

Decision No. 47050

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the Establishment )  
of rates, rules and regulations for )  
the transportation of property by )  
radial highway common carriers and )  
highway contract carriers between, )  
and by city carriers within, the )  
cities of Oakland, Alameda, Albany, )  
Berkeley, Emeryville and Piedmont. )

Case No. 4108

In the Matter of the Investigation )  
and Establishment of rates, charges, )  
classifications, rules, regulations, )  
contracts and practices of East Bay )  
Drayage and Warehouse Co., et al., )  
between the cities of Oakland, )  
Alameda, Albany, Berkeley, Emeryville )  
and Piedmont. )

Case No. 4109

Appearances

- Daniel W. Baker, for Draymen's Association of Alameda County, petitioner,
- William J. Keane, for United Transfer Co. and Carley & Hamilton, Inc., petitioners.
- Lloyd E. Rasmussen, for Inter-Urban Express Corporation, petitioner.
- Marvin Handler, for West Berkeley Express & Draying Co., intervener.
- N. R. Moon, for Merchants Express Corporation, intervener.
- Clifton E. Brooks, for Delivery Service Co., protestant.
- Clark O. Bender, Q. W. Bernhard, R. E. Tewson, Russell Bevans, John W. Bruner, Harry W. Dimond, Peter N. Kujachich, A. F. Schumacher, Francis J. Lambert, John E. Myers, Allen K. Penttila, C. J. Riedy, James L. Roney, Jack P. Sanders, Frank A. Small, and Tom Meyer, interested parties.
- Grant L. Malquist, for the Commission staff.

SUPPLEMENTAL OPINION

Minimum rates, rules and regulations established for drayage operations within and between East Bay cities are set forth in City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A, Appendix "A" of Decision No. 41362, as amended. The last general increase adjustment in these rates was in August of 1948. By petition filed

January 17, 1952, as amended, the Draymen's Association of Alameda County seeks, on an interim basis, a 25 percent increase in most of these rates. The original petition did not indicate the amount of increase sought. It was first amended to seek an interim increase of 15 percent. This amount was later changed to 25 percent.

Public hearings were held at San Francisco on March 20 and 25, 1952, before Examiner Lake.

Petitioner's position in this proceeding is that the carriers are in need of emergency financial relief. It claimed that the carriers cannot long continue to operate under prevailing conditions and present rates. Petitioner alleged that services being performed by the carriers on behalf of the shipping public are in serious danger of being disrupted and, in some instances, of being eliminated altogether. For these reasons it alleged that an interim increase in rates is necessary pending a review of the entire East Bay rate structure.

Protestant shippers' position, generally, was that because of inadequacies in petitioner's showing no interim adjustment should be made in the present rates pending disposition of the general investigation proceeding.

In view of the conclusions which follow, a detailed discussion of all of the evidence would serve no useful purpose.

As is hereinbefore indicated, petitioner seeks to have the Commission establish for East Bay drayage operations a 25 percent increase in the minimum rates, rules and regulations on an interim basis. The increase was sought upon a showing of the over-all revenue needs of 16 carriers who engage in several types of transportation services, and by studies showing the percent of increase authorized by the Commission in other minimum rates as compared with the increases heretofore authorized in the drayage rates. Rate

<sup>1</sup> By petition filed February 13, 1951, the Association requested that the Commission conduct a study of the class and commodity rates in the East Bay drayage area for the purpose of establishing just, reasonable and nondiscriminatory minimum rates and charges. Such a study is in progress.

comparisons were also made of the drayage rates and the line-haul rates between other points.

In addition to East Bay drayage operations all but two of the carriers for which financial studies were submitted perform transbay or other line haul operations. On a revenue basis the East Bay drayage services account for only 20 percent of the over-all revenues of the carriers. The transbay and other line-haul traffic account for 74 percent. The balance is made up of services relating to transportation.

In addition to the increase herein sought the Common Carrier, ✓  
Conference of the Truck Owners Association of California and the Pacific Motor Tariff Bureau, representing certain of the members of the petitioner in this proceeding, have sought a 12 percent increase in the less-than-truckload line-haul rates applicable within northern California, including the transbay rates. In addition, petitions have been filed with the Commission seeking a 10 percent increase in line-haul truckload rates and adjustments, the amount of which is not disclosed, in the truckload transbay rates. It is from the transbay and other line-haul traffic that petitioner's members derive by far the bulk of their revenues. Also, petitioner has pending a petition for a review of the East Bay rate structure with which, according to the record, they will soon be ready to proceed.<sup>2</sup>

According to the record, operations conducted during the year 1951 by the 16 carriers studied produced an operating ratio of 96.1 before provisions for income taxes.<sup>3</sup> The 1952 operating results, ✓  
under present rates when applied to the 1951 volume of traffic and adjusted for (a) changes in revenues to reflect the current rate

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<sup>2</sup> At the hearing Counsel for petitioner estimated they would be ready to proceed within 90 days. ✓

<sup>3</sup> The operating ratio after income taxes was not submitted.

levels, and (b) current wages of drivers and service employees, management salary adjustments and the increased costs of diesel fuel would be as follows:

TABLE NO. 1

Revenues	\$6,704,444
Expenses	<u>6,601,033</u>
Net Income -	\$ 103,411
Operating Ratio Before Income Taxes	98.5% <sup>4</sup>

When applied to the over-all revenues of the 16 carriers the increases here sought would produce an operating ratio before income taxes of 93.7 percent.<sup>5</sup> These increases together with those sought in the 12 percent line-haul proposal referred to above would produce an operating ratio before income taxes of 86.41 percent. Without any adjustment in the drayage rates the 12 percent adjustment would produce an operating ratio before income taxes of 90.45 percent.<sup>6</sup>

The record indicates that the present over-all revenues of the carriers are insufficient to permit them long to continue rendering adequate and efficient transportation services. Increases in the carriers' rates therefore appear necessary. However, the record does not disclose the measure of the increase, if any, which should be applied to the drayage traffic. As heretofore stated, this traffic accounts for only 20 percent of the transportation revenues of the

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<sup>4</sup> For the month of January 1952 the record shows that the carriers' operations, after revenue and expense adjustments as hereinbefore indicated, reflect an operating ratio of 102.2 percent. A one-month period is far too brief to be adequate.

<sup>5</sup> After income taxes the operating ratio would be 96.34 percent.

<sup>6</sup> Because of the truckload limitation in the 12 percent increase proposed the results shown may not be fully achieved. However, petitioner's members' traffic is predominately less than truckload. Moreover, petitioner supplied no information from which truckload and less-than-truckload line-haul traffic could be segregated.

carriers studied. To burden such a small portion of the traffic with increases sufficient to permit profitable operations for all of the transportation services in which these carriers engage would be manifestly unjust to the drayage shippers, unless (a) it be shown that the other services are bearing their share of the costs, and (b) it be clearly demonstrated that the drayage traffic is not generating sufficient revenues to return to the carriers the cost of performing the drayage service.

No segregation was made on this record of the over-all expenses between the various services, nor was any allocation made of such expenses to the various services performed. Allegedly, this was because it was impracticable to do so. In the absence of apportionment of the over-all expenses it has not been demonstrated that the ratio of expenses to revenues in drayage operations was the same as the corresponding ratio for the over-all operations nor was it shown that the service rendered in the drayage operations incurred like expenses to those incurred in the other transportation services. The rate comparisons submitted by petitioner show the extent that increases have been established in other rates as compared with the increases authorized in the drayage rates. However, the rate comparisons themselves have little significance in establishing the unreasonableness of the operating results produced by the rates here in issue.

In view of the circumstances set forth above, it has not been demonstrated nor can it be determined to what extent the drayage rates should be increased. Therefore, the petition will be denied.

If increases are to be applied to the East Bay drayage rates they must be sought on some other showing than over-all revenue needs alone. The pending investigation of the rates in issue will afford this opportunity.

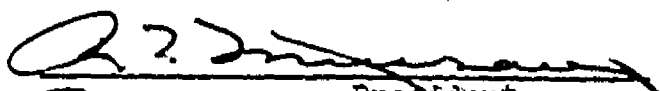
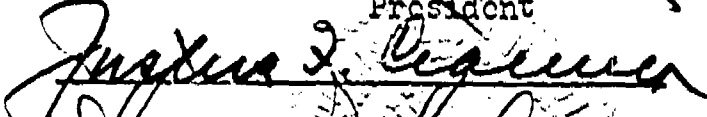
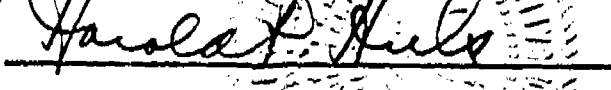
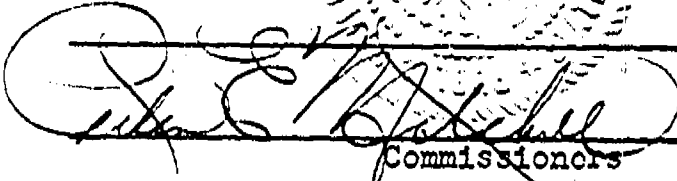
**ORDER**

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

IT IS HEREBY ORDERED that the petition, as amended, filed January 17, 1952, by the Draymen's Association of Alameda County 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 22<sup>nd</sup> day of April, 1952.

  
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President  
  
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Commissioners