

ORIGINALDecision No. 49168

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 in the City and County of
 San Francisco and the Counties of Alameda,
 Contra Costa, Santa Clara, San Mateo,
 Marin, Monterey, Napa, Santa Cruz, San
 Benito, Solano and Sonoma.

Case No. 5441
 (Petition No. 4)

Edward M. Berol and Russell Bevans, for Draymen's
 Association of San Francisco, petitioner.

Reginald L. Vaughan, Hyland Hinman, Malcolm W.
 Lamb, L. B. Raymond, J. B. Mahoney and H. B.
 Hiller, for various respondent carriers,
 protestants.

Harry J. Scherer, A. W. Savage, Marvin Handler,
 Daniel W. Baker, P. W. Davis, Roger Ramsey,
 Joseph Robertson, J. A. Clark, L. M. Fites,
 R. D. Boynton, J. M. Kaspar, E. L. Carley,
 Helen Dunn, Walter Schroeder, E. P. White,
 Natalie Gail, J. P. Hyhan, W. G. Walkup,
 Don D'Onofrio, Edward J. Maurer, Morton G.
 Smith, Richard Prosser, for various carriers
 and carrier organizations, interested parties.

J. L. Roney, Walter A. Rohde, Wm. G. Jackson,
 Allen K. Penttila, Q. W. Bernhard, W. R.
 Donovan, L. E. Binsacca, H. W. Dimond, for
 various shippers and shipper organizations,
 interested parties.

F. B. Austin, J. A. McCunniff, J. L. Pearson and
 G. L. Malquist, for the Commission's staff.

O P I N I O N

The Draymen's Association of San Francisco, by petition
 filed July 27, 1953, as amended, seeks a further increase of 5 per
 cent in the minimum rates and charges established for the transpor-
 tation of property by city carriers within the San Francisco drayage

area, including unloading or segregating services on pool cars.¹ In addition, it is proposed to raise the levels of the pool car rates in the East Bay drayage area and in territories in the vicinity of the aforesaid two drayage areas to the level of the rates established for the San Francisco area.

A public hearing of the petition was held at San Francisco on August 21 and 31 and September 1, 1953. The matter was taken under submission upon receipt of a late-filed exhibit on September 10, 1953.

The existing San Francisco drayage rates now are subject to interim increases in the form of surcharges aggregating 16 per cent.² The adjustments were made as temporary measures to enable the carriers to meet increased costs of operation pending determination of the rate level needed for San Francisco drayage service. Hearings for the receipt of cost studies and other evidence bearing upon the establishment of the definitive rates are scheduled to commence October 22, 1953.

Petitioner now alleges, however, that the carriers again have experienced substantial advances in the cost of operation since the aforesaid interim adjustments, particularly since March 1, 1953, and that the higher costs have rendered the present rates unreasonably

¹ The present minimum rates, rules and regulations applicable for transportation within the San Francisco drayage area are set forth in City Carriers' Tariff No. 1-A. No increase is proposed in the parcel delivery rates named in Item No. 425 series, in the rail switching rates named in Item No. 580 series and in the rates on fruits, vegetables and empty containers named in Section No. 7 of the tariff.

² See Decisions Nos. 47000 of April 14, 1952, and 47910 of November 5, 1952, in Case No. 4084.

low and inadequate. According to the testimony of petitioner's secretary-manager, the principal increases in the operating expenses consisted of (a) 1.5 cents per gallon in the price of gasoline effective during March 1953, (b) 1.5 cents per gallon in the tax rate on gasoline effective July 1, 1953, (c) 60 cents per day in the wages of mechanics and garage employees effective June 1, 1953, (d) 50 cents per day per man in the wages of drivers and helpers retroactive to June 29, 1953, (e) a payment based upon 50 cents per day per man into a pension fund for drivers and helpers effective August 1, 1953, and (f) 33 per cent in vehicle registration and weight fees effective July 1, 1953.

A certified public accountant retained by petitioner introduced a series of exhibits designed to show the effect of the increased expenses upon the individual and collective financial results of operations of a representative group of 22 carriers.³ According to the exhibits, the carriers as a group experienced an operating ratio of 97.7 per cent after provision for income taxes on the operations for the first 6 months of 1953 under the present rates. The exhibits showed also that a loss would have been experienced if the expense increases referred to had been in effect during the period in question. The operating ratio would have been 100.5 per cent. The accountant calculated that an upward adjustment of the existing temporary surcharge of 16 per cent to 21 per cent was necessary to offset the aforesaid increases in the operating expenses. The exhibits introduced by the witness showed that upon giving effect to this revenue increase the operations of the group of carriers in the

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Except for a few carriers no longer operating, the carriers comprising the group are identical with those used in the showing made in connection with the interim increase, supra.

first 6 months of 1953 would show total net revenues of \$92,469 after provision for income taxes. The corresponding operating ratio would be 97.7 per cent.

The chairman of the petitioner's rate committee testified that all of the respondent carriers had been subjected to the increases in the cost of fuel, fuel tax, and other expenses hereinbefore discussed. He asserted that the carriers could not absorb the higher costs under present conditions and that the rate adjustment proposed was needed to enable them to meet their obligations.

Opposition to the granting of the sought rate adjustment was expressed by witnesses for five respondent carriers. Two of the witnesses objected to the proposed uniform percentage increase. They maintained that the rates should be adjusted on the basis of studies to determine the amounts of the added costs assignable to the various services involved. In addition, all of the witnesses for the five carriers urged that no change be made at this time in the rates for the handling of pool cars. The proposed adjustment, they said, would operate to increase the existing differential between the established minimum rates on pool cars and the lower interstate rates of a competitor. Assertedly, it would be difficult under those conditions for the carriers in question to retain their existing pool car traffic. All of the witnesses conceded, however, that their companies also had experienced the cost increases referred to above and that they needed additional revenue.

The record shows that subsequent to the interim rate adjustment effective November 15, 1952, the price of fuel was advanced, the tax rate on fuel and the vehicle weight fees were increased by legislative action and the cost of labor was raised under new contracts recently negotiated. Petitioner seeks an upward

adjustment of the minimum rates for San Francisco drayage service no greater than necessary to recover these particular costs. According to the record, the operations of all of the carriers have been affected by these cost changes. In fact, the evidence shows that under the higher costs and present rates the operations of a substantial number of the carriers would be conducted at a loss. In order to assure the maintenance of adequate service to the public, the cost increases referred to will be given effect in the minimum rates applicable to San Francisco drayage service, except rates for the handling of pool cars. Pending the establishment of the definitive rates hereinbefore mentioned, the necessary adjustment will be made in the form of surcharges.

In regard to the pool car rates, under petitioner's proposal the rates for such services named in Highway Carriers' Tariff No. 2 and the East Bay drayage tariff would be raised to the level of those applicable in San Francisco and then each of the three groups of rates would be increased by 5 per cent. This record does not provide the detailed rate-making considerations involved in dealing with the problem of uniform pool car rates in the San Francisco Bay area. Additionally, petitioner has heretofore filed a separate petition seeking modification after full review of the pool car arrangements existing in the San Francisco Bay area. Under the circumstances of record, no change will be authorized in the pool car rates named in the San Francisco and East Bay drayage tariffs and in Highway Carriers' Tariff No. 2. Questions involving parity of rates and adjustments of rate levels should be dealt with by petitioner at the hearings to be scheduled on the pool car petition.

Upon consideration of all of the facts and circumstances of record, the Commission is of the opinion and hereby finds that the

proposed increases in the minimum rates have been justified to the extent indicated above and as provided in the order herein and that in all other respects petitioner's proposals have not been justified.

O R D E R

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

IT IS HEREBY ORDERED that City Carriers' Tariff No. 1-A (Appendix "A" of Decision No. 41363, as amended) be and it is hereby further amended by incorporating therein Supplement No. 7 cancels Supplement No. 6, attached hereto and by this reference made a part hereof.

IT IS FURTHER ORDERED that, except to the extent provided in the preceding ordering paragraph, Petition for Modification No. 4, as amended, filed by Draymen's Association of San Francisco be and it is hereby denied.

This order shall become effective October 19, 1953.

Dated at San Francisco, California, this 29th day of September, 1953.

R. F. Johnson
President
Justin J. Cassin
Thomas H. Fetter
John L. McMillan

Commissioners

Harold P. Huls
Commissioner being
necessarily absent. did not participate
in the disposition of this proceeding.

SPECIAL INCREASE SUPPLEMENT

SUPPLEMENT NO. 7
(Cancels Supplement No. 6)
(Supplement No. 7 Contains All Changes)
TO
CITY CARRIERS' TARIFF NO. 1-A
NAMING
MINIMUM RATES, RULES AND REGULATIONS
FOR THE
TRANSPORTATION OF PROPERTY OVER
THE PUBLIC HIGHWAYS
OF THE
CITY AND COUNTY OF SAN FRANCISCO
BY
CITY 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 twenty-one (21) percent, except as to rates and charges provided in Item No. 570 series and in Section No. 7 of the tariff. Increase the amount computed under Item No. 570 series by nine (9) percent and the amount computed under Section No. 7 by sixteen (16) percent. Fractions will be disposed of 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, 222, 425 and 520 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. 49168

(1) Expires with November 14, 1953, unless sooner canceled, changed or extended.

EFFECTIVE-OCTOBER 19, 1953

Issued by the
Public Utilities Commission of the State of California
State Building, Civic Center
San Francisco, California