seems reasonable in view of the experience of the draymen and should be established. The recommended restriction of the hourly rates to so-called "unusual shipments," on the other hand, has not been shown to be justified. These rates may be used only when in advance of shipment the carrier and shipper enter into a written agreement. Their use is thus optional with the carriers.

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

Substitute the following for Zone No. 1:

Zone No. 1 - From San Francisco Bay and Van Ness Avenue, SOUTH to Broadway Street, WEST to Fillmore Street, SOUTH to Duboce Avenue, EAST to Church Street, SOUTH to 16th Street, EAST to Valencia Street, SOUTH to Army Street, EAST to Bay Shore Boulevard, SOUTH to Thornton Avenue, EAST to Thomas Avenue, EAST to Keith Street, NORTH to San Francisco Bay, thence along the shore line of San Francisco Bay to place of beginning.

ITEM 130 - RATES FOR TRANSPORTATION ON MONTHLY
TRUCK UNIT BASIS

In place of Note 1 of paragraph (e) substitute the following:

Note 1.-The total of the loading, unloading and driving time computed from the arrival of carrier's equipment at point of origin, or first point of origin when more than one point of origin is involved, to the time unloading is completed at point of destination, or last point of destination when more than one point of destination is involved, plus 15 minutes shall be used to compute charges.

In place of the rates shown in paragraph (f), substitute the following:

<u>Capacity of Carrier's Equipment in Pounds</u>	<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
2,500 or less	346½	407	7
Over 2,500 but not over 4,500	396	467½	10
Over 4,500 but not over 6,500	445½	517	11
Over 6,500 but not over 15,500	484	566½	13
Over 15,500 but not over 20,500	561	649	14½
Over 20,500	643½	737	17

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 20th day of May, 1947.

Harold F. Hule
Justin F. Coe
Frank J. Russell
A. J. Dunning
Herbert J. Potter
 Commissioners