

Decision No. 40388

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Signal Trucking Service, Ltd., a)
corporation, for authority to depart) 1st Supplemental
from the rates, rules and regulations) Application No. 27769
of Highway Carriers' Tariff No. 2)
under the provisions of the Highway)
Carriers' Act.)

Appearances

Berol and Handler, by Edward M. Berol, for appli-
cant.
Arlo D. Poe, for Motor Truck Association of
Southern California, protestant.
Gordon and Knapp, by Hugh Gordon, for Pacific
Freight Lines and Pacific Freight Lines
Express, protestants.
Joseph C. Gill and E. L. H. Bissinger, for Southern
Pacific Company, interested party.
W. A. Steiger, for Southern California Freight Lines
and Southern California Freight Forwarders,
interested parties.

FIRST SUPPLEMENTAL OPINION

By Decision No. 39544 in this proceeding, Signal Trucking Service, Ltd., was authorized to deviate from minimum rates established by this Commission for transportation of iron and steel structural materials and babbitt metal for Joseph T. Ryerson & Son, Inc., between points in Los Angeles County. The minimum rates are stated in cents per 100 pounds, and vary with the commodity transported, the weight of the shipment, and the length of the haul. The authorized rates are stated in dollars per vehicle for a period of 25 successive days, with added charges for miles in excess of 1,250 during the period, and for hours in excess of eight in any one day. These vehicle-unit rates are based upon minimum rates established by the Commission for services performed wholly within the Los Angeles Drayage Area.

Signal Trucking Service, Ltd., now seeks authority to extend the currently effective monthly vehicle-unit rates to deliveries performed for Joseph T. Ryerson & Son, Inc., at points in Orange

and San Diego counties. Public hearing on the supplemental application was had before Examiner Bryant in Los Angeles on May 20, 1947, and the matter is ready for decision.

A traffic official of the Ryerson company testified that his company must have the exclusive use of its delivery equipment in order to meet service requirements. He explained that the company is a jobber rather than a manufacturer, and cannot successfully compete with manufacturers except on the basis of expedited service. This witness declared also that iron and steel structural materials are difficult to handle, and that their safe and efficient transportation requires the use of special trucking equipment and trained drivers. It appears from his testimony that Orange and San Diego counties are within a "free-delivery" zone observed by the steel companies for selling purposes; that his company has shipments to those counties; and that the transportation services offered by common carriers do not meet his requirements. It would be impracticable, he thought, for Signal to apply per-shipment rates to Orange and San Diego counties while applying the vehicle-unit rates within Los Angeles County, particularly since shipments for the several counties would frequently be loaded on the same vehicles. He said that if his company should find it necessary to acquire and operate its own trucks for deliveries in the two counties herein involved, the vehicles would be used within Los Angeles County as well. This witness was of the opinion that transportation charges under the sought vehicle-unit rates would approximate or exceed those which would accrue under the established minimum weight rates. He indicated that his company is concerned primarily with service, and only secondarily with the basis of rates and charges.

The president of Signal Trucking Service, Ltd. testified

that his company has served Ryerson at the vehicle-unit rates for about six months, under authority of Decision No. 39544, supra. He said that his company owns more than 400 pieces of equipment, of which about 40 are in service at vehicle-unit rates for the Ryerson company and others. Eight of the vehicles are currently dedicated to the Ryerson operation. He had not made a specific study of the cost of performing the delivery service for Ryerson, but was satisfied from his experience that the present arrangement was a good one for his company, and that the rates would continue to be fully compensatory if the service were extended to Orange and San Diego counties as herein sought. He declared that the specified added charges for excess miles and hours would adequately compensate for the additional distance and time involved in making deliveries to those counties.

This witness stated that he was ready and willing to provide Ryerson with the type of service it desires at the vehicle-unit rates, but would be unwilling to dedicate vehicles to this operation at rates stated in cents per 100 pounds as provided under the applicable minimum rates. According to his testimony, Ryerson requires strictly a "fire-alarm" service, with no regard for vehicle load factors or other conditions which make for economical operations. He was of the opinion that it would be impossible to agree upon any satisfactory basis of weight rates for a service of this nature, but that the service could be performed satisfactorily at monthly vehicle-unit rates as herein proposed. Under the vehicle-unit rates, he pointed out, the carrier was not penalized if the shipper wished to make special deliveries of small shipments. He said that other advantages accrued to the carrier from use of these rates, in that they permitted economies in rating, billing, and dispatching, and gave the carrier a guaranteed monthly revenue from each vehicle.

The Motor Truck Association of Southern California and two highway carriers appeared as protestants, and other carriers entered appearances as interested parties. The Association and the several carriers examined applicant's witnesses, but did not introduce direct testimony. Protestants did not specifically ask that the supplemental application be denied. The Association explained that its policy is to participate in proceedings such as this one for the purpose of maintaining the minimum rate structure. Its position was that authorized departures from the minimum rates should be limited to the exceptional cases, and that such departures as are found justified should be delimited in accordance with the justification shown.¹

Counsel for applicant replied that he was also concerned with the necessity for maintaining the minimum rate structure, and with the desirability of limiting departures to those shown to be reasonable and necessary. He declared that the record in the instant application disclosed a situation wherein the proposed rates were reasonable and compensatory, and wherein the traffic under consideration would be diverted to proprietary vehicles if the departure were not authorized. He asserted that it was in the interest of sound regulation that the tonnage be preserved to for-hire vehicles if practicable, and that the interests of applicant, the shipper, and of other carriers, would be best served by granting the supplemental application.

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In the instant supplemental application, applicant proposed vehicle-unit rates on bases of 6 days, 21 days, and 25 days, but had used and intended to use only the 25-day rates. Applicant stipulated that it would have no objection to limiting its authority to the latter basis.

The vehicle-unit rates authorized by Decision No. 39544 of October 22, 1946, in this proceeding, are somewhat lower than those now applicable as minimum within the Los Angeles drayage area, due to a subsequent increase in the latter. The increased rates have been observed voluntarily by Signal and Ryerson, in accordance with an agreement between them, and it is these rates which it is proposed to continue and extend.

It has been the consistent policy of this Commission to authorize deviations from established minimum rates, under authority of Sections 10 and 11, respectively, of the City Carriers' Act and Highway Carriers' Act, only in exceptional cases where it appears that the proposed departure is reasonable and necessary, and will not be destructive of the established minimum rate structure nor be unnecessarily disadvantageous to other carriers or shippers. The record in the instant proceeding is convincing that this is such an exceptional case. The evidence is persuasive that the rates authorized by Decision No. 39544, as hereinafter modified, will be compensatory as applied to deliveries made in Orange and San Diego counties. It appears, moreover, that the sought authority is necessary if the traffic is to be preserved to for-hire carriers. It does not appear that granting of the supplemental application will adversely affect other carriers or shippers, or will jeopardize the established minimum rate structure.

Based upon the record made upon the first supplemental application herein considered, the authority granted by Decision No. 39544 should be modified to reflect the current level of minimum rates within the Los Angeles drayage area, should be restricted to the "25-day" basis, and should be extended to include deliveries within Orange and San Diego counties. The record is convincing that the sought extension of the authority to those two counties is

reasonable under the circumstances disclosed in this proceeding.

The authority granted by Decision No. 39544 expires with November 1, 1947, unless sooner canceled, changed or extended by appropriate order of the Commission. The opinion therein states as follows: "Should it develop that an extension of time will be desired, applicant should make timely filing of a supplemental application and should be prepared to submit data showing that the rates have proved to be compensatory under actual operating experience." Inasmuch as applicant has not yet completed preparation and submission of evidence showing its revenue experience in connection with services performed for Joseph T. Ryerson & Son, Inc., the supplemental authority hereinafter granted will be limited to the original expiration date, subject to earlier cancellation, revision, or extension.

Upon careful consideration of all of the facts and circumstances of record in this proceeding, the Commission is of the opinion and finds as a fact that the rates set forth in Appendix "A" hereof are reasonable for the transportation of iron and steel structural materials and babbitt metal from the plant of Joseph T. Ryerson & Son, Inc. to points within Los Angeles, Orange, and San Diego counties.

O R D E R

This supplemental application having been duly heard and submitted, full consideration of the matters and things involved having been had, and the Commission now being fully advised,

IT IS HEREBY ORDERED that

1. Signal Trucking Service, Ltd. be and it is hereby authorized to transport iron and steel structural materials and

babbitt metal for Joseph T. Ryerson & Son, Inc. at the rates and subject to the rules, regulations, conditions and restrictions set forth or specifically referred to in Appendices "A" and "B" attached hereto and by this reference made a part hereof.

2. The authority herein granted shall be in lieu of and in substitution for that granted by Decision No. 39544 of October 22, 1946, in this proceeding.

3. The authority herein granted shall expire with November 1, 1947, unless sooner canceled, changed or extended by appropriate order of the Commission.

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 16th day of June, 1947.

Harold T. Kule
Justice F. Coe
W. S. T. Farrell
A. J. ...
Penelope Patten
Commissioners

APPENDIX "A" TO DECISION NO. 40388UNIT RATES, RULES AND REGULATIONS

<u>Weight in Pounds</u> <u>Subject to Note 1:</u>	<u>Column</u> <u>A</u>	<u>Column</u> <u>B</u>	<u>Column</u> <u>C</u>
2,500 or less	369	5½	224
Over 2,500 but not over 5,000	399	7	224
Over 5,000 but not over 8,000	412	7½	224
Over 8,000 but not over 12,000	454	8	224
Over 12,000 but not over 20,000	498	9	245
Over 20,000 but not over 30,000	537	9½	245
Over 30,000	673	12	252

COLUMN A - Rates in dollars per unit of carrier's equipment for a period of twenty-five successive days or, when the equipment is not operated on Sundays and holidays, for a period of twenty-five successive days, exclusive of Sundays and holidays, or any portion of such periods. When equipment is operated in excess of 1,250 miles during the period, add rates provided by Column B. When equipment is operated in excess of 8 hours in any one day, add rates provided by Column C.

COLUMN B - Rates in cents per mile to be added to the Column A rates when the unit of carrier's equipment is operated in excess of the maximum mileage allowed thereunder.

COLUMN C - Rates in cents per hour to be added to the Column A rates when the unit of carrier's equipment is operated in excess of the maximum hours allowed thereunder.

Note 1. - Weight in pounds is the gross weight of the property transported by the unit of carrier's equipment at the time the equipment is transporting the greatest (heaviest) load during the period covered by the transaction. No allowance shall be made for weight of containers.

(End of Appendix "A")

APPENDIX "B" TO DECISION NO. 40388

The rates authorized by this decision are subject to the following rules, regulations, conditions and restrictions:

1. Rates apply only for the transportation of iron and steel structural materials and babbitt metal for Joseph T. Ryerson & Son, Inc., between its plant located at 4310 East Bandini Boulevard in Los Angeles County and other points in Los Angeles, Orange, and San Diego counties.

2. Rates are subject to Items Nos. 10, 11, 150, 160 and 401 series of City Carriers' Tariff No. 4, Highway Carriers' Tariff No. 5 (Appendix "A" to Decision No. 32504, as amended in Case No. 4121).

3. Signal Trucking Service, Ltd. shall issue, for each vehicle furnished, a shipping document containing a certification that during the period covered by the document the vehicle was operated only in transportation service for which rates are provided by this decision (or full explanation of other operations, with reference to shipping documents covering), showing rates and charges assessed, and containing all such information respecting each of the factors entering into the computation of the charges as may be necessary to verify the lawfulness of the charges assessed. Signal Trucking Service, Ltd. shall retain and preserve a copy of each such shipping document, subject to the Commission's inspection, for a period of not less than three (3) years from the date of its issuance.

(End of Appendix "B")