

ORIGINAL

Decision No. 40600

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment of)
rates, rules and regulations for the)
transportation of property by radial)
highway common carriers and highway)
contract carriers between, and by city)
carriers within, the cities of)
Oakland, Alameda, Albany, Berkeley,)
Emeryville, and Piedmont.)

Case No. 4108

In the Matter of the Investigation and)
Establishment of rates, charges,)
classifications, rules, regulations,)
contracts and practices of East Bay)
Drayage & Warehouse Co., et al., be-)
tween the cities of Oakland, Alameda,)
Albany, Berkeley, Emeryville and)
Piedmont.)

Case No. 4109

In the Matter of the Applications of)
Canton Transbay Express, Inc., et al.,)
seeking increases in rates and minimum)
charges between San Francisco and East)
Bay points.)

Applications Nos. 27554
and 28489

Appearances

Reginald L. Vaughan and E. H. Hart, for applicants
and petitioners.

Cliff Brooks, C. L. Eddy, E. S. Waldie, Lloyd Swayne,
W. I. Keane, Hyland Hinman, and Wilfred Parrish,
for various carriers.

Ralph H. Fortune, for U. S. Department of Agriculture.

O P I N I O N

This opinion concerns the minimum rates established for
the transportation of property by for-hire carriers within and be-
tween the cities comprising the East Bay Drayage Area, and also the
tariff rates of applicant common carriers for the transportation of
property between points within that area, on the one hand, and San

Francisco, on the other hand.¹ By petition, filed in Cases Nos. 4108 and 4109, and by Application No. 27554, increases of 15 per cent in the minimum drayage rates and applicants' transbay tariff rates are sought. By Application No. 28489, applicants seek authority to establish minimum charges of 70 cents for shipments weighing up to 15 pounds, 85 cents for shipments weighing over 15 to 30 pounds, and \$1 for shipments weighing over 30 pounds.²

Public hearing was had at San Francisco on June 17, 1947, before Examiner Mulgrew.

Petitioners urge that higher rates have been made necessary by increased wages which became effective on June 5, 1947, for drivers, helpers and platform men who are members of the East Bay local teamsters' union.³ This wage increase was \$1.50 per man per day. On a percentage basis it ranges from 12.5 to 14.3 per cent.

Petitioners' consulting engineer submitted a study showing for the months of February, March and April, 1947 the operating experience of 15 highway common, radial highway common and contract carriers said to transport most of the transbay-East Bay traffic. He stated that this period was the longest available covering operations under the current rates for this traffic, these rates having been increased by 6 $\frac{1}{2}$ per cent on January 24, 1947 pursuant to Decision No. 39803 of December 30, 1946. His study shows that revenues

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The East Bay Drayage cities are: Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont. Common carrier applicants in Applications Nos. 27554 and 28489 are: Canton Transbay Express, Inc., J. M. Atthowe, doing business as East Bay Drayage and Warehouse Co., Haslett Warehouse Company, Inter-Urban Express Corporation, Kellogg Express & Draying Co., Merchants Express Corporation, Peoples Express Company, United Transfer Company and Clyde Glaeser and Evelyn Otilia Glaeser, doing business as West Berkeley Express and Draying Company.

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The present minimum charges range from 47 cents for shipments weighing 25 pounds or less to 89 cents for shipments weighing over 100 pounds.

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The carriers here involved were said to pay over 90 per cent of their drivers' payroll to members of the East Bay union and the balance to members of other unions.

amounted to \$1,154,723 and expenses to \$1,080,973, and produced an over-all operating ratio of 93.6.⁴ The operating expenses did not include \$11,730 accrued, but unpaid, vacation pay for the period. Had this amount been included and had the increased East Bay local teamsters' union wage scales been in effect during the period studied expenses would have been increased by \$79,870 and an operating ratio of 100.5 would have been experienced.

The consultant's study also shows that of the total operating revenue, 25.43 per cent was derived from East Bay local drayage, 31.39 per cent from transbay traffic, 21.45 per cent from other "over-the-road" transportation, and 21.73 from traffic not subject to rates established by the Commission.⁵ He explained that in the absence of more complete cost records than those now kept by the carriers, it was impracticable to make a segregation of operating expenses similar to the revenue segregation.

As to the transportation not directly involved in these proceedings, petitioners stated that they contemplated making like adjustments in their prevailing rates for other "over-the-road" and exempted traffic. As hereinafter discussed, however, adjustments in petitioners' "over-the-road" rates were authorized in another proceeding subsequent to the hearing herein:

Because of the hazardous nature of the trucking business, the high cost of replacing equipment and the necessity of establishing reserves essential to a sound financial condition, petitioners, according to their consultant, require an operating ratio of 90. His

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The operating ratios used herein were computed before provision for income taxes.

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The study gives effect to \$4,396 additional revenue which would have accrued during February and March, 1947, under the somewhat higher "over-the-road" tariff rates made effective by petitioners on March 31, 1947 pursuant to Decision No. 39945 of February 4, 1947 in Case No. 4808, which increased minimum rates on a state-wide basis.

calculations show that in order to obtain this operating ratio under the increased East Bay teamsters wage scale, the carriers studied would require additional revenue of \$135,103 or 11.7 per cent.

Based upon the assertedly conservative assumption that increases at least as great as those granted members of the East Bay teamsters' union would be granted applicants' other union and office employees, the consultant calculated that expenses would be further increased by \$26,404. The only specific information relative to such increased wages for applicants' other employees concerns the recent upward wage adjustments for mechanics and garage employees of \$1.70 and \$2 per day, respectively. The consultant stated that, to produce an operating ratio of 90 and to offset all anticipated added payroll expense, petitioners would require \$164,440 or 14.24 per cent additional revenue.

It is clear from the evidence of record that, under the burden of increased operating costs, revenues from the currently effective rates are inadequate. The testimony in support of a 15 per cent increase is not conclusive, however, that an increase of the volume sought is necessary. The revenue and expense figures submitted show that such an increase would more than offset the increased costs of record. Excepting for the higher East Bay teamster union wage scale most of the increases are speculative and the effect of those that are not cannot be accurately measured on the present record. We conclude that an increase of more than 8 per cent has not been justified. East Bay local drayage minimum rates will be increased by that amount, and respondents in Case No. 4109 will be authorized to effect like increases in their tariff rates.

With respect to applicants' transbay and other "over-the-road" tariff rates, increases ranging from 7.69 to 17.24 per cent

were authorized by Decision No. 40557 of July 22, 1947 in Case No. 4808. That decision appears to afford most if not all of the relief sought in Application No. 27554. In addition, it authorized increases of substantially the same volume in applicants' other "over-the-road" tariff rates. Accordingly, this application will be denied.

Application No. 28489 remains to be considered. The minimum charges now set forth in applicants' tariffs are on the level of minimum charges reinstated in Highway Carriers' Tariff No. 2, by Decision No. 40151 of April 8, 1947, in Case No. 4246. As stated in that decision, this action was taken pending further investigation and study by the Commission. The investigation and study have not been completed. Moreover, Decision No. 40557, supra, which authorized increasing applicants' rates on an interim basis did not adjust minimum per shipment charges. In view of the interim basis upon which these increased rates were established, and since, according to the evidence submitted, less than 3 per cent of the tonnage handled is involved in the minimum charge proposed, it appears inappropriate at this time to authorize adjustment of applicants' minimum per shipment charges for transbay traffic. The application will be denied.

Upon consideration of all the facts and circumstances of record, we are of the opinion and find that an increase of 8 per cent in the East Bay Drayage minimum rates and in the tariff rates of respondents in Case No. 4109 has been justified; and that in all other respects petitioners' proposals have not been justified.

O R D E R

Based on the evidence of record and on the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Appendix "A" of Decision No. 29217 of October 26, 1936, as amended, in Cases Nos. 4108 and 4109, be and it is hereby further amended by increasing the rates and charges set forth in said Appendix "A", as amended, by 8 per cent, computed in accordance with the provisions of the third ordering paragraph hereof, effective ten (10) days after the effective date of this order.

IT IS HEREBY FURTHER ORDERED that respondents in Case No. 4109 be and they are hereby authorized and directed to establish for transportation service for which rates and charges are provided by said Appendix "A", as amended, not later than ten (10) days after the effective date of this order, rates no lower than the increased minimum rates prescribed herein; and that said respondents be and they are hereby authorized to increase rates and charges by not more than 8 per cent, computed in accordance with the third ordering paragraph hereof, for transportation within the East Bay drayage area for which minimum rates and charges are not provided by said Appendix "A", as amended.

IT IS HEREBY FURTHER ORDERED that rates specifically set forth in Appendix "A" of Decision No. 29217, as amended, and in the tariffs of respondents in Case No. 4109 shall be increased under the provisions of this order before computing rates which are based on multiples or percentages of rates or ratings and that in applying all increases herein authorized, fractions shall be

disposed of as follows:

(a) When present rates or charges are 5 cents or less:

Fractions of less than $1/8$ or .125 of a cent omit.

Fractions of $1/8$ or .125 of a cent or greater but less than $3/8$ or .375 of a cent will be stated at $1/4$ or .25 of a cent.

Fractions of $3/8$ or .375 of a cent or greater but less than $5/8$ or .625 of a cent will be stated at $1/2$ or .50 of a cent.

Fractions of $5/8$ or .625 of a cent or greater but less than $7/8$ or .875 of a cent will be stated at $3/4$ or .75 of a cent.

Fractions of $7/8$ or .875 of a cent or greater increase to the next whole cent.

(b) When present rates or charges are 10 cents or less but greater than 5 cents:

Fractions of less than $1/4$ or .25 of a cent omit.

Fractions of $1/4$ or .25 of a cent or greater but less than $3/4$ or .75 of a cent will be stated at $1/2$ or .50 of a cent.

Fractions of $3/4$ or .75 of a cent or greater, increase to next whole cent.

(c) When present rates or charges are over 10 cents:

Fractions of less than $1/2$ or .50 of a cent omit.

Fractions of $1/2$ or .50 of a cent or greater, increase to next whole cent.

IT IS HEREBY FURTHER ORDERED that the tariff publications required or authorized to be made by common carrier respondents in Case No. 4109 by the order herein may be made effective on not less than five (5) days' notice to the Commission and to the public; and that said common carriers be and they are hereby authorized to depart from the provisions of Tariff Circular No. 2, General Order No. 80, and Section 24(a) of the Public Utilities Act, to the extent necessary to carry out the effect of this order.

IT IS HEREBY FURTHER ORDERED that except to the extent indicated in the preceding ordering paragraphs the rate adjustments proposed in Applications Nos. 27554 and 28489 and in Cases Nos. 4108 and 4109, be and they are hereby denied.

IT IS HEREBY FURTHER ORDERED that in all other respects Decision No. 29217, as amended, in Cases Nos. 4108 and 4109 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 12th day of August, 1947.

Harold A. Hill

Justice J. Calver

Leo J. Farrell

A. E. Moran

Samuel J. Totten

Commissioners