

ORIGINAL

Decision No. 45797

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SIGNAL TRUCKING SERVICE, LTD., a)	
corporation, for authority to)	
depart from the rates, rules and)	
regulations of City Carriers')	Application No. 31378
Tariff No. 4, Highway Carriers')	
Tariff No. 5, Highway Carriers')	
Tariff No. 2, and Highway Carriers')	
Tariff No. 8, under the provisions)	
of the City Carriers' Act and the)	
Highway Carriers' Act.)	

Appearances

(The appearances are listed in Decision No. 44819, dated September 19, 1950, in this proceeding.)

OPINION ON FURTHER HEARING

By petition filed November 8, 1950, Signal Trucking Service, Ltd. seeks reconsideration of Decision No. 44819, dated September 19, 1950, in this proceeding denying its application to deviate from the minimum rates applicable to transportation services it performs for The Great Atlantic & Pacific Tea Company. In response to said petition the proceeding was re-opened and further hearing was held before Examiner Abernathy at Los Angeles on March 30, 1951¹.

Evidence received at the further hearing relates primarily to matters covered by a supplemental application filed

1 The record was left open until April 10, 1951, to permit the filing of an amended exhibit.

subsequent to the reopening of this proceeding. Applicant explained that it had given further consideration to the proposals in its original application and had concluded to confine its requests for authority to deviate from the minimum rates to the particulars deemed most essential to it and to The Great Atlantic & Pacific Tea Company (hereinafter designated as "A & P") in the conduct of their respective operations. By its supplemental filing, as amended at the hearing, applicant seeks authority

- (a) To classify shipments of A & P in accordance with pre-determined percentages derived from analyses of the nature of the traffic involved;
- (b) To compute transportation charges on the basis of composite rates derived by averaging the minimum rates applicable to the classes of freight transported.
- (c) To assess charges for the split-delivery of shipments according to the average weight of the component parts of each shipment;
- (d) To use as shipping documents certain documents furnished by A & P instead of employing those prescribed in the applicable minimum rate orders;
- (e) To assess a charge of \$10.50 per day for the use of semi-trailers without tractors; and
- (f) To use employees other than drivers for vehicle loading without making additional charges therefor.

The principal objective which applicant seeks to attain through its proposals herein is simplification of procedures involved in billing A & P for transportation of shipments from the company's Los Angeles warehouse to its 36 retail markets in southern California.² According to testimony of applicant's traffic manager, between 2300 and 2500 different articles of

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Other transportation services which applicant performs for A & P are not involved in this further proceeding.

foodstuffs and related items are sold by A & P in its stores. Deliveries of supplies from warehouse to each of the stores are made weekly or oftener. The witness said that classification for billing purposes of the numerous articles of merchandise which comprise the various shipments is a lengthy and expensive process. Authorization to classify the shipments on a percentage basis is sought so as to eliminate much of this work and expense.

The traffic manager submitted exhibits to show the classification ratings of two days' shipments to the A & P stores. Assertedly the shipments are typical of those involved in this proceeding. The exhibits list 19 shipments ranging in weight from 8050 pounds to 50,300 pounds, and totaling almost 500,000 pounds. Groceries and related articles, weighing 295,000 pounds in all, represent about 60 per cent of the total volume, and fresh fruit and vegetables account for the remainder. The problems of classification with which applicant is herein concerned relate to the grocery items.

In his exhibits the witness set forth the classification ratings governing the grocery portions of the 19 shipments and the applicable transportation charges as computed at the minimum rates. Two bases were used by the witness in classifying the shipments: (a) the ratings subject to minimum weights of 20,000 pounds, and (b) those subject to minimum weights of 30,000 pounds. The various data, as taken from the exhibits, are as follows:

Classification Ratings of 19 Shipments, Totaling 295,360
Pounds of Groceries and Related Articles.

A. Ratings subject to a minimum weight of 20,000 pounds:

<u>Component Part of Total Weight of Shipments</u>	<u>Percent of Total</u>	<u>Applicable Classification Rating</u>
Pounds		
379	.128	110% of 1st Class
4,075	1.377	1st Class
14,615	4.939	2nd Class
19,066	6.454	3rd Class
253,352	85.801	4th Class
<u>3,873</u>	<u>1.311</u>	90% of 4th Class
295,360	100.000%	

B. Ratings subject to a minimum weight of 30,000 pounds:

<u>Component Part of Total Weight of Shipments</u>	<u>Percent of Total</u>	<u>Applicable Classification Rating</u>
Pounds		
91	.031	1st Class
1,358	.460	2nd Class
11,085	3.753	3rd Class
13,190	4.466	4th Class
3,873	1.311	90% of 4th Class
<u>265,753</u>	<u>89.979</u>	5th Class
295,360	100.000%	

Transportation charges were calculated as \$19.15 at the ratings subject to a minimum weight of 20,000 pounds and \$628.63 at the ratings subject to a minimum weight of 30,000 pounds.

Although alternative bases of classification were employed by the witness in the development of his exhibits, applicant's proposal herein mainly involves the ratings subject to a minimum weight of 20,000 pounds. What applicant seeks is to classify all of the A & P Company's warehouse shipments by applying thereto the 20,000-pound ratings in the same proportion or percentages as to classes as those developed by the witness

with respect to the 19 shipments covered by the exhibits. He said also that for occasional small shipments which normally would not be made subject to the rates and ratings applicable to 20,000-pound shipments, authority is sought to apply the third-class rating and to assess transportation charges accordingly. It was asserted that the charges under this basis of classification would result in as much as or greater charges than those that would result from strict application of the minimum rate provisions.

Applicant's proposal to compute transportation charges on the basis of composite rates is designed to result in further operating efficiencies for applicant in preparing, and for A & P in checking, freight bills. Under this proposal applicant would develop composite rates on a mileage basis, using mileages to correspond to those governing the applicable minimum rates within the territory involved. The rates so developed would reflect the classification ratings proposed herein and the minimum rates in effect at time of shipment. The method by which the classification factors and the minimum rates would be reduced to composite rates is set forth in Supplemental Exhibit 14 in this proceeding.

Authority to assess charges for the split delivery of shipments according to the average weight of the component parts is sought as a means of establishing a basis of charges for split-delivery service which will conform to the manner in which the A & P shipments are handled. It was explained that in shipping to its separate stores A & P does not weigh the shipments destined to each store, and that there is no practical means by which the weights can be determined otherwise. In loading the applicant's vehicles the method which is employed is first

to load and weigh the total of the grocery items and then to load and weigh the combined produce shipments. Assertedly, any undertaking to arrive at the actual weight of the merchandise delivered to each store would seriously interfere with the dispatch of the shipments. The operational superintendent of A & P testified that, if his company must furnish applicant with the weights of the shipments for each store, it will be obliged to make other arrangements for the transportation of its merchandise. It was indicated, on the other hand, that the average weight of the component parts of split delivery shipments is readily determinable, and that from a procedural standpoint assessing charges on an average basis would not unduly burden either applicant or A & P. Applicant's traffic manager expressed the view that the average basis of charges would result in somewhat greater revenues than would be returned otherwise under the minimum rate schedules.

By its proposals herein, regarding shipping documents, applicant in effect is seeking approval, for the most part, of its present billing procedures. Various documents of A & P form an integral part of applicant's billing methods. The merchandise order forms which are filled out by the store managers and sent to the A & P warehouse are the underlying records. Data thereon are summarized daily in manifest form and furnished to applicant. These manifests, which show the origin and destination of the shipments, separate total weights for the grocery items and produce, and the applicable rates, are used by applicant to support its freight bills. Applicant's billing

procedures vary principally from those prescribed in the minimum rate tariffs in that they do not provide for rates in terms of the applicable classifications. These procedures, it was declared, are coordinated with accounting methods of A & P and are required as a matter of national policy of that company; deviations therefrom would result in increased operating costs to applicant and A & P.

The foregoing matters, especially those relating to the classification of freight on a percentage basis, the assessing of split-delivery charges on an average basis, and the use as shipping documents certain documents furnished by A & P were stressed by applicant's president as being of particular importance to A & P and to his company. He expressed the opinion that granting of the particulars indicated would enable his company to retain the A & P business. Otherwise, he asserted, A & P will perform its own transportation by leased or purchased equipment.

The remaining proposals which are involved herein relate to phases of applicant's operations not specifically covered by the minimum rate provisions. A & P has occasion from time to time to rent from applicant semi-trailers without tractors. Rental rates for trailers are not provided in the applicable minimum rate tariffs. Applicant seeks approval of a charge of \$10.50 per day per trailer. Figures were submitted by a transportation engineer to show that the charge of \$10.50 a day would include compensation for the loss to applicant of the use of the trailers and would return the vehicle costs expanded to allow for an operating ratio of 90 per cent.

In other respects applicant seeks authority to use a loading crew instead of its drivers for loading the A & P shipments into its vehicles. The minimum rate provisions specify that the rates include the services of the driver only for loading and unloading of the carrier's equipment (at other than at its established depots).³ Authority to substitute loaders for drivers for loading purposes is herein sought for the stated purpose of attaining operating economies. Applicant's transportation engineer explained that because of the volume of the A & P shipments, it is more economical to maintain a loading crew on the shipping docks of A & P than it is to use the drivers for loading. He said that the wage rate of loaders is less than that of the drivers. Moreover, greater operating efficiency is achieved through the increase in skills which the loaders are able to acquire as a result of repetition of the loading operations. The witness asserted that the use of loaders does not result in loss of productive time on the part of the drivers because applicant is able to use them advantageously for other purposes while the vehicles are being loaded.

No one opposed the granting of this application, as amended.

³ These provisions apply when the shipments are transported at commodity rates subject to a minimum weight of 10,000 pounds or more or at rates based upon the carload ratings in the Western Classification, in the Exception Sheet of Pacific Southcoast Freight Bureau, J. P. Haynes, Agent, or in the governing minimum rate tariffs. Rates applicable to shipments of lesser quantities include loading into and unloading from the carrier's equipment. (Items 120 and 130 series, Highway Carriers' Tariff No. 2; Items 130 and 140 series, Highway Carriers' Tariff No. 8.)

The record in this proceeding, as augmented at the further hearing, is clear that the transportation of large quantities of merchandise and other property which are shipped by A & P from its warehouse to its stores requires specialized procedures in order that it may be performed economically and expeditiously. The prescribed method of classification appears unsuited to the methods of shipment deemed by A & P to be essential to its operations. Applicant has stressed the difficulties from a clerical standpoint of making precise determinations of the applicable classifications of every shipment. Difficult and time-consuming as the clerical processes involved may be, the matter of determining the weight of the portions of the shipments subject to the various ratings appears to be an even greater barrier to application of the prescribed classification method. The evidence plainly shows that there is no practical means acceptable to A & P whereby divisions of shipments can be physically weighed. It would seem that any undertaking to arrive at the applicable weights on another basis, such as upon the basis of agreed weights, would be burdensome and impracticable. The classification of shipments on a percentage basis in the manner proposed by applicant appears reasonable under the circumstances disclosed herein. It appears that the percentage figures which applicant developed would give practical effect to the objectives of classification and would obviate the necessity of following procedures which are objectionable to A & P and to applicant both. The evidence shows that the revenues produced under the percentage basis would not be less than those produced under the applicable minimum rate provisions. The sought authority will be granted.

For similar reasons applicant will be authorized to compute charges for the split delivery of a shipment on the basis of the average weight of the component parts of the shipment. Authorization of applicant's proposal to assess composite rates which would reflect the applicable rates and classification ratings would be consistent with the authority to classify shipments on a percentage basis. The authority sought in this respect will be granted.

With reference to applicant's proposal to use as shipping documents certain documents furnished by A & P, it appears that such documents may be substituted satisfactorily for those prescribed by the Commission, provided, however, the documents are completed to the extent that they contain all of the information necessary for an accurate determination of the applicable rates and charges. For the latter purposes the term "groceries" will be deemed to identify sufficiently the various articles of merchandise and other property which are classified in accordance with the percentage basis of classification hereinafter authorized. The proposed charge of \$10.50 per day for semi-trailers without tractors does not appear unreasonably low and will be authorized. The use of employees other than drivers for vehicle loading purposes will be authorized as a measure to promote increased efficiency in applicant's operations.

Upon careful consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds as a fact that to the extent provided in the following order deviations from provisions of the minimum rate orders, as proposed in the supplemental application in this proceeding, as

amended, will be reasonable within the meaning of Section 11 of the Highway Carriers' Act, and reasonable and consistent with the public interest within the meaning of Section 10 of the City Carriers' Act. The supplemental application, as amended, will be granted. Because circumstances may change, however, the authority will be made to expire at the end of one year, unless sooner canceled, changed or extended by appropriate order of the Commission. Should applicant seek extension of the authority hereinafter granted to classify shipments on a percentage basis, it should be prepared to show by appropriate evidence that its proposal is consistent with the actual classification of the property it transports for A & P at the time.

ORDER

Public hearings having been had in the above-entitled application and based upon the findings and conclusions set forth in the preceding opinion,

IT IS HEREBY ORDERED that Signal Trucking Service, Ltd. be and it is hereby authorized to depart from provisions of minimum rate orders otherwise applicable to services it performs for The Great Atlantic & Pacific Tea Company to the extent specifically provided in Appendix "A" which is attached hereto and by this reference made a part hereof.

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

APPENDIX "A" TO DECISION NO. 45797
IN APPLICATION NO. 31378

The authority herein granted applies only in connection with property transported by Signal Trucking Service, Ltd. (hereinafter called "the carrier") for The Great Atlantic & Pacific Tea Company (hereinafter called "the shipper") between points in southern California area south or southerly of, and including, the cities of Santa Barbara and Taft.

Section I

The authority granted in this section applies only to shipments of property which originate at shipper's warehouse located at 4527 Loma Vista Avenue, Los Angeles and which are delivered to shipper's retail stores in southern California area as above described.

Item 1. The carrier is authorized to classify, for rate purposes, shipments of property (see Note) which are subject to the provisions of this Section as follows:

(a) Shipments subject to a minimum weight of 20,000 pounds:

<u>Percent of total weight of shipment</u>	<u>Rate as</u>
.128	110% of 1st Class
1.377	1st Class
4.939	2d Class
6.444	3rd Class
85.801	4th Class
1.311	90% of 4th Class

(b) Shipments subject to a minimum weight of less than 20,000 pounds:

Rate as third class.

Note: The term "property" as used in this item means those articles of merchandise and store supplies listed in Exhibit No. 3-G of record in this proceeding and merchandise and store supplies of similar nature or purpose.

Item 2. The carrier is authorized to assess and collect charges for the transportation of property classified in accordance with the provisions of Item 1 above on the basis of composite rates, which rates are to be determined in the manner described in the preceding Opinion and in accordance with the method set forth in Supplemental Exhibit No. 14 of record in this proceeding.

- Item 3. In connection with the computation and collection of charges for a shipment transported in split-delivery service, the carrier is authorized to apply the additional charges provided in Item No. 170 series of Highway Carriers' Tariff No. 2 and in Item No. 180 series of Highway Carriers' Tariff No. 8 on the basis of the average weight, instead of the actual weights, of several component parts of the shipment.

Section II

- Item 1. The carrier is authorized to use, in lieu of other shipping documents, the forms of documents submitted as part of Exhibit No. 3 in this proceeding, provided that:

- (a) The documents shall contain all of the information necessary for an accurate determination of the applicable rates and charges; and
- (b) The documents covering each shipment, if separated, shall be cross-referenced and filed in a manner permitting ready assembly.

The term "groceries" may be used to identify collectively, in the shipping documents herein authorized, the various articles of merchandise and other property which are classified in accordance with the provisions of Item 1, Section I, above.

- Item 2. The carrier is authorized to assess a charge of \$10.50 per day per semi-trailer for the use by shipper of semi-trailers without tractors.
- Item 3. The carrier is authorized to use, without assessing additional charges therefor, employees other than drivers, in lieu of drivers, for loading its vehicles.

(End of Appendix)

