

ORIGINAL

Decision No. 45315

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

Appearances

Edward M. Berol and Frank M. Chandler, for Truck Owners Association of California, petitioner.
Charles C. Wilson, Lester Parker, John W. Crowe, H. J. Bischoff, J. G. Fitzhenry, Ernest J. Corrica, and Edward Lester, for various respondent carriers.
Robert C. Neill, J. J. Duvel, Edson Abel, and Thomas R. Phillips, for shippers and shipper organizations.

(Appearances shown above are those entered in the instant phase of this proceeding. For earlier appearances, see previous decisions in this case.)

SUPPLEMENTAL OPINION

This supplemental opinion deals with a petition of the Truck Owners Association of California seeking an increase in the state-wide minimum rates, as set forth in Highway Carriers' Tariff No. 8 (Appendix "C" to Decision No. 33977, as amended in Case No. 4293), for the transportation of fresh fruits and vegetables. Petitioner alleges that the costs which highway carriers incur in transporting these commodities have increased to the point that the minimum rates are not sufficient to provide reasonable compensation for the services performed. It seeks an interim increase of 12½ percent in the rates pending the development and submission of cost studies to show the need for other rate adjustments.

Public hearing of the matter was had before Examiner Abernathy at San Francisco on December 11, 1950. Evidence was submitted in petitioner's behalf by a consulting engineer and by various carrier representatives. Shipper representatives participated in the examination of petitioner's witnesses for the purpose of developing the record.

The consulting engineer testified that he had been retained by petitioner to make a study of the costs of transporting fresh fruits and vegetables. Such a study, he said, would require a year to complete because of the fact that the underlying data would have to be accumulated as the various crops mature and are shipped. In the meantime he had made a survey of earnings of 14 carriers which assertedly transport 90 percent of the produce which moves to the principal California markets. According to the survey, the operating results of thirteen of the fourteen carriers for the year ended with July 31, 1950, were as indicated by operating ratios ranging from 97.3 percent to 107.8 percent. The remaining carrier was able to attain an operating ratio of 91.6 percent. The combined operations of the carriers resulted in a loss of \$80,147 and an operating ratio of 100.9 percent. The engineer calculated that had certain revenue and expense increases which became effective at various times during the year and up to September, 1950, prevailed throughout the period covered by his survey, the combined operations of the 14 carriers would have resulted in a profit of \$9,666 with an equivalent operating ratio of 99.9 percent.

The data which the engineer submitted covered other transportation services as well as the transportation of fresh fruits and vegetables. About two-thirds of the carriers' revenues were earned from the transportation of commodities not involved herein. However, the witness attributed the carriers' unfavorable operating results largely to their produce hauling. He expressed the opinion that an immediate increase of 12½ percent in the minimum rates is fully justified as an emergency measure to preserve the financial stability of the carriers until the cost studies can be completed and further data submitted. His calculations indicate that such an increase would enable the carriers to attain an average operating ratio of about 97.6 percent after allowance for income taxes.¹

The traffic manager of a highway common carrier operating principally between Monterey Bay and Salinas Valley points on the one hand and San Francisco and Oakland on the other hand introduced exhibits to show that increases in the minimum rates for fruits and vegetables have not kept pace with increases in the minimum rates applicable to the transportation of freight generally. According to his rate comparisons, increases which have been effected in the state-wide 4th class rates in Highway Carriers' Tariff No. 2 range from approximately 50 percent to 80 percent.² On the other hand the increases which have been made in the state-wide minimum rates for fruits and vegetables range from 27 percent to 47 percent. He asserted that the present minimum rates are not compensatory; that

¹

The witness calculated that for the carriers to obtain an operating ratio of 90 percent before allowances for income taxes an increase of 11 percent in the rates for all of the transportation services would be required.

² Highway Carriers' Tariff No. 2 (Appendix "D" to Decision No. 31606, as amended in Case No. 4246) sets forth the minimum rates applicable to general commodities.

other carriers in the area which his company serves are not accepting produce for transportation; and that his company, in order to transport the produce that is offered to it, must engage other carriers from time to time and pay them more than it receives under its tariff rates. Other carrier witnesses also testified to the effect that the present minimum rates for the transportation of produce are less remunerative than those applicable to the transportation of general freight. As a consequence, they said, their companies solicit general freight in preference to fresh fruits and vegetables. None of the carriers' witnesses had made any recent studies to develop the costs of transporting produce as compared to general commodities. They asserted, however, that produce is more costly to transport because it requires expedited handling and because loading and unloading of produce requires more time than is required to load and unload shipments of other commodities of comparable weights.

The president of Southern California Freight Lines and Southern California Freight Forwarders, common carriers operating principally in southern California, declared that even if the minimum rates for produce are increased by 12½ percent, they would still fall short of returning the cost of the service. He said that the operating costs of the carriers are constantly increasing and he referred by way of example to increases in wage costs in southern California which have taken effect since the consultant completed his revenue and expense survey. In addition to the known and specified expense increases, the carriers are confronted with decreasing effectiveness of labor as the better workers are drawn into the armed services in the country's transition to a war economy, the witness stated. The effect of the changes in the labor factor is difficult to measure precisely but it results in a real and substantial increase in operating expense that must be reckoned with, he declared.

Petitioner assumes that the reported deficiencies of the carriers' revenues plus its rate comparisons unequivocally support its assertions that the present produce rates are not commensurate with the costs of service and that an increase of the amount sought is required to restore the rates to a reasonable level. Data representing over-all operating results of a selected group of carriers may be indicative of the average level of cost of transporting produce where it is shown that the carriers' revenues are a direct reflection of the rates involved and where it is also shown that the expenses are largely incurred in the transportation of produce. But where, as in the instant case, the carriers' revenues and expenses are a result of divers transportation services which are subject to different rate scales or which are exempt from rate regulation altogether, the level of the carriers' total net operating revenues standing alone have little significance in disclosing the inadequacy of a particular rate scale to return the cost of the service to which it pertains. The rate comparisons themselves do not show the extent to which the produce rates should be revised. The record does not justify the entire amount of the increases requested.³

The evidence is persuasive, nevertheless, that the present minimum rates for produce do not give due and reasonable consideration to the costs of the transportation being performed. Petitioner's rate comparisons emphasize the extent that increases have been established in the minimum rates for general commodities as compared with those which have been made in the rates for

³ The deficiencies as noted in the present record should be cured by petitioners when submitting in further proceedings the results of their full and complete cost studies.

produce. Judicial notice is taken that since July, 1947, when the minimum produce rates were last revised upon an extensive cost showing, increases have been made in the rates in Highway Carriers' Tariff No. 2 ranging from 12½ percent to 50 percent. On the other hand the produce rates have been increased but 5 percent during the same period (Decision No. 41794, supra). As the Commission's decisions state, the adjustments which have been made in the minimum rates for general commodities were authorized following specific showings of increased operating costs, principally those involving wages, fuel and taxes (Decisions Nos. 40557, 41768, 43462 and 44637 in this numbered proceeding). Since it is apparent that these increased costs by their nature relate to the carriers' over-all operations, it seems reasonable that the produce rates should also reflect the cost increases in order that the carriers might be equitably compensated for their produce hauling.

It is not meant to be implied that adjustments in the produce rates should necessarily parallel those in the rates for general freight. Nevertheless, under circumstances of common cost factors, and with due regard to other applicable rate factors a definite relationship between the rates for produce and the rates for general commodities would appear normal and proper. Recognition that such a relationship should prevail was given in Decision No. 33977, supra, which established Highway Carriers' Tariff No. 2 and Decision No. 40512, in Case No. 4293, which prescribed the 1947 revisions in the produce rates.

The 1948 adjustment in the produce rates being taken into account, it appears that further increases ranging from

7½ percent to 12½ percent in the state-wide produce rates are justified as an interim measure. Such increases would give, within the limits of the petition, substantial effect to the increases in operating expenses which the carriers have experienced since the last general revision in the rates. Yet the increases would do hardly more than reestablish to a large extent the relationships which have been approved heretofore between the rates for produce and the rates for general commodities. On this basis it appears that increases as indicated in the state-wide rates should be approved. With respect to the minimum produce rates which have been established to apply specifically between points in Monterey, San Benito and Santa Cruz Counties and points in San Francisco, Alameda and Santa Clara Counties, adjustments should not be made therein except in the "any quantity" rates. The minimum rates applicable in this area for produce and for general freight were adjusted on a cost basis in 1949. The "any quantity" rates for general freight were increased in September, 1950, following a showing of increased costs. In line with the increases hereinabove found justified in the state-wide rates, it appears that similar increases in the "any quantity" produce rates would be proper. In other respects increases in the produce rates applicable within this territory do not appear justified.

Upon careful consideration of all of the facts and circumstances of record, we are of the opinion and find that the proposed modifications have been justified to the extent provided in the order which follows. In all other respects the petition

filed in this proceeding on November 18, 1950, by the Truck Owners Association of California will be denied.

O R D E R

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

IT IS HEREBY ORDERED that Decision No. 33977 of March 11, 1941, in Case No. 4293, as amended, be and it is hereby further amended by substituting in Highway Carriers' Tariff No. 8 (Appendix "C" to said decision, as amended) the revised pages attached hereto and by this reference made a part hereof, which pages are numbered as follows:

Fourth Revised Page 15 cancels Third Revised Page 15
Fourth Revised Page 16 cancels Third Revised Page 16
Fifth Revised Page 29 cancels Fourth Revised Page 29
Fourth Revised Page 30 cancels Third Revised Page 30
First Revised Page 30-A cancels Original Page 30-A
Third Revised Page 31 cancels Second Revised Page 31
Third Revised Page 32 cancels Second Revised Page 32
Fourth Revised Page 33 cancels Third Revised Page 33

IT IS HEREBY FURTHER ORDERED that tariff publications herein required to be made by common carriers as a result of the revision of Highway Carriers' Tariff No. 8 as hereinbefore provided shall be made effective not earlier than March 4, 1951, on not less than ten (10) days' notice to the Commission and to the public.

C. 4808 1m

IT IS HEREBY FURTHER ORDERED that except to the extent provided herein the petition filed in this proceeding on November 18, 1950, by the Truck Owners Association of California be and it is hereby denied.

In all other respects Decision No. 33977, as amended, shall remain in full force and effect.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 30th day of January, 1951.

Alfred J. ...
Justus F. ...
Harold ...
... ..

Commissioners

Item No.	SECTION NO. 1-RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)
	MINIMUM CHARGE
	The minimum charge per shipment shall be as follows:
	(a) When the constructive distance from point of origin to point of destination does not exceed 150 miles:
	Minimum Charge
	Weight of Shipment in Cents
160-C	25 pounds or less..... 49
Cancel	Over 25 pounds but not over 50 pounds..... 62
160-B	Over 50 pounds but not over 75 pounds..... 75
	Over 75 pounds but not over 100 pounds..... 87
	Over 100 pounds..... 93
	(b) When the constructive distance exceeds 150 miles: The charge for 100 pounds at the commodity rate applicable thereto but not less than \$1.05.

Item No.	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 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:
	Weight of Component Part (In Pounds) ♦ Additional Charge For Each Component Part Picked Up (In Cents)
	Over But not over
	0 100 41
	100 500 55
*170-C	500 1,000 78
Cancel	1,000 2,000 113
170-B	2,000 4,000 158
	4,000 10,000 196
	10,000 20,000 235
	20,000 313
	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.

♦Increase) Decision No. **45315**
*Change)

EFFECTIVE MARCH 4, 1951

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

Correction No. 107

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

SPLIT DELIVERY

The charge for transportation of a split delivery 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 any combination of said rates, for transportation of a single shipment of like kind and quantity of property,

(a) from point of origin to point of destination of any component part via the points of destination of all other component parts;

(b) for one-half the distance from point of origin to that same point via each of the points of destination to which deliveries are made; (See Note 1.) plus the following additional charges:

Weight of Component Part (In Pounds)		Additional Charge for Each Component Part Delivered (In Cents)
Over	But not over	
0	100	41
100	500	55
500	1,000	78
1,000	2,000	118
2,000	4,000	158
4,000	10,000	196
10,000	20,000	235
20,000		313

*180-D
Cancels
180-C

The provisions of this item shall not apply:

- (1) if split pickup service has been accorded;
- (2) unless at the time of or prior to the tender of the shipment 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 consignee, the point of destination 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.

See Item No. 120, paragraph 2, for Deliveries Within a Single Market Area.

NOTE 1.-Point-to-point rates in this tariff may also be used in combination with other rates in this tariff in the following manner: Add to the rate applicable to transportation of a single shipment of like kind and quantity of property from point of origin to any other point, the rate applicable for like transportation for one-half the distance from the latter point to that same point via each of the points to which deliveries are made which are not located on the route via which the point-to-point rate used is applicable. To the charge obtained by use of the resulting rate add the additional charges above set forth.

◊ Increase)
*Change) Decision No.

45345

EFFECTIVE MARCH 4, 1951

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

Correction No. 108

Cancel

Item No.	SECTION NO. 2 - ◊ DISTANCE COMMODITY RATES (In Cents Per 100 Pounds)							
	FRUITS AND VEGETABLES, INCLUDING MUSHROOMS, as described in Item No. 40 series. (Items Nos. 300 and 301 series) Rates in this item will not apply on shipments for which distance commodity rates are provided in Item No. 305 series.							
MILES		MINIMUM WEIGHT						
Over	But not Over	Any Quantity	2,000 Pounds	4,000 Pounds	10,000 Pounds	13,000 Pounds	24,000 Pounds	
0	3	48	25	23	13	7	5½	
3	5	48	28	24	14	8	7	
5	10	50	28	24	14½	8½	8	
10	15	51	29	25	16	9½	8	
15	20	52	29	27	17	10	8½	
20	25	52	30	28	18	10½	9½	
25	30	54	33	28	19	11½	10	
30	35	55	33	29	21	13	10½	
35	40	56	34	30	21	14½	11	
40	45	57	34	30	23	15	13	
45	50	57	36	33	24	16	13½	
50	60	61	37	34	25	17	15	
60	70	63	40	36	27	19	16	
70	80	64	42	37	28	20	17	
80	90	66	43	40	30	21	19	
90	100	70	45	42	32	23	20	
100	110	72	46	43	34	25	21	
110	120	73	48	45	36	26	22	
120	130	74	50	46	37	28	23	
130	140	75	52	47	39	29	25	
140	150	75	54	48	40	31	26	
150	160	78	56	51	41	32	27	
160	170	79	57	53	42	35	28	
170	180	80	60	54	44	36	28	
180	190	81	61	56	46	39	29	
190	200	84	63	57	47	40	31	
200	220	87	66	60	51	42	34	
220	240	91	69	64	53	43	35	
240	260	95	74	66	56	47	38	
260	280	97	76	69	59	49	40	

*300-E
Cancel
300-D

(Continued in Item No. 301 series)

◊ Increase)
* Change) Decision No. **45315**

EFFECTIVE MARCH 4, 1951

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

Correction No. 109

Cancel

Item No.	SECTION NO. 2 - \diamond DISTANCE COMMODITY RATES (In Cents per 100 Pounds)							
	FRUITS AND VEGETABLES, INCLUDING MUSHROOMS, as described in Item No. 40 series. (Items Nos. 300 and 301 series)							
MILES		MINIMUM WEIGHT						
Over	But not Over	Any Quantity	2,000 Pounds	4,000 Pounds	10,000 Pounds	18,000 Pounds	24,000 Pounds	
	280	300	100	80	71	64	52	42
	300	325	103	85	75	68	54	45
	325	350	110	89	80	70	59	48
	350	375	113	93	83	74	62	52
	375	400	118	98	87	78	64	54
*301-D Cancel 301-C	400	425	123	102	92	82	68	57
	425	450	127	107	94	85	72	60
	450	475	131	111	99	89	75	62
	475	500	137	115	105	93	77	66
	500	525	141	120	109	96	82	68
	525	550	144	123	112	100	84	72
	550	575	149	129	117	105	87	74
	575	600	154	133	121	108	91	76
	600	625	159	138	125	110	94	81
	625	650	162	143	130	114	97	83
	650	675	167	145	134	119	100	86
	675	700	171	150	139	121	104	88
For distances over 700 miles add for each 25 miles or fraction thereof.			4-3/4	4-3/4	3 1/2	3 1/2	2 1/2	2 1/2

\diamond Increase)
* Change) Decision No. 45315

EFFECTIVE MARCH 4, 1951

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

Correction No. 110

Item No.	SECTION NO. 2 - DISTANCE COMMODITY RATES (In Cents per 100 Pounds)									
	FRUITS AND VEGETABLES, INCLUDING MUSHROOMS, as described in Item No. 40 series.									
	BETWEEN	AND	MILES But not Over Over		MINIMUM WEIGHT -					
					◇ Any Quantity	2,000 Pounds	4,000 Pounds	10,000 Pounds	(1) 18,000 Pounds	(1) 24,000 Pounds
*305-A Cancels 305	Points in Monterey, San Benito and Santa Cruz Counties	Points in San Francisco, Alameda and Santa Clara Counties	0	30	62	34	30	21	13	12
			30	35	63	34	31	23	15	13
			35	40	64	35	32	23	16	13
			40	45	65	35	32	24	18	15
			45	50	65	38	34	25	18	15
			50	60	69	39	35	26	19	13
			60	70	70	42	38	29	21	18
			70	80	71	43	39	30	22	19
			80	90	74	44	42	32	23	21
			90	100	76	46	43	34	25	22
			100	110	79	48	44	35	28	23
			110	120	81	50	46	38	29	24
			120	130	82	52	48	39	31	25
			130	140	83	53	49	41	32	28
140	---	83	55	50	42	34	29			

(1) (Exception to Item No. 40 series) Rates include loading into and unloading from carrier's equipment.

◇ Increase }
* Change } Decision No. 45315

EFFECTIVE MARCH 4, 1951

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

Correction No. 111

Item No.	SECTION NO. 2-◇ DISTANCE COMMODITY RATES (In Cents per 100 Pounds)					
	EMPTY CONTAINERS, as described in Item No. 40 series.					
	MILES		MINIMUM WEIGHT			
Over	But not over	Any Quantity	2,000 Pounds	4,000 Pounds	10,000 Pounds	
	0	3	26	18	14	6
	3	5	26	18	15	8
	5	10	27	19	15	8
	10	15	27	19	16	9
	15	20	28	21	16	9
	20	25	28	21	16	9½
	25	30	28	23	18	9½
	30	35	30	23	18	11
	35	40	30	24	18	11
	40	45	30	24	19	11
	45	50	32	24	19	12
	50	60	32	25	21	12
	60	70	33	25	21	14
	70	80	34	27	23	15
	80	90	34	27	23	15
	90	100	37	28	24	16
	100	110	38	29	25	17
	110	120	39	30	25	18
	120	130	39	30	27	18
	130	140	41	33	27	19
	140	150	41	34	28	20
	150	160	41	34	28	20
	160	170	45	36	29	22
	170	180	46	36	29	22
	180	190	46	37	30	23
	190	200	48	37	30	24
	200	220	51	41	33	25
	220	240	52	43	35	27
	240	260	54	45	37	28
	260	280	56	46	38	30

*310-C
 Cancels
 310-B

(Continued in Item No. 311 series)

◇ Increase) Decision No. 45315
 *Change)

EFFECTIVE MARCH 4, 1951

Issued by the Public Utilities Commission of the State of California,
 San Francisco, California.
 Correction No. 112

Item No.	SECTION NO. 2 -◇DISTANCE COMMODITY RATES (In Cents per 100 Pounds)					
EMPTY CONTAINERS, as described in Item No. 40 series						
MILES But not Over Over		MINIMUM WEIGHT				
		Any Quantity	2,000 Pounds	4,000 Pounds	10,000 Pounds	
	280	300	57	47	40	32
	300	325	61	48	42	33
	325	350	62	49	43	35
	350	375	65	52	45	37
	375	400	67	54	47	39
	400	425	69	56	49	41
	425	450	71	59	51	42
	450	475	73	61	53	44
	475	500	75	62	54	46
*311-C Cancels 311-B	500	525	77	64	56	48
	525	550	80	68	59	50
	550	575	82	69	60	52
	575	600	83	71	62	54
	600	625	85	74	64	55
	625	650	88	75	65	57
	650	675	90	77	67	59
	675	700	92	79	69	62
For distances over 700 miles add for each 25 miles or fraction thereof			2½	2½	1½	1½
◇Increase *Change		Decision No.		45315		
EFFECTIVE MARCH 4, 1951						
Issued by the Public Utilities Commission of the State of California, Correction No. 113 San Francisco, California.						

Item No.	SECTION No. 2 - ♦ POINT TO POINT COMMODITY RATES (In Cents per 100 Pounds)								
FRUITS AND VEGETABLES, INCLUDING MUSHROOMS, as described in Item No. 40 series.									
BETWEEN		AND		MINIMUM WEIGHT					
				Any Quan- tity	2,000 Pounds	4,000 Pounds	10,000 Pounds	18,000 Pounds	24,000 Pounds
(1) *320-D Cancels 320-C	LOS ANGELES TERRITORY, as described in Item No. 281 series.	SAN FRANCISCO TERRITORY, as described in Item No. 283 series.	100	80	71	64	52	42	
									SACRAMENTO TERRITORY, as described in Item No. 282 series.
EMPTY CONTAINERS, as described in Item No. 40 series.									
BETWEEN		AND		MINIMUM WEIGHT					
				Any Quan- tity	2,000 Pounds	4,000 Pounds	10,000 Pounds		
(1) *330-C Cancels 330-B	LOS ANGELES TERRITORY, as described in Item No. 281 series.	SAN FRANCISCO TERRITORY, as described in Item No. 283 series.	57	47	40	32			
							SACRAMENTO TERRITORY, as described in Item No. 282 series.		
<p>(1) If the charges accruing under the rates in this item, applied on shipments from and to points intermediate between origin and destination territories shown in this item via route shown in Item No. 500 series, are lower than charges accruing under the Distance Commodity Rates in Items Nos. 300, 301, 310 or 311 series on the same shipment via the same route, such lower charges will apply.</p>									
<p>♦ Increase) * Change) Decision No. 45315</p>									
EFFECTIVE MARCH 4, 1951									
<p>Issued by the Public Utilities Commission of the State of California, San Francisco, California. Correction No. 114</p>									