

Decision No. 47247

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA.

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

Additional Appearances

- Marvin Handler, for Draymen's Association of Alameda County, petitioner.
- Eugene A. Read, for Oakland Chamber of Commerce.
- J. H. Morrison, for the Transportation Department, Public Utilities Commission.

SUPPLEMENTAL OPINION

Decision No. 47050 of April 22, 1952, in this proceeding denied the petition of the Draymen's Association of Alameda County for a 25 percent interim increase in the East Bay drayage rates.

The sought adjustment was denied primarily for the following reasons:

1. East Bay drayage operations accounted for only 20 percent of the carriers' over-all revenues. Transbay, line-haul and other transportation services constituted the remainder.

<sup>1</sup> The rates are set forth in City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A, Appendix "A" of Decision No. 41362, as amended.

<sup>2</sup> For details see Decision No. 47050, supra.

2. No segregation was made of the over-all expenses between the various services nor was any allocation made of such expenses to the various services performed.
3. The record did not disclose to what, if any, extent rates for the drayage traffic should be increased.

By petition filed May 9, 1952, the Association petitioned for reconsideration and rehearing of Decision No. 47050 and requested an interim increase of from 12 to 15 percent.<sup>3</sup>

Public hearings were held at San Francisco on May 28 and 29, 1952, before Commissioner Craemer and Examiner Lake.

Petitioner contends that the financial condition of the carriers is critical and that relief must be given at the earliest practicable date. It requests that the sought relief be established in the form of a surcharge and be maintained for a temporary period.

Evidence received in this matter included cost and rate studies of East Bay drayage operations submitted by members of the Commission's staff.<sup>4</sup> Petitioner and interested parties requested additional time to study the staff proposals. In the meantime petitioner, supported by certain shipper representatives, urged that the sought interim relief be granted.

---

<sup>3</sup> No increase is sought in rates for handling pool shipments and accessorial services in Items Nos. 220 and 221 series; in rates for retail and wholesale parcel delivery, other than grocery and meat delivery, in Items Nos. 950, 960 and 990 series; and special commodity rates and charges in Item No. 1070 series.

<sup>4</sup> The studies were developed and introduced pursuant to petitioner's request for a study of the East Bay drayage rate structure.

A consulting engineer retained by petitioner introduced an exhibit showing the financial condition of sixteen carriers for the year ending March 31, 1952, and for the first quarter of 1952. When adjusted to reflect current expenses and to reflect current rate levels the operating results for these periods are as follows:

Table No. 1

	<u>Year Ending</u> <u>March 31, 1952</u>	<u>First Quarter</u> <u>1952</u>
Revenues	\$6,731,744	\$1,603,755
Expenses	<u>6,567,222</u>	<u>1,637,434</u>
Net Income	\$ 164,522	\$ <u>(33,679)</u> ✓
Operating Ratio		
Before Income Taxes	97.6	102.1

(        ). - Indicates Loss. ✓

In Decision No. 47050 the Commission said that the over-all revenues of the draymen were insufficient to permit them to continue to render adequate and efficient transportation services. The record, however, did not disclose the measure of the increase, if any, which should be applied to the drayage traffic. It showed that the drayage traffic accounted for only 20 percent of the transportation revenues of the carriers studied. The Commission pointed out that "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."

Generally the cost data of record shows that the existing East Bay drayage rates are insufficient to return to the carriers

the cost of the drayage operations involved. The Commission's rate witness testified that in most instances the existing drayage rates are below the costs of record. He pointed out that based on the costs of record an increase of approximately 17 percent would be necessary before the carriers would experience an operating ratio of 93.0 percent, before income taxes, on their drayage traffic. After income taxes the operating ratio would be approximately 96%.

Petitioner's counsel said that labor contracts are now being negotiated and that their consummation would result in further increased costs to the draymen. Rate bases upon which could be calculated the rate of return under the proposed increase were not submitted. Counsel said that this matter, together with cost segregation, will be made a part of their cost studies which are now in progress. Meanwhile, he urged that the sought adjustment be established, as requested, on the instant record.

The traffic manager for the Oakland Chamber of Commerce supported petitioner's request that the sought adjustment be established at the earliest practicable date.

A representative for Montgomery Ward & Co., requested that no increase be made in the hourly and monthly truck rates, in the accessorial charges, and in the C.O.D. (collect on delivery) charges. He offered no probative evidence in support of his request.

~~The carrier~~

Q. 7. 7

~~Petitioner~~, in this phase of the proceeding, has overcome the principal deficiency in evidence received at the prior hearing, ~~wherein~~ <sup>which</sup> it failed to establish to what extent, if at all, the drayage rates fail to return to the carriers the cost of performing the service. The record in this proceeding <sup>shows</sup> that the present rates are below the costs of record and that the need for rate relief lies in the rates here in issue. In the circumstances an interim increase of 12 percent will be granted pending the establishment of definitive rates. Under such an increase in the drayage traffic the carriers would experience an over-all operating ratio of 96.1 percent before income taxes and 97.7 percent after income taxes.<sup>5</sup> The increase will be made effective on June 24, 1952. This will give interested parties reasonable notice and allow for printing and distribution. Due to the nature of the adjustment and in view of further study by interested parties of the staff's cost and rate studies the increase will be established in the form of a surcharge for a 120-day period unless otherwise ordered by the Commission.

Upon consideration of all the facts and circumstances of record we are of the opinion and hereby find that an interim increase of 12 percent in the existing rates, rules and regulations of City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A is justified.

O R D E R

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

IT IS HEREBY ORDERED that City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A (Appendix "A" of Decision No. 41362, as amended) be and it is hereby further amended by incorporating

---

<sup>5</sup> If a like increase, which is being sought, on the carriers over-the-road and transbay traffic were authorized they would experience an operating ratio before income taxes of 90.1 percent and 94.2 percent after income taxes.

SPECIAL INCREASE SUPPLEMENT

SUPPLEMENT NO. 3

(Cancels Supplement No. 2)  
(Supplement No. 3 Contains All Changes)

TO

CITY CARRIERS' TARIFF NO. 2-A -  
HIGHWAY CARRIERS' TARIFF NO. 1-A

Naming  
Minimum Rates,  
Rules and Regulations

for the

Transportation of Property Over the Public  
Highways Within and Between the Cities of

Alameda	Albany	Berkeley
Emeryville	Oakland	Piedmont

BY

CITY, RADIAL HIGHWAY COMMON AND  
HIGHWAY CONTRACT CARRIERS

◇ (1) APPLICATION OF SURCHARGE

(a) Except as provided in paragraph (b) below, compute the amount of charges in accordance with the rates, rules and regulations of the tariff. Increase the amount so computed by twelve (12) percent, disposing of fractions as provided in paragraph (c) below.

(b) The provisions of paragraph (a) will not apply to rates and charges computed in accordance with Items Nos. 220, 221, 950, 960, 990 and 1070 series.

(c) Fractions of less than one-half cent shall be dropped; fractions of one-half cent or greater shall be increased to one cent.

- ◇ Increase, Decision No. 47247  
(1) Expires with October 22, 1952, unless  
sooner canceled, changed or extended.

EFFECTIVE JUNE 24, 1952

Issued by the  
PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
State Building, Civic Center  
San Francisco, California

C. 4108-4109-AH \*

therein to become effective June 24, 1952, Supplement No. 3 cancels Supplement No. 2, attached hereto and by this reference made a part hereto. ✓


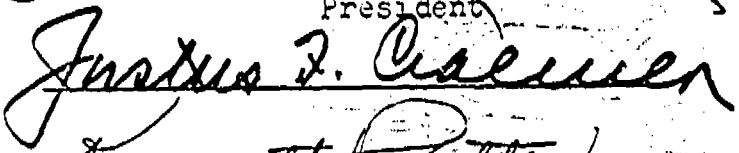
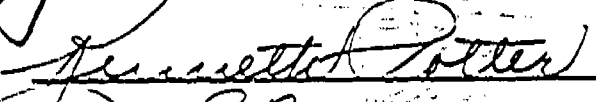
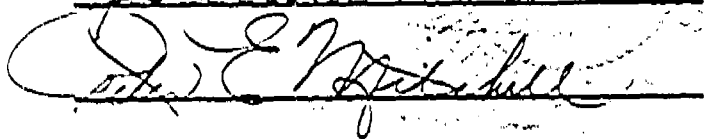
IT IS HEREBY FURTHER ORDERED that tariff publications to be made by common carrier respondents in Case No. 4109 as result of this order shall be made effective not earlier than June 24, 1952, and on not less than one (1) day's notice to the Commission and to the public. ✓

IT IS HEREBY FURTHER ORDERED that, except to the extent provided for in the preceding ordering paragraphs, the petition of the Draymen's Association of Alameda County, filed May 9, 1952, in this proceeding, be and it is hereby denied.

In all other respects the aforesaid Decision No. 41362, as amended, shall remain in full force and effect.

The effective date of this order shall be June 23, 1952. ✓

Dated at San Francisco, California, this 9<sup>th</sup> day of June, 1952.

  
\_\_\_\_\_  
President  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

Commissioners