

Decision No. 44150

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)
of all common carriers, highway)
carriers and city carriers relating)
to the transportation of property.)

Case No. 4808

ORIGINAL

Appearances

Marvin Handler and E. W. Kerttu, for California
Moving & Storage Association.
Charles C. Miller, for Monterey Bay Draymen's
Association.
Leonard E. Holt and Henry Kearney, for
Independent Movers.
Gordon & Knapp by Wyman C. Knapp, for Bekins
Van Lines, Calmay Van Lines, James Van Lines
and Lyon Van Lines.
Lloyd C. Alt, for Palace Van & Storage Company.
J. W. Barker, for Calmay Van Lines.
Harold J. Blaine, for Lyon Van & Storage Company.
Edgar Flanders, for Hunt Transfer Company.
C. P. Von Herzen, for Harry Jubb.
W. Ray James, for James Transfer & Storage
Company, James Van Lines and San Jose Moving
& Storage Company.
Jackson W. Kendall, for Bekins Van & Storage
Company.
M. F. Vineyard, for Dowd's Express & Storage.
Herman R. Myers, for Golden State Company, Ltd.
Hal F. Wiggins, for the Commission's Staff.

INTERIM OPINION

California Moving & Storage Association represents city,
radial highway common and highway common carriers of used household
goods and related articles. The minimum rates, rules and regulations
applicable to these commodities are set forth in City Carriers' Tar-
iff No. 3 - Highway Carriers' Tariff No. 4 (Appendix "A" of Decision
No. 32629 of December 7, 1939, in Cases Nos. 4246 and 4434, as
amended). The Association has petitioned the Commission for modifica-
tion of the provisions of that tariff.

Public hearings were had at San Francisco and Los Angeles.

Extensive testimony and voluminous exhibits have been received. The full showing has not yet been made. Petitioner, supported by various groups of carriers and individual carriers, urges that the rates in the minimum rate tariff be increased on an interim basis. Increases to these higher levels would be made in the tariff rates of the highway common carriers. Highway common carriers are engaged principally in so-called "long distance" moving operations (Transportation for over 30 miles). The other carriers engaged in such operations are radial highway carriers. City carrier and short haul highway carrier operations are collectively known as "local" moving. Numerous carriers provide both "long distance" and "local" service. In some cases there are affiliated carriers, one of which handles the "long distance" moving and the other the "local" moving. "Long distance" operations and rates will first be discussed.

Bekins, Calmay, James and Lyon Van Lines, four highway common carriers hereinafter referred to as the van lines, conduct extensive "long distance" moving operations. Their tariff rates are patterned after the rates in the minimum rate tariff but are on higher levels. For shipments weighing 4,000 pounds or more, the van lines' rates are 10 percent higher than the minimum rates; for shipments of lesser weight, their rates are 20 percent higher. The van lines also maintain additional charges for pickup and delivery of shipments weighing less than 1,000 pounds. Such charges are not required under the minimum rate tariff. For shipments weighing from 500 to 999 pounds, the additional van line charges are 50 cents per 100 pounds for pickup or delivery and \$1.00 for both pickup and delivery; for shipments weighing less than 500 pounds, the corresponding charges are \$2.50 and \$5.00, respectively. The minimum additional charge is \$1.00. The van lines' rates were filed pursuant to Decision No. 42011 of

August 31, 1948, as amended, in Application No. 29559, in which these carriers justified and were authorized to establish higher rates. As highway common carriers, the van lines are required to observe the precise rates and charges provided by their tariffs.

In the "long distance" moving field, the van lines are the principal carriers. On smaller consignments, they encounter little or no competition from the radial carriers. On larger shipments, however, radial carrier competition exerts a strong influence. The force of this competition is, for the most part, focused upon movements for less than 300 miles and upon movements between the San Francisco Bay and Metropolitan Los Angeles traffic centers. The radial carriers generally apply the same rates as the van lines. They are not required to do so, however, and may observe higher or lower rates, subject only to the minimum rates as a floor. The record indicates that some of the radial carriers are able to obtain higher rates. It also indicates that lower rates than the van lines' rates are observed by radial carriers when these carriers believe such action necessary in order to secure desirable traffic and that the van lines are not able to cope with this competitive situation.

The interim rate proposals with respect to "long distance" moving are that minimum rates be established at 20 percent above the van lines' level for 4,000-pound shipments and 10 percent above their level for smaller shipments. This would amount to a uniform increase of 32 percent in the minimum rates because of the existing relationships between the van line and minimum rates hereinbefore discussed. The van lines' rates would be increased to the new minimum rate levels. They estimate that this would amount to a further increase of some 15 percent in their revenues. A further interim proposal is that the van lines' additional pickup and delivery charges for shipments

weighing less than 1,000 pounds be incorporated in the minimum rate tariff. These increases would substantially raise the charges provided in the minimum rate tariff for small shipments, but not on a uniform percentage basis. Practically all such consignments are said to be moving under these charges now because they are shipments handled only by the van lines.

To support the foregoing proposals, the carriers rely upon detailed financial and cost showings. A full discussion of the evidence is not called for in this interim opinion. As stated at the outset, the full record has not been made. The carrier showing is, however, reasonably persuasive that, in operations in the "long distance" moving field as now conducted, the van lines experience lower costs than the radial carriers. The rigid rate structure of the van lines and the flexible rates of the radial carriers create competitive advantages for the latter which this record indicates are not warranted. Indeed, the radial carriers participating in the hearings supported "long distance" rate uniformity. The minimum rates should be raised on an interim basis to the existing van line levels. Further treatment of these rates has not been justified on the record as it now stands. It is sufficient, at this stage of the proceeding, to observe that the financial showings do not portray results from intrastate "long distance" moving exclusively, that the costs are synthetic costs, and that the propriety of many of the factors making up these costs is still open to question.

The "local" moving rate situation, which remains to be discussed, is entirely different. For all practical purposes, there is no "local" moving under highway common carrier tariff rates. The van lines themselves are, for the most part, not active in this field; their affiliates operate as city and radial carriers. The

charges to be observed are governed only by the minimum rate tariff. An investigation of "local" moving rates by petitioner developed that the "going" rates for that traffic are substantially higher than the minimum rates. The carriers, however, compete on equal terms. The volume of the rates to be observed, subject to the minimum rate provisions, is a matter of managerial discretion. The observations made with respect to the carriers' evidentiary material respecting "long distance" rates apply also to their "local" moving showing. Additionally, it is noted that the rates proposed closely follow synthetic costs expanded to make provision for profit, that the extent of any variation in costs attributable to the type of operation is not of record, and that the actual costs experienced by the carriers in such operations are not disclosed.

In Decision No. 41145, 47 Cal. P.U.C. 675(1948), in which the "local" moving rates were last considered, it was concluded that owner-driver operations produced lower costs and that these lower costs should be considered in determining the "local" moving rate levels. Moreover, the proposed rates give effect to costs for equipment having a larger loading area than that found necessary for "local" moving operations in Decision No. 41145. Finally, these rates generally follow the "going" rate pattern disclosed by this record, evidently reflect the stress and strain of competitive influences, and seemingly have thus far at least been effectively used without requiring adjustment of the minimum rate tariff. In the circumstances, adjustment of minimum "local" moving rates on an interim basis has not been shown to be necessary or warranted.

Representations made by counsel at the hearings, and particularly at their close, require some further comment. The problems which will call for disposition on the full record are difficult. The record, as hereinbefore noted, is already extensive and complex. The Commission's staff is making further studies.

The carriers which were active in these hearings are studying modifications in rules and regulations submitted by a staff witness. These carriers have indicated that they will have some further evidence. The League of Highway Carriers has not yet offered evidence in support of a sought differential in "local" moving rates in favor of so-called "small" carriers.

Counsel for the carriers here seeking interim increases argued for virtually unquestioning acceptance of their showings as bases for fixing temporary rates. They also argued that in previous rate adjustments the Commission has never increased the minimum rates to realistic levels. Their "long distance" proposals here, they said, would fall short of producing sufficient revenues for the van lines, although involving substantial increases. The "going" "local" moving rates, they claimed, should be accepted as the proper measure of interim minimum rates.

In various respects the carrier showings are open to reasonable challenge. The synthetic costs for city and radial carrier operations have not been tested by the cost experience of the carriers and do not show the expense of operating the equipment actually used by these carriers in providing service. The allocations of expenses between affiliates and between transportation and other activities of the same concern are necessarily somewhat arbitrary. A striking feature of the carrier presentations is that losses attributed to transportation operations are more than offset by the profits assertedly made in nontransportation activities by the same concerns or their affiliates. Over-all operations are admittedly profitable.

In the one instance where a showing comparable to the carrier showing was offered by a Commission staff member, results from operations of the Bekins affiliates, entirely different answers were obtained. Both showings covered the first six months of 1949, the latest period for which figures were available, and were designed to

disclose the operating results from transportation services of the Bekins companies. Different treatment of allocations to transportation activities resulted in the Bekins witness developing a substantial loss and the Commission staff witness developing a substantial profit by reason of different allocations being made from the same basic figures. Among the disputed items is the allocation of revenues exceeding \$100,000 earned as commissions on traffic turned over to other carriers. The Bekins witness asserted that this is not transportation revenue; the staff witness claimed that it is.

In providing the services involved in this proceeding, the carriers do not ordinarily deal with shippers well versed in transportation matters. Public interest requires careful scrutiny of the proposed substantially higher minimum rates.

For reasons hereinbefore set out, the request for interim rate increases above the level of the "long distance" van lines' rates and the request for higher "local" moving rates are not justified by the record as it now stands. The Commission's staff and all other interested parties will be expected to complete and offer their studies at the earliest practicable date.

Upon consideration of all the evidence of record, we are of the opinion and find that City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4 (Appendix "A" of Decision No. 32629, in Cases Nos. 4246 and 4434, as amended) should be further amended, on an interim basis, to the extent shown in the revised pages attached to and made a part of the record herein; that highway common carriers maintaining rates and charges lower than those provided by the aforesaid tariff, as so amended, should be authorized and directed to increase their rates to the adjusted levels; that in all other respects proposed interim adjustments have not been shown to be justified; and that these findings are without prejudice to those which may be reached on the full record to be developed in the matters involved.

INTERIM ORDER

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. 32629 of December 7, 1939, in Cases Nos. 4246 and 4434, as amended, be and it is hereby further amended by incorporating in City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4 (Appendix "A" of said Decision No. 32629, as amended), Third Revised Page 24 cancels Second Revised Page 24 and Third Revised Page 26 cancels Second Revised Page 26, which pages are to become effective June 15, 1950, and are attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that tariff publications required to be made by highway common carriers as a result of the amendment of the aforesaid City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4 shall be made effective not later than June 15, 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.

In all other respects the aforesaid Decision No. 32629, 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 9th day of May, 1950.

R. J. Indurana
Justin F. Calver
Robert H. Fennell
Harold P. Huls
Penelope Lott
Commissioners

Note 2.—For shipments picked up or delivered at a point other than a terminal established by a carrier for the receipt and delivery of shipments additional charges will be assessed for each service rendered on the following basis:

Minimum Weight 1,000 pounds, no additional charge.
Minimum Weight 500 pounds, 50 cents per 100 pounds.
Less than 500 pounds, \$2.50 per 100 pounds, minimum charge \$1.00.

* Change)
◇ Increase) Decision No. **44150**

EFFECTIVE JUNE 15, 1950

Issued by the Public Utilities Commission of the State of California,
San Francisco, California.
Correction No. 42

Third Revised Page ... 26

Cancels

Second Revised Page ... 26

CITY CARRIERS' TARIFF NO. 3

HIGHWAY CARRIERS' TARIFF NO. 4

Item No.	SECTION NO. 3 - LONG DISTANCE MOVING RATES (Concluded) In Cents per 100 Pounds				
	MILES		Any Quantity (Subject to Note 1)	Minimum Weight	Minimum Weight
	Over	But Not Over		2,000 Pounds	4,000 Pounds
	30	35	306	210	171
	35	40	310	214	174
	40	45	313	217	177
	45	50	318	222	182
	50	60	324	228	186
	60	70	330	234	190
	70	80	336	240	195
	80	90	342	246	199
	90	100	348	252	204
	100	110	354	258	208
	110	120	360	264	212
	120	130	366	270	217
	130	140	372	276	221
	140	150	378	282	226
	150	160	384	288	230
	160	170	390	294	234
	170	180	396	300	239
	180	190	402	306	243
	190	200	408	312	248
	200	220	418	322	255
	220	240	427	331	263
	240	260	437	341	271
	260	280	446	350	278
	280	300	456	360	286
	300	325	468	372	295
	325	350	480	384	304
	350	375	492	396	312
	375	400	504	408	321
	400	425	516	420	330
	425	450	528	432	339
	450	475	540	444	348
	475	500	552	456	359
	500	525	564	468	372
	525	550	576	480	385
	550	575	588	492	397
	575	600	600	504	410
	600	625	612	516	424
	625	650	624	528	436
	650	675	636	542	449
	675	700	648	557	462
	700	725	660	572	474
	725	750	672	587	487
	750	775	684	600	501
	775	800	700	616	513
	800	850	732	646	536
	850	900	763	676	561
	900	950	796	704	586
	950	1000	827	734	613
	1000	1050	860	764	638
	1050	1100	889	796	663
	1100	1150	924	826	689
	1150	1200	956	854	715

*310-C
 Cancels
 310-B

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