

ORIGINAL

Decision No. 49582

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of HASLETT WAREHOUSE COMPANY, a)	
corporation, for authority to)	
charge less than certain minimum)	Application No. 34712
rates prescribed in City Carriers')	
Tariff No. 2-A, Highway Carriers')	
Tariff No. 1-A.)	

Marvin Handler and Hyland Hinman, for applicant.
Edward M. Berol and Russell Bevans, for Draymen's Association of San Francisco, protestant.
E. L. Carley, for United Transfer Company and Carley & Hamilton, Inc.; Edward P. White, for C. A. Worth and Company; Maurice A. Owens, for Draymen's Association of Alameda County;
R. A. Dahlman, for R. J. Reynolds Tobacco Company; E. J. Hubber, for Farnsworth and Ruggles, interested parties.
Grant L. Malquist and J. W. Mallory, for the Commission staff.

O P I N I O N

Haslett Warehouse Company in this proceeding has applied for relief under Section 4015 of the Public Utilities Code to transport tobacco and cigarettes for the R. J. Reynolds Tobacco Co. between certain points in the East Bay drayage area at less than the established minimum rates. Specifically, applicant desires to charge less than the second class rates established in Item No. 555, rate basis A, of City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A.

Relief is sought only from the Any-Quantity through 2,000-pound weight brackets, on traffic tendered by one shipper only, and for only those shipments going to a defined "Oakland Jobber Zone." This zone as defined by the applicant covers downtown Oakland from 30th Street to the Oakland Estuary and from Oakland Harbor to Lake Merritt.

Public hearings were held in San Francisco before Examiner Power on October 5, 13 and 28, 1953, and the matter was submitted after oral argument on the last date.

Evidence on behalf of applicant was presented by its vice president, by the driver who handles the tobacco shipments, by a certified public accountant and by a representative of the shipper. The protestant presented evidence by its secretary-manager. The various interested parties did not actively participate.

It appears that the tobacco and cigarettes come from North Carolina in rail cars. These are unloaded and the contents stored in a Haslett warehouse at 51 Webster Street in Oakland.

The lading, therefore (so far as the truck movement is concerned), originates at applicant's warehouse and is distributed within the Oakland jobber zone. No deviation is requested on traffic moving to points outside the zone.

The Reynolds account with Haslett is 10 years old or more. Prior to 1953, Haslett handled the distribution service at regular rates throughout the East Bay area.

Early in 1953 the East Bay drayage rates were increased.¹ Reynolds thereafter revised its business practices to eliminate deliveries to retail outlets located outside of the jobber zone. Somewhat later it made a preliminary survey to gain some idea of what proprietary operations within that zone might cost. It then complained to Haslett that for-hire distribution service was too costly.

Applicant's studies show that the proposed rates would be sufficiently high to allow it to handle Reynolds' jobber-zone distribution on a compensatory basis. Reynolds has flatly stated that unless the application is granted its storage and distribution

¹ Decision No. 48187 in Cases Nos. 4108 and 4109, 52 Cal.P.U.C. 376.

operations at Oakland will be discontinued and the business handled through San Francisco.

The board of directors of the protestant association has adopted by resolution a policy of opposing all applications for relief under Sections 3666 and 4015 of the Public Utilities Code. This policy is carried out in all areas where protestant's members operate. While the main interest of this association is in the San Francisco field, members frequently operate in the East Bay and transbay and a few have terminals in Oakland. The protestant presented a comparison of transportation characteristics of tobacco and other products. Its counsel participated extensively in the development of the record through cross-examination.

The applicable minimum rates are the same for transportation within a broad zone extending the entire length of the drayage area from Albany to San Leandro. Under this zoning arrangement services confined to a much smaller area, such as the area here under consideration, are surrounded by circumstances and conditions different from those attending a more general drayage service. The Commission has recognized that East Bay and San Francisco drayage rates, transbay rates, and rates between the drayage areas and contiguous territory require further study. This investigation is actively being pursued in Case No. 5441. It embraces, among other things, consideration of the extent to which drayage zones may require adjustment.

In this proceeding, it is evident that applicant has established that the proposed rates are reasonable and consistent with the public interest under prevailing conditions. Accordingly, the application will be granted. The authority will be issued on a temporary basis and made subject to review in the light of developments in the Case No. 5441 investigation.

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 Haslett Warehouse Company, a corporation, be and it is hereby authorized to assess rates less than the applicable minimum rates set forth in City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A (Appendix "A" to Decision No. 41362 as amended) but not less than those set forth in Appendix "A", attached hereto and by this reference made a part hereof, for the transportation named therein.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire six months after the effective date of this order, unless sooner canceled, changed or extended by order of the Commission.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 18th day of January, 1954.

A. J. [Signature]
President

[Signature]
[Signature]

[Signature]

Commissioners

Justus F. Craemer
Commissioner....., being
necessarily absent, did not participate
in the disposition of this proceeding.

APPENDIX "A"

Authorized rates for the transportation of packaged cigarettes and tobacco for the R. J. Reynolds Tobacco Co., from the warehouse of Haslett Warehouse Company, a corporation, located at 51 Webster Street, Oakland, to locations within the Oakland Jobber Zone as described below:

<u>Minimum Weight</u>	<u>Rates in Cents per 100 Pounds (1)</u>
Any Quantity	85
500 Pounds	42
1,000 Pounds	33
2,000 Pounds	28

(1) These rates are subject to a minimum weight of 75,000 pounds per month.

The OAKLAND JOBBER ZONE consists of the area bounded as follows:

Beginning at the intersection of San Francisco Bay and the Oakland Approach to the San Francisco-Oakland Bay Bridge; thence northeast along said bridge approach to the intersection of 32nd Street; thence northeast on 32nd Street to Peralta Street, south on Peralta Street to 30th Street; east on 30th Street to Broadway; south on Broadway to 26th Street; east on 26th Street to Harrison; south on Harrison to Lakeside Drive; southeast on Lakeside Drive to Oak Street; thence south on Oak Street to 12th Street; east on 12th Street to Fallon Street; south on Fallon Street to Estuary; west on Estuary to Waterfront and north to point of beginning, including both sides of designated streets.

(End of Appendix "A")