

Decision No. 42463

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment of)
just, reasonable and nondiscriminatory)
maximum or minimum or maximum and)
minimum rates, rules, classifications)
and regulations for the transportation)
of property for compensation or hire)
over the public highways of the City of)
Los Angeles..)

Case No. 4121

ORIGINAL

Appearances

Gordon, Anapp and Hennessy by Wyman C. Knapp,
for San Diego Forwarding Co., petitioner.

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

James J. Broz, for Rapid Transit, Inc. and Imperial
Truck Lines, interested party.

SUPPLEMENTAL OPINION

By prior orders in this proceeding the Commission has established minimum rates for the transportation of property generally by highway carriers engaged in for-hire operations between points within the portion of Los Angeles County referred to sometimes as the Los Angeles drayage area. With certain exceptions the rates vary according to the classification of the article shipped, the weight of the shipment, and the zone into which delivery is made. The minimum rates and a description of the territory involved are set forth in City Carriers' Tariff No. 4, Highway Carriers' Tariff No. 5, hereinafter designated as the drayage tariff.

In the instant phase of this proceeding, the San Diego Forwarding Company, a California corporation engaged in performing various highway carrier services, seeks by amended petition the establishment of a minimum rate of 24 cents per 100 pounds for the combined services of unloading, segregating, and delivering pool-car

shipments, regardless of classification and weight, throughout the Los Angeles drayage area. The sought rate would apply only to shipments aggregating 2,000 tons or more per calendar year which arrive in rail cars from other states and which are delivered within the drayage area for the account of shipper associations engaged in consolidating, forwarding, and distributing freight for their members on a non-profit basis. Billing and claim services relating to the shipments would be performed by the associations.

Public hearing of the matter was had before Examiner Abernathy at Los Angeles on October 10, 1949.

Evidence in support of the petition was submitted by petitioner's president and by the general manager of Pacific Coast Wholesalers' Association, a non-profit shipper association. The association representative testified that his organization is engaged in consolidating and forwarding freight from eastern points of origin to central points of destination for its members in the Pacific Coast area. Carloads arriving at Los Angeles by rail are unloaded and segregated by lot and delivered by motor truck to the various members. The services of petitioner corporation are employed in making deliveries in the Los Angeles area. The association pays the applicable transportation charges and recovers the amounts paid by billing the members involved for their respective shares of the charges.

The witness explained the association's billing procedures in considerable detail and said that they are based primarily upon the assessing of freight charges in flat amounts per 100 pounds without regard to classification. He asserted that the necessity of conforming to the basis of charges prescribed in the drayage tariff for the services involved herein complicates his organization's accounting and billing methods. In order to assess the members

properly for pool-car deliveries within the drayage area, and to verify the charges of the delivering carrier, he said that it is necessary to follow special procedures which add to the operating expense of the association. To eliminate such expense, he favored the establishment of a flat rate in the drayage tariff for the services involved in accomplishing delivery of pool-car shipments.

Various exhibits were introduced by the witness relating to the association's shipments during the 12 months ending with August, 1949. The total weight of the shipments into the Los Angeles area during this time was shown to be in excess of five and one-half million pounds. The witness stated that the average classification rating of the various commodities handled is between second and third class. He said that most of the deliveries in the Los Angeles drayage area were to destinations within the same zone. Using data covering sixteen pool cars delivered during August and September, 1949, the witness developed a figure of 24.723 cents per 100 pounds as being the average rate paid under the applicable minimum drayage rates. Although the proposed rate of 24 cents per 100 pounds is somewhat lower than the average rate now paid, petitioner's operating expense assertedly would be less were the proposed rate in effect, since billing costs would be assumed by the association. Billing costs, as developed by the witness on the basis of the association's experience for the month of August, 1949, total 4.14 cents per 100 pounds.

Petitioner's president testified to the effect that an objective of his proposal is the establishment of rates suited to the requirements of Pacific Coast Wholesalers' Association or of other associations having similar requirements.¹ He indicated that the

¹ The witness stated that it was not his purpose to alter present provisions in the drayage tariff for pool-car distribution generally. For this reason he believed that the proposed rate should not be made applicable to the distribution of pool-car shipments aggregating less than 2,000 tons per calendar year.

unloading, segregation, and delivery of shipments for the account of the Pacific Coast Wholesalers' Association is accomplished under more favorable circumstances than those attending the distribution of pool-car shipments generally. He said that the handling of pool-car traffic ordinarily involves the filing of claims for loss and damage, the paying of freight bills, the prorating of freight charges and billing of customers for freight; however, in so far as the pool-car shipments of Pacific Coast Wholesalers' Association are concerned, these various services are not required. He asserted, moreover, that ordinary pool-car shipments require more deliveries, are more bulky, and are more difficult to handle. Under petitioner's proposal the carrier would be relieved of certain billing functions. Petitioner's president submitted an exhibit to show that his present costs of billing pool-car shipments generally are 2.34 cents per 100 pounds.

A representative of the Motor Truck Association of Southern California stated that it is the position of his organization that a flat rate for services such as those involved herein is unsound. He said that the propriety of a rate depends upon the classification and volume of the shipment and the zone into which delivery is made, and he declared that there is no evidence to show what would be a reasonable flat minimum rate for the delivery of freight of associations other than Pacific Coast Wholesalers' Association.

It is clear that the evidence adduced in the instant phase of this proceeding tends more to support the proposed rate in so far as it would apply to specific services performed for Pacific Coast Wholesalers' Association than it goes to establish the propriety of the rate as a reasonable and nondiscriminatory minimum rate. The evidence indicates that the sought rate would result in charges approximately the same as those now assessed on the association's shipments under the present minimum rates. However, it does not show that the rate would be reasonable for the transportation of all classes of

property which might be tendered by other shipper associations for delivery throughout the Los Angeles drayage area. Petitioner's proposal to limit the application of the sought rate to quantities of freight aggregating 2,000 tons or more of freight per year transported for a non-profit shipper association was not supported by a showing that the limitation is justified by advantages and economies peculiar to the handling of association traffic of such volume. Instead, it appears that the limitation is sought for the principal purpose of excluding traffic of other shippers or of other associations handling a lesser volume. It was not shown on this record that the proposed limitation would not result in undue discrimination. Petitioner may enjoy certain advantages and be called upon to perform fewer services in connection with traffic of Pacific Coast Wholesalers' Association, but this fact itself does not necessarily justify adjustment in the minimum rates applicable to such traffic. Certain of the additional services which petitioner performs for other pool-car shippers appear to be accessorial services for which compensation in the form of additional charges is provided in the drayage tariff. In another respect petitioner's proposal is objectionable. The proposal is based in part upon the fact that billing of shipments would be done by the association. Freight bills are a primary record of carriers. The preparation of this important record should be done by the carrier and should not be delegated to others.

Petitioner's proposal cannot be found justified on this record. For the reasons set forth above, it does not appear that the sought rate would be reasonable and non-discriminatory. Moreover, there was no showing of general need for the proposed revision in the present rates. Adjustments of general application should not be made in the minimum rates where it appears that the adjustments are designed principally to meet requirements of a single carrier or shipper. The petition will be denied.

O R D E R

An adjourned public hearing having been had in the instant phase of the above-entitled proceeding, full consideration of the matters and things involved having been had, and the Commission being fully advised,

IT IS HEREBY ORDERED that the petition of San Diego Forwarding Company filed in Case No. 4121 on August 22, 1949, and as subsequently amended, be and it is hereby denied.

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

Dated at San Francisco, California, this 1st day of November, 1949:

R. B. [Signature]
Justus F. Cravner
[Signature]
Harold D. Kula
[Signature]
Commissioners