

ORIGINAL

Decision No. 47847

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)	Case No. 4808
of all common carriers, highway)	
carriers and city carriers relating)	
to the transportation of property.)	

Additional Appearances

Herman H. Parsons, for California Packing Corporation,
 protestant.
 John E. Myers, for Durkee Famous Foods Division of
 The Glidden Company, interested party.

OPINION ON FURTHER HEARING

In Decision No. 47718 of September 16, 1952, the Commission found that the establishment of increased transbay minimum rates proposed by Draymen's Associations of Alameda County and of San Francisco had not been justified. On September 23, the Draymen filed a petition revising their rate proposals and asking for further hearing and reconsideration.

A further hearing was held at San Francisco on October 6, 1952, before Examiner Mulgrew.

The minimum rates in question are the class rates set forth in Highway Carriers' Tariff No. 2 applicable to the transportation of general commodities between San Francisco and South San Francisco, on the one hand, and Alameda, Albany, Berkeley, El Cerrito, Emeryville, Oakland, Piedmont, Richmond, San Pablo, Stege

and San Leandro, on the other hand. Only those class rates subject to minimum weights of 20,000 pounds or more are involved. The present transbay rates are at three different levels. The lowest is applicable from and to all of the East Bay points except Richmond, San Pablo, Stege and San Leandro. Richmond, San Pablo and Stege rates are on an intermediate level. San Leandro rates are on the highest of the three levels. Petitioners initially proposed increases following this rate pattern. The rates then sought exceeded rates from and to points more distant than Richmond and San Leandro. Under petitioners' revised proposals, rates of the same volume as the present San Leandro rates would be made applicable from and to all of the East Bay points in issue. Such rates are either of the same volume as, or lower than, the rates from and to the more distant points. The existing and proposed minimum rates are shown in the table which follows:¹

¹ Throughout this opinion rates are stated in cents per 100 pounds.

FROM OR TO	C L A S S E S *										
	1	2	3	4	5	A	B	C	D	E	
<u>EXISTING RATES AND RATES INITIALLY PROPOSED</u>											
OAKLAND and points taking same rates (25-30 construc- tive miles)	(a)	24.0	22.0	19.0	17.0	10.5	11.0	9.5	9.0	8.0	6.5
	(b)	26.2	24.0	20.7	18.5	11.4	12.0	10.4	9.8	8.7	7.1
	(c)	29.0	26.0	23.0	20.0	17.0	19.0	16.0	15.0	13.0	12.00
RICHMOND, SAN PABLO and STEGE (30-35 construc- tive miles)	(a)	25.0	23.0	20.0	18.0	11.0	13.0	10.5	9.5	8.5	8.0
	(b)	27.3	25.1	21.8	19.6	12.0	14.2	11.4	10.4	9.3	8.7
	(c)	31.0	28.0	25.0	22.0	19.0	20.0	17.0	16.0	14.0	12.0
SAN LEANDRO (35-40 construc- tive miles)	(a)	26.0	23.0	21.0	18.0	13.0	13.0	11.0	10.5	8.5	8.0
	(b)	28.3	25.1	22.9	19.6	14.2	14.2	12.0	11.4	9.3	8.7
	(c)	32.0	29.0	26.0	22.0	19.0	21.0	18.0	16.0	14.0	13.0
<u>REVISED PROPOSED RATES</u>											
ALL POINTS	(a)	26.0	23.0	21.0	18.0	13.0	13.0	11.0	10.5	8.5	8.0
	(b)	28.3	25.1	22.9	19.6	14.2	14.2	12.0	11.4	9.3	8.7

* - Classes 1, 2, 3 and 4 are subject to a minimum weight of 20,000 pounds. The remaining classes, 5 through E, are subject to the carload minimum weights set forth in the governing classification and exceptions thereto, but not to exceed 36,000 pounds. The minimum weights applicable in connection with the fifth class through Class E rates are ordinarily greater than 20,000 pounds and for the most part are in the 30,000 to 36,000 pound range.

- (a) Charges under the existing rates are subject to the interim 9 percent surcharge established effective June 24, 1952, to expire December 31, 1952. Charges under the revised proposed rates are likewise sought to be made subject to this surcharge. See (b) below.
- (b) Calculation of the effect of the surcharge by applying the 9 percent increase to the rates instead of the charges.
- (c) Minimum rates initially proposed by petitioners. No surcharge was sought.

As the foregoing table shows, the revised proposed rates are generally lower than, and in many instances markedly lower than, the rates petitioners initially sought. As their proposals now stand, petitioners seek the establishment of the 35-to-40 constructive mile rate basis for transportation between San Francisco and South San Francisco and all of the East Bay points involved. Petitioners revised their rate proposals in view of the conclusion of the Commission in Decision No. 47718 that the establishment of the rates initially sought would have subjected cities and shippers to discrimination, particularly that type of discrimination which results from the maintenance of higher rates and charges for shorter than for longer hauls along the same route.

Petitioners contend that the adoption of their revised proposal would provide nondiscriminatory rates. Their rate and tariff consultant testified that, except in the case of the proposed rates from Oakland to San Francisco (rates equivalent to the 35-to-40 constructive scale) and the rates to Daly City (30-to-35 constructive miles), there would be no instances where the sought basis would provide higher rates for shorter than for longer distances along the same route. This witness and other carrier witnesses said that Daly City is essentially a residential community and that checks of carrier records disclosed that there is no movement of freight between East Bay points and Daly City in shipments weighing 20,000 pounds or more.

The traffic manager of a roofing manufacturer testified, however, that a highway contract carrier regularly handles shipments weighing 30,000 pounds and more for his company from its

plant at Richmond to Daly City. He also testified that competing roofing plants were situated at Emeryville and San Leandro. Fifth class rates are applicable to roofing in truckload lots. Under petitioners' revised proposals, the roofing rate from Emeryville which is the same as the roofing rate from Oakland to San Francisco would be increased from 11.4 cents to 14.2 cents but the rate from Emeryville to Daly City would remain unchanged at 12 cents. Richmond and San Leandro rates to San Francisco would also be on the 14.2-cent basis. Daly City rates would not be adjusted.

Petitioners' consultant submitted a study of the revenue which would be derived from San Francisco-Oakland traffic under the proposed rates. His study was based upon information compiled by members of the Commission's Transportation Division staff and upon the cost of handling that traffic as developed by the staff's cost witness. The consultant's study shows that the sought rates would produce aggregate revenues of \$8,461.12 for the 5,402,667 pounds of freight covered by the study, that the cost of handling this freight amounts to \$8,529.60, and that the resulting loss under the proposed higher rates would amount to \$68.48. Between San Francisco and Oakland, the Division's cost witness developed the over-all expense of handling 20,000 to 30,000-pound shipments, the traffic subject to Classes 1 to 4, inclusive, as 18.5 cents per 100 pounds and the over-all expense of handling 30,000-pound and heavier shipments, the traffic subject to Classes 5 to E, inclusive, as 14.8 cents. The preponderance of traffic in the 20,000 to 30,000-pound weight bracket is 4th class and 90 per cent of 4th class freight. Between San Francisco and Oakland the

proposed rates are 19.6 cents 4th class and 17.4 cents 90 percent of 4th class. The highest proposed rates in the 30,000-pound and over weight bracket are Fifth Class and Class A. Both of these rates are 14.2 cents. They are below the developed over-all cost of 14.8 cents for all shipments of 30,000 pounds and over. The margin between the proposed rates and costs is of course greater in the case of the lower rated classes.

The consultant also pointed out that the Division's cost witness developed higher costs than the Oakland costs for Richmond and San Leandro traffic and that therefore the revenue deficiencies under the rates now proposed for application from and to those cities would be more severe than in the case of the Oakland traffic.

The executive secretary of the Draymen's Association of Alameda County and the secretary-manager of the Draymen's Association of San Francisco called attention to the fact that the Division's cost figures were based on wages in effect on April 1, 1952. They said that since that time wages have been increased. The wage increases in Alameda County were estimated as amounting to 7 percent. The carriers in that county are also committed to the making of contributions to employees' health and welfare benefits starting on November 1, 1952. In San Francisco the carriers' agreement with the teamsters has been reopened for negotiation and the carriers are faced with demands for substantial wage increases and for health and welfare benefits. The San Francisco carriers have increased mechanics' and garagemen's wages and benefits amounting to approximately 5 percent since April 1, 1952.

Representatives of individual carriers testified that their losses in handling transbay traffic had been severe. Examples of shipments handled at less than out-of-pocket costs were given by these witnesses.

The rates sought in petitioners' revised proposals assertedly may be expected to do no more than help to tide the carriers over until the investigation of San Francisco Bay Counties Area rates referred to in Decision No. 47718 brings about area-wide adjustments. Petitioners contend that their need for at least this much relief is immediate and pressing.

Decision No. 47718 referred to the balance in over-all transbay tonnage, 58.8 percent eastbound and 41.2 percent westbound. It also referred to the lack of balance in the traffic of individual carriers in that those carriers with their main movement of tonnage eastbound had westbound tonnage amounting to only 15.4 percent and those carriers with their main movement westbound had eastbound tonnage amounting to only 5.6 percent. Carrier witnesses testified, and shippers did not dispute, that the carriers' failure to achieve better balance in their operations is occasioned by the demands and requirements of the shippers, the transportation characteristics of the freight handled, and the necessity of using special equipment for various commodities. Each of the witnesses said that his company had made every effort to secure a better balance in its traffic. They agreed that no carrier could refuse to meet its shippers' demands and requirements because to do so would inevitably lead to loss of business.

At the further hearing, shipper representatives questioned petitioners' witnesses. Aside from the evidence offered by the roofing company's traffic manager hereinbefore discussed, no additional shipper evidence was offered.

At the hearings had prior to the issuance of Decision No. 47718, rail line witnesses testified that higher transbay class rates which the railroads formerly maintained were voluntarily reduced to the lower highway carrier rate levels because the force

of competition required such action, that in the pickup and delivery services involved in less-carload rail operations the railroads are subject to the same wage agreements and other costs as the highway carriers, that in line-haul operations rail wages and other costs of materials and supplies have been subjected to marked increases, and that while little transbay carload traffic is moved by rail under class rates the rail lines desired to adjust these depressed rates.

Highway and rail carrier witnesses agreed that neither could raise their rates without corresponding action by the other because of the strength of competitive influences. The rails seek such authority as is necessary to establish increases corresponding with highway carrier increases. Carload commodity rates, which cover the bulk of the transbay carload traffic, are not involved. Railroad class rates, carload and less-carload, were not adjusted on January 14, 1952, when the rail commodity rates were increased by 6 percent, but on the other hand were subjected to the 9 percent surcharge effective June 24, 1952.

From the full record now before the Commission, it is clear that the transbay rates in issue require adjustment. The showing made is convincing that the increased rates involved in petitioners' revised proposals, in the light of the costs and other circumstances of record, would not be excessive. Indeed, it is apparent that unless shipper requirements and demands for service change so that the carriers are able to meet them with less movement of empty equipment, or a better balance in transbay traffic is otherwise achieved by the carriers, or provision is made for additional charges being assessed in those instances where the shippers require service entailing substantially greater than average costs, further increases in the rates involved will inevitably become necessary. In any event, the conclusions are inescapable that the existing rates are inadequate under present operating conditions and that the establishment of the

revised increases proposed by petitioners is necessary under prevailing conditions.

With respect to the Daly City situation, competition between the three roofing manufacturers for Daly City business would apparently not be affected. Adjustment of the Daly City rates is not here before us but is involved in the San Francisco Bay Counties area general rate investigation. Meanwhile, the long and short haul relief necessary in connection with the adoption of the petitioners' revised proposals will be authorized as a temporary measure.

Upon consideration of all of the facts and circumstances of record we are of the opinion and hereby find that the revised increases proposed by petitioners have been shown to be justified. Accordingly, the petition will be granted. The rail lines will be authorized to make like increases in their carload class rates because of the competitive conditions involved and in view of the history of the rail rates. All common carriers will be authorized to establish increases corresponding to the Tariff No. 2 increases herein established for commodities not covered by Tariff No. 2 but on which they have maintained their rates on the Tariff No. 2 class rate levels. The order herein will be made effective November 1, 1952, and short notice tariff filing will be authorized in view of the carriers' evident need for higher transbay rates.

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 Highway Carriers' Tariff No. 2 (Appendix "D" to Decision No. 31606 as amended) be and it is hereby further amended by incorporating therein to become effective

November 10, 1952, Twelfth Revised Page 2 cancels Eleventh Revised Page 2, Seventh Revised Page 42 cancels Sixth Revised Page 42 and Original Page 44-B, attached hereto and by this reference made a part hereof; that common carriers subject to the Public Utilities Act, including common carriers by railroad with respect to their less-carload rates and charges subject to said Decision No. 31606, as amended, be and they are hereby authorized and directed to establish in their tariffs the increases necessary to conform with the further adjustment herein of that decision; that said common carriers be and they are hereby authorized to establish in their tariffs increases in class rates and charges in connection with the transportation of commodities for which minimum rates have not been established by the Commission and in connection with commodities on which the common carriers maintain rates on class rate levels higher than the applicable minimum commodity rates, but that such increases shall be no greater in volume and effect than the corresponding class rate increases established herein; and that carriers by railroad be and they are hereby authorized to establish in their tariffs increases in their carload class rates corresponding with the increases in Highway Carriers' Tariff No. 2 rates and charges.

IT IS HEREBY FURTHER ORDERED that tariff publications required or authorized to be made by common carriers as a result of the order herein may be made effective on not less than five (5) days' notice to the Commission and to the public.

IT IS HEREBY FURTHER ORDERED that common carriers be and they are hereby authorized to depart from the provisions of Article XII, Section 21, of the Constitution of the State of California, and Section 460 of the Public Utilities Code to the extent necessary to maintain Daly City rates at their existing levels and to adjust such long and short haul departures as may now be maintained under outstanding authorizations.

This order shall become effective November 1, 1952.

Dated at San Francisco, California, this 21st day of October, 1952.

R. I. [Signature]
President
Justin J. [Signature]
Harold [Signature]
[Signature]
[Signature]
Commissioners

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* Change, Decision No. ~~47857~~

EFFECTIVE NOVEMBER 10, 1952

Issued by the Public Utilities Commission of the State of California,
 Correction No. 487 San Francisco, California.

Item No.	SECTION NO. 2		CLASS RATES In Cents Per 100 Pounds												
			Rates shown below will not apply to transportation for which rates are provided in Item No. 520 series.												
MILES	Minimum Weight 10,000 Pounds except as provided in Note 1				Minimum Weight 20,000 Pounds except as provided in Note 2				Minimum weight as provided in Western Classification, Exception Sheet or this Tariff, subject to Item No. 290 series						
	But Not Over	1	2	3	4	1	2	3	4	5	A	B	C	D	E
0	3	28	25	22	20	15	14	12	11	6½	6½	5½	5½	4½	4
3	5	29	26	23	20	17	15	14	12	6½	8	6½	6½	5½	4½
5	10	30	27	24	21	19	17	15	13	8	8½	6½	6½	6½	5½
10	15	32	29	26	22	20	18	16	14	8½	9	8	6½	6½	5½
15	20	34	31	27	24	21	19	17	15	9	9½	8½	8	6½	6½
20	25	36	32	29	25	22	20	18	15	9½	10½	9	8½	8	6½
25	30	38	34	30	27	24	22	19	17	10½	11	9½	9	8	6½
30	35	39	35	31	27	25	23	20	18	11	13	10½	9½	8½	8
35	40	40	36	32	28	26	23	21	18	13	13	11	10½	8½	8
40	45	42	38	34	29	27	24	22	19	13	13	11	10½	9½	8½
45	50	44	40	35	31	29	26	23	20	13	15	13	11	10½	9
50	60	45	41	36	32	31	28	25	22	15	15	13	13	11	9½
60	70	47	42	38	33	33	30	26	23	16	18	15	14	13	11
70	80	49	44	39	34	35	32	28	25	18	19	16	15	13	13
80	90	51	46	41	36	37	33	30	26	19	21	18	16	14	13
90	100	52	47	42	36	40	36	32	28	21	22	19	18	15	14
100	110	54	49	43	38	42	38	34	29	22	25	21	19	18	15
110	120	57	51	46	40	43	39	34	30	24	25	21	20	18	15
120	130	59	53	47	41	47	42	38	33	25	27	22	21	19	18
130	140	62	56	50	43	49	44	39	34	26	28	25	22	20	18
140	150	63	57	50	44	50	45	40	35	28	29	26	24	21	19
150	160	66	59	53	46	54	49	43	38	29	32	27	25	22	20
160	170	69	62	55	48	56	50	45	39	30	34	28	26	24	21
170	180	71	64	57	50	58	52	46	41	32	35	29	27	25	21
180	190	72	65	58	50	62	56	50	43	34	37	30	28	26	22
190	200	74	67	59	52	63	57	50	44	35	38	32	29	26	24
200	220	79	71	63	55	66	59	53	46	37	41	35	32	28	25
220	240	84	76	67	59	69	62	55	48	40	43	37	34	29	26
240	260	89	80	71	62	73	66	58	51	42	45	38	35	32	28
260	280	92	83	74	64	77	69	62	54	44	47	41	37	34	29

*505-F
Cancel
505-E

NOTE 1.--When applied in connection with carload ratings, minimum weight will be as provided in the Western Classification, Exception Sheet or in this tariff, subject to Item No. 290 series.

NOTE 2.--When applied in connection with carload ratings, minimum weight will be as provided in the Western Classification, Exception Sheet or in this tariff (subject to Item No. 290 series) but in no event less than 20,000 pounds.

* Change, Decision No. 47847

EFFECTIVE NOVEMBER 10, 1952

Issued by the Public Utilities Commission of the State of California, San Francisco, California.

Correction No. 488

Item No.	SECTION NO. 2					CLASS RATES (Continued) In Cents per 100 Pounds					
	<p>Rates in this item apply only to shipments having point of origin in San Francisco or South San Francisco and point of destination in Alameda, Albany, Berkeley, El Cerrito, Emeryville, Oakland, Piedmont, Richmond, San Leandro, San Pablo or Stege and to shipments having point of origin in Alameda, Albany, Berkeley, El Cerrito, Emeryville, Oakland, Piedmont, Richmond, San Leandro, San Pablo or Stege and point of destination in San Francisco or South San Francisco.</p>										
#0520	<p>Minimum Weight 20,000 Pounds except as provided in Note 1</p>					<p>Minimum weight as provided in Western Classification, Exception Sheet or this Tariff, subject to Item No. 290 series, and to Note 2</p>					
	1	2	3	4	5	A	B	C	D	E	
	26	23	21	18	13	13	11	10½	8½	8	
	<p>NOTE 1--When applied in connection with carload ratings, minimum weight will be as provided in the Western Classification, Exception Sheet or in this tariff (subject to Item No. 290 series) but in no event less than 20,000 pounds.</p> <p>NOTE 2--When the minimum weight so provided is 20,000 pounds or less the rates named in Item No. 505 series apply.</p>										
<p>#Addition) ◊Increase) Decision No. <u>47827</u></p>											
<p>EFFECTIVE NOVEMBER 10, 1952</p>											
<p>Issued by the Public Utilities Commission of the State of California, San Francisco, California.</p> <p>Correction No. 489</p>											