

ORIGINAL

Decision No. 45339

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SOUTHERN CALIFORNIA FREIGHT LINES and)	
SOUTHERN CALIFORNIA FREIGHT FORWARDERS)	Application No. 31809
for authority to publish less than)	(Amended)
minimum rates under provisions of)	
Section 13 $\frac{1}{2}$ of the Public Utilities Act.))	

Appearances

H. J. Bischoff, for Southern California
Freight Lines and Southern California
Freight Forwarders, applicants.

O P I N I O N

Southern California Freight Lines and Southern California Freight Forwarders are California corporations engaged in the common carriage of property as a highway common carrier and as an express corporation and freight forwarder, respectively. They seek authority to assess lesser rates than the applicable minima for the transportation of canned foodstuffs from Hemet to destinations 30 to 200 miles distant from Hemet.

Public hearing of the matter was had before Examiner Abernathy at Los Angeles on November 22, 1950. Evidence was submitted by applicants' president and by the president of the Hemet Packing Company.

The reduced rates which applicants propose to establish would primarily benefit the Hemet Packing Company. This company processes and cans fruits, vegetables and olive oil. It packs all of the canned goods that are produced in Hemet. Its shipments of canned goods range from 20 to 25 million pounds annually. The greater part of its shipments move to destinations in southern California. The

company's principal market is in the Los Angeles general area and adjacent points east to Redlands and San Bernardino.¹

The packing company's president testified that his company's operations are resulting in substantial losses which he attributed to a diminution of near sources of supply of raw materials because of subdivision of orchards and fields in the Hemet area and to necessary reductions in the sales prices of his company's products to meet competition. He asserted that if the Hemet Packing Company is to survive it must effect all possible reductions in operating costs.

Applicants transport a large part of the company's shipments. Their president testified that they cannot afford the loss of the traffic which would follow from discontinuance of the packing company's operations. He explained that the direction of the traffic handled by applicants is predominantly outbound from Los Angeles. The shipments of the packing company to the Los Angeles general area provide pay loads for vehicles which otherwise would return from their outbound trips either empty or only partially loaded. Assertedly, the traffic is desirable also because it moves regularly and because the individual packages are of such weight that they can be handled more economically than can packages which usually make up shipments of other types of freight. Applicants' witness said, in effect, that the lower rates which are proposed herein are sought as a measure to assist the packing company to overcome its losses and thereby to assure to applicants the continuation of its traffic.

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The total area which comprises the packing company's principal market corresponds substantially to that described in Southern California Freight Forwarders Local Express Tariff as "Los Angeles Basin Territory."

The rates which applicants seek to establish are approximately 5 percent less than the minimum rates for shipments of 18,000 to 22,000 pounds; 15 percent less than the minimum rates for shipments of 28,000 to 32,000 pounds; and 32 percent less than the minimum rates for shipments of 38,000 to 42,000 pounds. Vehicle loading of shipments transported at the sought rates would be done by the shipper. Shipments weighing in excess of the specified weights would be subject to the rates for the next higher weight bracket or to the rates otherwise applicable, whichever would result in the lower charges. It was explained that the weights which are specified represent quantities that can be transported most economically in the vehicle units.²

Figures were submitted by applicants' president to show the cost of the service involved. The cost figures had been developed from a cost study of his companies' operations in 1948. Certain of the underlying cost figures were increased by 10 percent in order to allow for increases in operating costs since 1948. Line-haul costs were developed on a one-way basis. The witness was confident that the sought rates would be sufficiently compensatory. He calculated that they would result in earnings before allowance for income taxes as indicated by an operating ratio of 93 percent.

No one appeared in opposition to applicants' proposal.

The record is convincing that applicants are faced with the loss of traffic essential to their operations. It is evident that the sought rates are deemed by applicants to be the maximum that can

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Applicants also propose a scale of charges for split delivery which are lower in some cases and higher in others than those which would apply otherwise. The proposed charges would apply to split delivery shipments transported at the sought rates. The charges would vary with the weight of the shipment, the number of component parts in the shipment, the weight of each component part, and the distance over which the transportation is performed.

be assessed with the prospects of retaining the traffic. Where the rates would prove adequately compensatory for the services involved, clearly they would not burden other traffic under the circumstances shown herein, but would contribute to the success of applicants' total transportation services. In view of the load factor per vehicle-trip which the packing company's shipments into Los Angeles Basin Territory enable applicants to achieve, it appears that the sought rates would be sufficient for such shipments. With respect to shipments to other southern California destinations, it appears that the transportation is performed under different conditions and that opportunities for maintaining the same average load factor that obtains in the Los Angeles Basin Territory are less favorable. It is concluded that for shipments to these other destinations, the rates have not been shown to be sufficient and reasonable.

The charges which are proposed for shipments delivered on a split delivery basis under the proposed rates should not be authorized. They are subject to such conditions that it appears certain that it would be difficult to make a correct determination of the charges applicable to the various shipments. Moreover, in a number of instances the sought provisions would result in higher total charges for designated units of service than would be applicable for greater amounts of service under alternative provisions of applicants' tariffs governing split delivery shipments.

Upon careful consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds that the rates which are authorized in the following order are justified by transportation conditions. To this extent the application will be granted; in other respects it will be denied. Since the conditions upon which the authority herein granted are subject to change at any time, the authority will be limited in duration to one year but will be made subject to earlier cancellation or other change should circumstances warrant.

O R D E R

Public hearing having been had in the above-entitled proceeding and based upon the evidence received and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Southern California Freight Lines and Southern California Freight Forwarders be and they are hereby authorized to establish and publish in their respective tariffs rates as set forth in Appendix "A" attached hereto and by this reference made a part hereof, said rates to apply for the transportation of "Canned Goods and Other Articles" as described in Item No. 110 series of Southern California Freight Forwarders Local Express Tariff No. 4, Cal.P.U.C. No. 4, from Hemet to points of destination within the Los Angeles Basin Territory as described in Rule No. 220 series of said tariff.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire one (1) year after the effective date of this order unless sooner changed or extended by order of the Commission.

IT IS HEREBY FURTHER ORDERED that in all other respects the above-numbered application be and it is hereby denied.

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

Dated at San Francisco, California, this 6th day of February, 1951.

Q. J. Anderson
Justus J. Calver
Harold Kula
Herbert L. Laffer
Peter C. Mitchell
Commissioners

APPENDIX "A" TO DECISION NO. 45339

Rates for the transportation of "Canned Goods and Other Articles" as described in Item No. 110 series of Southern California Freight Forwarders Local Express Tariff No. 4, Cal.P.U.C. No. 4, from Hemet to points of destination on authorized routes of Southern California Freight Lines and Southern California Freight Forwarders within Los Angeles Basin Territory described in Rule No. 220 series of said tariff.

Rates in Cents per 100 pounds (See Note 1)

Constructive* Miles		Weight per Shipment		
		Minimum, 12,000 pounds Maximum, 22,000 pounds	Minimum, 28,000 pounds Maximum, 32,000 pounds	Minimum, 38,000 pounds Maximum, 42,000 pounds
Over	Not Over			
	30	11½	10	8
30	35	12	10½	8½
35	40	13	11	9
40	45	13½	11½	9½
45	50	14	12	9½
	50	15½	13	10½
50	60	16½	14	11
60	70	18	15	12
70	80	19½	16	13
80	90	21	17½	14
90	100			
100	110	22½	18½	15
110	120	24½	19½	15½
120	130	26	20½	16½
130	140	27½	22	17½
140	150	29	23	18½
	150	30	24	19
150	160	31½	25	20
160	170	32½	26	20½
170	180	33½	27	21
180	190	34½	28	22
190	200			

*Constructive mileages as set forth in distance tables published by applicants in conformity with provisions of Decisions Nos. 31605 and 31606 in Case No. 4246.

NOTE 1. Shipments transported subject to the rates herein provided shall be loaded in carriers' vehicles by the shipper.

(End of Appendix "A")