

ORIGINAL

Decision No. 46779

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

Reginald L. Vaughan, Wm. Meinhold, Marvin Handler,  
Wyman Knapp, Douglas Brookman and Theo. W. Russell,  
for various highway carriers as respondents or  
petitioners.

F. W. Morris, Glenn W. Stephens, Lena W. Sparks,  
C. B. Hamblin, Roland H. Good, F. J. Ferguson,  
C. E. Miller, Harry L. Stevens and G. R. Lilinthall,  
for various manufacturers and assemblers of motor  
vehicles, interested parties.

SUPPLEMENTAL OPINION

By petition in this proceeding several highway carriers seek the establishment of minimum rates, rules and regulations for the transportation of motor vehicles and related commodities in "secondary movements." After hearings held in July, 1950, the matter was temporarily removed from the calendar to permit petitioners to develop additional information. In July, 1951, in other proceedings, the Commission authorized certain of the petitioners and other carriers to transport motor vehicles as highway common carriers and found that for certificating purposes the interests of the carriers, as well as the shipping public,

would be served best by avoiding a distinction between "initial" and "secondary" movements.<sup>1</sup>

A public hearing was held before Commissioner Potter and Examiner Bryant at Los Angeles on January 31, 1952, for the purpose of receiving evidence relating to the question whether a distinction should be made between "initial" and "secondary" movements for minimum rate purposes. This phase of the matter is ready for decision.

Testimony was offered by eight traffic representatives of companies engaged in the manufacture and assembly of motor vehicles in this State. These witnesses all testified substantially to the same effect. They said that their companies ship motor vehicles regularly and in quantity from the California plants to dealers and other consignees throughout the State. They stated that the transportation services are performed by highway carriers under contractual arrangements, that the transportation charges are prepaid, and that the charges are not reflected in the invoices or represented in the delivered prices of the vehicles.

All of the witnesses urged that minimum rates not be prescribed for the initial movement of new vehicles from their plants.

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<sup>1</sup> Decision No. 45990 dated July 24, 1951, in Application No. 29827, et al., 50 Cal.P.U.C. 816. The Commission said: "Based upon the arguments set forth in the briefs and the evidence introduced at the hearings, it is our conclusion and we so find (1) that it is not in the public interest in the granting of certificates authorizing operations as highway common carriers to distinguish between "initial" and "secondary" movements in the transportation of motor and other vehicles; (2) that there is no validity to the argument that "initial" movement of vehicles involves a service which cannot or should not be certificated as a highway common carrier service; and (3) that the interests of the carriers, as well as the shipping public, will be served best by avoiding this distinction. The foregoing conclusions do not preclude the possibility of different bases of rates being established for different types and categories of service, and contemplate the possibility that departure from established minimum rates may be justified in a proper proceeding."

They said that freedom to adjust the rates readily is essential if the charges are to reflect reasonably the cost of performing the transportation services under all of the varying and changing conditions found in their industry. They testified that no difficulty had been experienced in the past in negotiating contract rates agreeable to their companies and to the carriers, and that none was expected in the future.

No one proposed that minimum rates be fixed for the "initial" movements. All of the highway carriers regularly engaged in this service were said to be represented at the hearing, and all of them agreed that no purpose would be served by prescribing such rates at this time. Contrariwise, no one opposed the prescription of minimum rates for the transportation of motor vehicles and related commodities in other movements, generally termed "secondary" movements, as sought by the petitioners.

The record is clear that there is no immediate need for the prescription of minimum rates for the so-called "initial" movements. The witnesses offered a definition which, with some modification, appears to be satisfactory as a basis for excluding such movements from the application of rates.<sup>2</sup>

At further hearings herein, evidence will be received relating to the transportation of vehicles and related commodities, as described in the first ordering paragraph of Decision No. 45990,

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<sup>2</sup> Some of the difficulties of distinguishing between "initial" and "secondary" movements were explored and clarified at a prehearing conference held at Los Angeles on November 29, 1951. The modification referred to above consists principally of omitting from the definition certain commodity descriptions not germane to the present phase of this proceeding.

supra, except (1) the transportation of such commodities in the initial movement from the plant at which they were manufactured or assembled to the point of destination designated by the operator of such plant and evidenced by a bill of lading or other shipping document showing the operator of the plant as the shipper, and (2) the return transportation of such commodities to the plant in cases where delivery to the designated consignee has not been accomplished.

The further hearings will be scheduled when the parties have completed their necessary studies. No order is required at this time.

Dated at San Francisco, California, this 19<sup>th</sup> day of February, 1952.

*A. J. Zimmerman*  
President  
*Justus J. Craven*  
*Harold P. Hula*  
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Commissioners