

ORIGINAL

Decision No. 43241

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

|                                       |   |                       |
|---------------------------------------|---|-----------------------|
| In the Matter of the Application of   | ) |                       |
| J. A. Clark Draying Company, Ltd., a  | ) |                       |
| corporation, for authority to depart  | ) |                       |
| from the rates, rules and regulations | ) | Application No. 30451 |
| of Highway Carriers' Tariff No. 2     | ) |                       |
| under the provisions of the Highway   | ) |                       |
| Carriers' Act.                        | ) |                       |

Appearances

Arthur H. Glanz, for applicant.

Arlo D. Poe, for The Motor Truck Association of  
Southern California, interested party.

O P I N I O N

J. A. Clark Draying Company, Ltd., is a California corporation engaged in transporting property as a highway common carrier, a radial highway common carrier, a highway contract carrier, and a city carrier. By this application, it seeks authority to charge other than the established minimum rates for certain contract services performed for the United States Steel Supply Company, hereinafter sometimes referred to as "the steel company."

Public hearing of the application was had before Examiner Bryant at Los Angeles on July 26, 1949.

Testimony in support of the application was offered by applicant's manager, by a transportation consultant engaged by applicant, and by the local traffic manager for the steel company. According to the record, the steel company conducts a business of selling and distributing iron and steel articles, aluminum articles, machinery, and hardware throughout southern California. It maintains a warehouse in the city of Vernon, Los Angeles County. It began southern California operations about two years ago, since which time

its volume of business has increased steadily. J. A. Clark Draying Company, Ltd., has performed a substantial part of the company's transportation services, adding vehicles from time to time as required.

Applicant's manager testified that his company now furnishes eight vehicles and drivers to the steel company for its exclusive use in making local deliveries within the Los Angeles Drayage Area. Charges are assessed in terms of monthly amounts per vehicle, subject to additional amounts for excess miles and hours, in accordance with the minimum rates authorized by this Commission for application within the drayage area. The witness explained that his company also transports shipments for the steel company to other destinations throughout the surrounding southern California territory. Charges on such shipments, he explained, must necessarily be assessed in cents per 100 pounds, varying according to the classification of the commodity, weight of the shipment, and length of haul, in conformity with established minimum rates applicable beyond the drayage area. Authority is sought by applicant in this proceeding to extend the monthly vehicle rates to all services performed for the steel company between its warehouse and points in the southern California counties of Imperial, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara and Ventura.<sup>1</sup>

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<sup>1</sup> The existing minimum rates, including description of the areas and territories within which they apply, are set forth in City Carriers' Tariff No. 4, Highway Carriers' Tariff No. 5 (Appendix "A" to Decision No. 32504, as amended, 42 CRC 239), and Highway Carriers' Tariff No. 2 (Appendix "D" to Decision No. 31606, as amended, 41 CRC 671). Rates proposed in this application are shown in detail in Appendix "A" hereto.

The manager of applicant corporation and the traffic manager of the steel company explained in some detail the reasons why the sought authority was deemed to be necessary. From their testimony it appears that the use of monthly vehicle rates rather than weight rates is sought for the purpose of giving the steel company direct control over loading, routing and dispatching of vehicles, rather than for the purpose of reducing transportation charges. The shipper witness declared that his company recognized that charges herein sought would exceed those which would accrue if the traffic were tendered on an individual shipment basis under existing minimum rates. He explained that the steel company was agreeable to increasing its transportation costs in order to obtain the special services which it requires.

These witnesses testified that conditions within the steel supply industry are extremely competitive; that shipping activities must be closely coordinated and organized so as to effect "same day" deliveries on all orders received; and that, in order to insure expedited deliveries to customers, the steel company considers that it must exercise exclusive control over the vehicles. They said that the expedited handling of special deliveries necessarily results in light loads and subnormal load factors. This circumstance, among others, makes the established weight rates unsuitable for shipments transported in vehicles controlled by the steel company; however, the load factors are of little concern to the carrier where monthly revenues are guaranteed on a vehicle-unit basis. Moreover, because of the dual basis of rates now employed, shipments destined to the outlying points cannot be consolidated or loaded on the same vehicle with local deliveries. Such shipments are therefore transported separately by pickup truck to carrier's terminal, thence by line-haul

vehicle. The witnesses asserted that this type of service, afforded at other than monthly vehicle rates, is wholly inadequate and does not meet the exacting service requirements of the steel company. The traffic manager for the shipper declared that his company will purchase and operate its own vehicles unless it can exercise control over the for-hire vehicles on a monthly basis as herein proposed.

The transportation consultant asserted that the monthly rates herein proposed, having been established by the Commission as reasonable minimum rates for application within the Los Angeles Drayage Area, would return to the carrier as great or greater net revenues if applied throughout the larger territory involved in this application. He asserted that the rates make provision for all operating expenses to cover the basic mileage allowances, including such indirect expenses as depreciation and overhead; and pointed out that when additional miles are run they are compensated for under extra-mileage charges. The mileage expense to the carrier of serving the larger territory would be somewhat less than in drayage service, he declared, for the reason that fuel and maintenance costs, mile for mile, are generally less in highway than in city operation. Moreover, the witness explained, the monthly vehicle charges as sought would necessarily exceed, on the whole, the charges that would result if the same services were performed at the minimum rates now applicable under Highway Carriers' Tariff No. 2.<sup>2</sup>

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Most of the traffic moves in less-than-truckload quantities, and is subject to the relatively low classification rating of fourth class.

A representative of the Motor Truck Association of Southern California appeared as an interested party and participated in cross-examination of the witnesses. No one opposed granting of the application.

The record is convincing that the proposed rates, in their application to the traffic herein involved, will be reasonable. Their form, it appears, will enable the shipper to exercise the degree of control over movement of the vehicles which it deems essential if proprietary operation is to be avoided. Authority similar to that herein sought has been granted to other carriers under somewhat comparable circumstances.<sup>3</sup> Upon careful consideration of all of the facts and circumstances of record the Commission concludes and finds as a fact that the rates and charges proposed in this proceeding have been shown to be reasonable within the meaning of Section 11 of the Highway Carriers' Act. The application will be granted.<sup>4</sup> Due to the fact that the conditions which justify authorization of the sought rates may change at any time, the authority will be limited in duration to a period of one year.

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See Decision No. 39339 of August 27, 1946, in Application No. 27666, Signal Trucking Service, Ltd.; Decision No. 39544 of October 22, 1946, in Application No. 27769, Signal Trucking Service, Ltd.; and Decision No. 40841 of October 23, 1947, in Application No. 28758, Walkup Drayage & Warehouse Company.

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Applicant asked that the rates be permitted to increase or decrease with future changes in the minimum rates applicable within the Los Angeles Drayage Area. Increases may be made without authority, inasmuch as the rates herein authorized are minimum in application. If it should develop in the future that reductions are desired, applicant should file an appropriate supplemental application at that time.

O R D E R

This application having been duly heard and submitted, full consideration of the matters and things involved having been had, and based upon the conclusions and findings in the preceding opinion,

IT IS HEREBY ORDERED that:

1. J. A. Clark Draying Company, Ltd., be and it is hereby authorized to transport, for United States Steel Supply Company, aluminum, iron or steel articles, viz.: bars, plates, sheets, strips, structural shapes, tubing; iron or steel wire and wire rope; aluminum roofing accessories; hardware; and machinery, at rates and charges which differ from those heretofore established as minimum, but no lower than those set forth or specifically referred to in Appendix "A", which is attached hereto and by this reference made a part hereof.

2. The authority herein granted shall expire one (1) year after the effective date of this order, unless sooner canceled, changed or extended by order of the Commission.

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

Dated at San Francisco, California, this 23rd day of August, 1949.

R. Z. Johnson  
JUSTUS P. CALVERT  
Dept. of Justice  
Harriet Hills  
Commissioners

APPENDIX "A"

RATES, RULES AND REGULATIONS

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

1. Rates apply only for the transportation of aluminum, iron or steel articles, viz.: bars, plates, sheets, strips, structural shapes, tubing; iron or steel wire and wire rope; aluminum roofing accessories; hardware; and machinery, for United States Steel Supply Company between its warehouse located in the vicinity of Second Street, Fifty-Eighth Street and Slauson Avenue, in the city of Vernon, Los Angeles County, and other points within the Counties of Imperial, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara and Ventura.

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, (42 CRC 239)). C.O.D. charges will not apply when collection is remitted to shipper by driver without other handling by or recourse to carrier.

3. J. A. Clark Draying Company, 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. J. A. Clark Draying Company, Ltd., shall retain and preserve a copy of 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.

(Continued)

## APPENDIX "A" (Concluded)

Weight in Pounds  
Subject to Note 1:

|                                 | Column<br>1 | Column<br>2 | Column<br>3 | Column<br>4 |
|---------------------------------|-------------|-------------|-------------|-------------|
| 2,500 or less.....              | 396         | 459         | 6           | 287         |
| Over 2,500 but not over 5,000   | 424         | 492         | 7½          | 287         |
| Over 5,000 but not over 8,000   | 440         | 506         | 8           | 287         |
| Over 8,000 but not over 12,000  | 482         | 551         | 8½          | 287         |
| Over 12,000 but not over 20,000 | 520         | 598         | 10½         | 309         |
| Over 20,000 but not over 30,000 | 551         | 639         | 11          | 309         |
| Over 30,000.....                | 685         | 782         | 13½         | 317         |

COLUMN 1 - Rates in dollars per unit of carrier's equipment for a period of twenty-one successive days or, when the equipment is not operated on Saturdays, Sundays and holidays, for a period of twenty-one successive days exclusive of Saturdays, Sundays and holidays, or any portion of such periods. When equipment is operated in excess of 1,050 miles during the period, add rates provided by Column 3. When equipment is operated in excess of 8 hours in any one day, add rates provided by Column 4.

COLUMN 2 - 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 3. When equipment is operated in excess of 8 hours in any one day, add rates provided by Column 4.

COLUMN 3 - Rates in cents per mile to be added to the Columns 1 and 2 rates when the unit of carrier's equipment is operated in excess of the maximum mileage allowed thereunder.

COLUMN 4 - Rates in cents per hour to be added to the Columns 1 and 2 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 allowances will be made for weight of containers.

(End of Appendix "A")