

ORIGINAL

Decision No. 43861

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation )	
into the rates, rules, regulations, )	
charges, allowances and practices )	Case No. 4808
of all common carriers, highway )	
carriers and city carriers relating )	
to the transportation of property. )	

Appearances

Edward M. Berol, J. Crowe, T. R. Dwyer,  
R. C. Ellis, C. W. MacLeod, Joseph  
Robertson, James L. Roney and Ward G.  
Walkup, Jr.

O P I N I O N

This phase of the above-entitled proceeding deals with the minimum charges set forth in Item No. 150-E of Highway Carriers' Tariff No. 2 for the transportation of small shipments for distances of 150 constructive miles or less, between points in California north of Gaviota Pass and the Tehachapi Mountains. More specifically, the matter here in issue is whether the minimum charges referred to above are reasonable and proper and what, if any, adjustment should be made thereof.

For the purpose of inquiring into this matter, the Commission scheduled a public hearing which was held before Examiner Lake at San Francisco, on January 30 and 31, 1950.

The minimum charges now applicable range from 49 cents for shipments weighing 25 pounds or less to 93 cents for shipments weighing over 100 pounds. They first became effective in 1939. Except for general increase adjustments, they were not disturbed until 1947 at which time they were revised to the basis of 100 pounds at the applicable rate between the points involved, subject to \$1.00 as minimum.<sup>1</sup> By Decision No. 40151 of April 8, 1947, in Case No. 4808,

<sup>1</sup> Decision No. 39945 of February 4, 1947, in Case No. 4808.

the minimum per shipment charges prevailing prior to the above adjustment were reinstated. Common carriers who were required to establish the 100 pound-\$1.00 minimum basis were authorized but not required to restore the lower per shipment minimum charges.

Several common carrier witnesses, representing the interests of their companies and of The Truck Owners Association, testified that they maintained minimum charges on the 100 pound basis and that because such charges were higher than those authorized as minimum they were at a competitive disadvantage with competing carriers. They contended that they had lost to carriers offering the lower minimum charges not only small shipments for which the charges were provided but, in addition, many heavier shipments. They maintained that competing carriers offered the lower basis of charges as a competitive weapon to allure all of a shipper's highway carrier traffic. Other common carrier representatives testified that to meet this competitive situation they had recently established the lower minimum charge.<sup>2</sup> The loss of revenue as a result of the rate reductions, they stated, had caused a serious impairment of their financial stability.

All of these witnesses contended that their operations for 1949 were conducted at a loss and that to establish or to maintain the lower basis of minimum charges would result in additional losses of revenue ranging from \$5 to \$247 per day.<sup>3</sup>

<sup>2</sup>

These witnesses also represented The Truck Owners Association, as well as their own interests. All but one of the carriers, hereinbefore referred to, are engaged in the transportation of general commodities of all weight groups. The exception was a common carrier who conducts operations between San Francisco and points on the San Francisco peninsula involving shipments weighing 100 pounds and less.

<sup>3</sup>

The president of one of the carriers testified that the small shipment traffic comprised 33 per cent of his company's total shipments; that they numbered more than 900 shipments per day; and that the loss of revenue would be in excess of \$200 per day.

The Truck Owners Association and the carrier witnesses seek authority to establish a minimum charge of 70 cents for shipments weighing less than 15 pounds and for shipments of greater weight a charge based upon 100 pounds at the applicable rate between the points involved, subject to \$1.05 as minimum.

A senior transportation engineer of the Commission's staff and the traffic manager of a common carrier operating generally throughout northern California introduced evidence relative to the cost of transporting shipments weighing less than 100 pounds. The engineer introduced an exhibit consisting of a summarization of a study of costs incurred by a large segment of the for-hire trucking industry.<sup>4</sup> The study did not, however, include the costs of carriers specializing in handling small shipments.

The traffic manager testified that he had made a study of all shipments weighing less than 100 pounds transported during the month of November, 1949, to San Francisco, Oakland, Stockton and Sacramento from points of origin 150 miles or less away. The study was said to include the average pickup and delivery, terminal and platform handling, line-haul, and general administrative and overhead costs. Based upon an average weight of 71 pounds, the cost per shipment so developed was \$1.36.

The costs presented by the engineer were said to be the weighted average total costs per shipment for short line peddle trips involving one platform handling and for line-haul service requiring two platform operations. They were expanded to include gross operating

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<sup>4</sup>Details of this study were first introduced in evidence of this proceeding through Exhibits Nos. 254 and 276 at hearings dealing with a general review of the entire minimum rate structure of Highway Carriers' Tariff No. 2. The costs were adjusted to reflect conditions prevailing in October, 1949.

expense and to provide for an operating ratio of 93. The data developed disclose so-called full costs for shipments of less than 100 pounds, for 30 and 75 constructive miles, of \$1.10 and \$1.22, respectively.<sup>5</sup>

The Association's proposal was supported by the manager of transportation and operations of a wholesale grocery concern. He alleged that the present scale of charges for small shipments was below the cost of performing the service by the general freight carriers.<sup>6</sup> As a result thereof, he stated, the transportation of small shipments places a burden on other traffic.

The sought adjustment was opposed by V. Fred Jakobsen, an individual doing business as Transbay Motor Express, and several shipper witnesses who use the services of this carrier for the transportation of their small shipments. Jakobsen operates between San Francisco and East Bay cities as a common carrier.<sup>7</sup> His operations are limited, except as to phonograph records, to the transportation of shipments weighing 100 pounds and less. For these operations he is required to observe rates specified in his tariffs on file with the Commission. They are, for the most part, multiple shipment rates which vary with the weight of the shipment and the number of shipments tendered during a one-week period. They are set forth in the margin.<sup>8</sup>

<sup>5</sup>Similar data were presented involving transportation between other areas. They were lower by amounts ranging from 1 to 3 cents per shipment.

<sup>6</sup>In support of his allegation, he referred to Exhibit No. 276, supra, and to the cost evidence submitted at the hearing in this phase of the proceeding.

<sup>7</sup>He conducts other operations in the San Francisco Bay Area under a contract carrier's permit issued pursuant to the Highway Carriers' Act.

Minimum Weight		Rates Per Shipment			
		Number of Shipments Tendered Per Week			
Over	Not Over	1 to 3	4 to 7	8 to 22	Over 22
0	25	\$1.00	\$0.75	\$0.58	\$0.54
25	50	1.00	0.85	0.73	0.68
50	75	1.30	1.15	0.88	0.83
75	100	1.60	1.40	1.02	0.96

This witness testified that his services are of a specialized nature; that they are conducted with one-half ton panel and one-ton walk-in vanette type equipment; that his San Francisco terminal is, and his Oakland terminal is in the process of being, equipped with conveyor belts for the rapid handling and dispatch of shipments; and that the billing of shipments is done weekly. These, as well as other efficiencies not inherent in the operations of carriers engaged in transporting general freight, he stated, rendered the proposed minimum charges excessive for his services. He introduced an exhibit showing that the net operating revenues from all of his transportation operations for 1949 exceeded \$9,000.<sup>9</sup> He alleged that if the sought minimum charges were established 75 per cent of the business he now enjoys would be lost to proprietary carriage or parcel post.<sup>10</sup>

The shipper witnesses testified that they used Transbay Motor Express almost exclusively for the transportation of small shipments under its multiple shipment rates. Such shipments, they stated, were for the most part a service transaction to accommodate their customers and consisted of articles the profit on which did not cover the transportation charges. They asserted that if the sought charges were authorized they would either resort to other methods of cheaper transportation or, if such were not available, they would have to forego this accommodation service. To pursue the latter course would, they alleged, entail the loss of more lucrative sales.

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<sup>9</sup> The witness stated that his revenues would have been greater had not a warehouseman's strike affected the volume of his business.

<sup>10</sup> The parcel post rates, according to an exhibit introduced in evidence by a Commission rate expert, are 12 cents for the first pound plus 2 cents per pound thereafter up to and including 70 pounds.

It is not disputed and the record shows that the minimum charges now applicable are unreasonable and improper for all shipments of 100 pounds or less, for carriers engaged in general freight operations in that they are insufficient to return the costs of performing the service. The record does not show to what extent, if at all, the applicable charges are improper for carriers exclusively engaged in the transportation of small shipments.

The traffic here in issue constitutes a large segment of shipments transported by carriers engaged in general freight operations as well as the bulk of the traffic handled by the specialized small shipment carriers. The need for adjustment in the present charges as well as the need for rate equality for the transportation of like shipments, regardless of the class of service or the carriers rendering it, is apparent. Minimum charges of the volume proposed will be established. Such charges will not only tend to remove the burden now cast upon other traffic but will also render small shipments more desirable to the general freight carriers.

The record is convincing that the minimum charges to be adopted would impair Jakobsen's ability to continue his certificated transbay operations and would act to injure shippers who avail themselves of the multiple shipment rates of this carrier in instances where such rates are lower than those to be adopted. Jakobsen, therefore, will not be required to change his rates between San Francisco and East Bay points applicable in connection with his common carrier operations.

Under the provisions of Item No. 200 series of Highway Carriers' Tariff No. 2 the minimum charges hereinafter adopted will alternate with lower charges provided in tariffs of common carriers, lawfully published and filed with the Commission, for the same transportation. By reason of this provision, rate equality for all classes of carriers will be maintained.

Common carriers have heretofore maintained the same rates, rules and regulations on commodities not subject to Highway Carriers' Tariff No. 2 as those maintained in the minimum rate tariff. Authorization of this character appears necessary to maintain the uniformity that has heretofore existed.

Upon consideration of all of the facts and circumstances of record, we are of the opinion and hereby find that modification of the existing rates, rules and regulations is justified to the extent hereinbefore indicated and as provided by the order herein.

O R D E R

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

IT IS HEREBY ORDERED that Decision No. 31606, as amended, be and it is hereby further amended by incorporating in Highway Carriers' Tariff No. 2 (Appendix "D" of said Decision No. 31606, as amended), revised pages attached hereto and by this reference made a part hereof, to become effective April 1, 1950, which pages are numbered as follows:

Eighth Revised Page 20 cancels Seventh Revised Page 20.  
Original Page 20-A.

IT IS HEREBY FURTHER ORDERED that common carriers subject to the Public Utilities Act be, and they are, and each of them is hereby authorized, but not required, to establish in their tariffs increases in minimum charges in connection with transportation of commodities for which minimum charges have not been established by the Commission no greater in volume and effect than the increases established herein.

Cancels

SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)

MINIMUM CHARGE

The minimum charge per shipment shall be as follows: (Subject to Notes 1 and 2)

(a) When the constructive distance from point of origin to point of destination does not exceed 150 miles:

(1) Between points south of the boundary line described in Note 3;

(2) Between a point south of the boundary line described in Note 3 and a point north of said line;

\*150-F  
Cancels  
150-E

Weight of shipment (in pounds)		Minimum Charge In Cents
Over	Not Over	
0	25	49
25	50	62
50	75	75
75	100	87
100	.....	93

◇ (3) Between points north of the boundary line described in Note 3:

Shipments weighing less than 15 pounds..... 70 cents.

Shipments weighing 15 pounds and over shall be subject to the minimum charge provided in paragraph (b).

(b) When the constructive distance from point of origin to point of destination exceeds 150 miles:

(1) If classified 1st class or lower, for 100 pounds at the class or commodity rate applicable thereto; or

(2) If classified higher than 1st class, for 100 pounds at the 1st class rate; or

(3) If shipment contains different articles and no article is rated higher than 1st class, for 100 pounds at the class or commodity rate applicable to the article taking highest rate; or if any article is rated higher than 1st class, for 100 pounds at the 1st class rate; but

(4) In no event shall the minimum charge be less than \$1.05.

NOTE 1.—In no event shall the minimum charge be less than \$1.25 on shipments having point of origin or point of destination on steamship wharves or docks within the Los Angeles Harbor Pickup and Delivery Zone, as described in Item No. 260 series.

NOTE 2.—For shipments transported beyond public highways to or from oil or gas well sites the minimum charge shall be \$1.25.

NOTE 3.—Beginning at the shore line of the Pacific Ocean due south of Caviota, thence northeasterly along an imaginary straight line to the point at which the boundaries of Santa Barbara, Ventura and Kern Counties intersect, easterly along the northerly boundary of Ventura and Los Angeles Counties to a point due south of the community of Tehachapi, northeasterly along an imaginary straight line to the point at which Highway U.S. 395 intersects the northerly boundary of Kern County, thence easterly along the northerly boundary of Kern and San Bernardino Counties to the California-Nevada line.

\* Change }  
◇ Increase } Decision No. 42861

For Item No. 160-D shown on Seventh Revised Page 20, see Original Page 20-A.

EFFECTIVE APRIL 1, 1950

Issued by the Public Utilities Commission of the State of California,  
San Francisco, California.

Correction No. 391

SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)

SPLIT PICKUP

The charge for transportation of a split pickup shipment (as defined in Item No. 11 series) shall be the pickup and delivery charge (as defined in Item No. 10 series) applicable under rates in Section No. 2 or Section No. 3, or any combination of said rates, for transportation of a single shipment of like kind and quantity of property from point of origin of any component part to point of destination via the points of origin of all other component parts, plus the following additional charges:

Item No.	Weight of Component Part (In Pounds)		Additional Charge for Each Component Part Picked Up (In Cents)
	Over	But Not Over	
*160-D	0	100	41
Cancel	100	500	57
160-C	500	1,000	80
	1,000	2,000	121
	2,000	4,000	161
	4,000	10,000	201
	10,000	20,000	240
	20,000		320

The provisions of this item shall not apply:

- (1) If split delivery service is to be accorded;
- (2) unless at the time of or prior to the first pickup a single bill of lading or other shipping document shall have been issued for the composite shipment and the carrier shall have been furnished with written instructions showing the name of each consignor, the points of origin and the kind of property in each component part.

In the event a lower aggregate charge results from treating one or more component parts as a separate shipment said charge may be applied.

\* For provisions in effect prior to the effective date hereof, see Seventh Revised Page 20.  
 \*\* Decision No. 42861

EFFECTIVE APRIL 1, 1950

Issued by the Public Utilities Commission of the State of California,  
 San Francisco, California.  
 Correction No. 392

IT IS HEREBY FURTHER ORDERED that tariff publication required or authorized to be made by common carriers as a result of the order herein shall be made effective not later than April 1, 1950, and not earlier than five (5) days after the effective date of this order; and that such publications may be made effective on not less than five (5) days' notice to the Commission and to the public.

IT IS HEREBY FURTHER ORDERED that common carriers be, and they are, and each of them is, hereby authorized to depart from the provisions of Section 24(a) of the Public Utilities Act and of Article XII, Section 21 of the State Constitution, to the extent necessary to carry out the effect of the order herein.

IT IS HEREBY FURTHER ORDERED that V. Fred Jakobsen, doing business as Transbay Motor Express, is not required to establish in connection with his certificated highway common carrier operations increased minimum charges set forth in the above-referred to tariff pages.

In all other respects said Decision No. 31606, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 22<sup>th</sup> day of February, 1950.

A. Z. Dunderman  
Justice Z. Calleson  
Justice F. L. ...  
Harold St. Hill  
Respectful Patrick  
Commissioners