

Decision No. 50401

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA FREIGHT LINES, a)
corporation, and SOUTHERN CALIFORNIA)
FREIGHT FORWARDERS, a corporation, for)
authority to increase their minimum)
charges now published in their tariffs)
on file with the Public Utilities)
Commission.)

Application No. 35444

- H. J. Bischoff, for Southern California Freight Lines and Southern California Freight Forwarders, applicants.
- E. J. McSweeney, for Pacific Freight Lines and Pacific Freight Lines Express, interested parties.
- L. A. Bey, for Wm. Volker & Co., interested party.
- C. F. Lubold; for Standard Brands, Inc., interested party.
- J. C. Kaspar, for Motor Truck Association of California, interested party.
- R. D. Boynton, for Truck Owners' Association of California, interested party.
- Fred Ardema, for Webb Products Co., protestant.
- R. A. Lubich and Clinton S. Abernathy of the staff of the Public Utilities Commission of the State of California.

O P I N I O N

Applicants herein seek an increase in certain of their so-called minimum charges to be applied in those instances when a shipper tenders less than five shipments at one time. The proposal is limited to the counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and San Diego, and is applicable to general freight but does not include fresh fruits and vegetables.⁽¹⁾ A similar proposal is made for rates in the Los Angeles Drayage Area, and it is also proposed to raise the rates in the San Diego Drayage Area to the same level. In connection with this proposal relief is requested from the long- and short-haul provisions of Article XII, Section 21, of the Constitution of California and Section 460 of the Public Utilities Code.

(1) The proposal is set out in detail in Appendix "A" attached hereto.

Public hearings were held before Examiner Syphers on June 9, 1954 at Los Angeles, at which time evidence was adduced and the matter submitted. It is now ready for decision.

At the hearing applicants presented a detailed explanation of the proposal, pointing out that the proposed changes are requested inasmuch as it was applicants' position that the charges now assessed are inadequate and not compensatory in those instances when a shipper tenders less than five shipments to either of the applicants at one time.

A witness for applicants presented Exhibit 1, which is an analysis of shipments of the applicant companies on five selected days in May, 1954, showing the number of shipments tendered in the Los Angeles territory by shippers who tendered more than five shipments on each of the days shown. Exhibit 2 shows similar information for shippers of five or more shipments on the five selected days in Southern California other than the Los Angeles territory. Exhibit 3 sets out the anticipated increases in revenues which it is estimated will result from the proposals herein. This exhibit is compiled for shippers who tendered less than five shipments on each of the five selected days. A supplemental exhibit, which was received as No. 9, summarizes the data on Exhibits 1, 2, and 3. The witness further testified that these exhibits for the days shown covered all of the shipments handled by applicant companies and governed by Southern California Freight Forwarder Tariff No. 4.

A second witness for applicant companies presented Exhibit 4, which shows the revenue per ton from shipments of 100 lbs. or less under the rates now in effect and under those proposed herein.

Exhibit 5 was likewise presented to show the number of pickups per stop for all shipments in the Los Angeles territory on certain selected dates and the number of pickups per stop after deducting the stops at which five or more shipments were tendered at one time. It was the opinion of the witness that this exhibit shows a greater relative cost for handling shipments received from shippers tendering less than five shipments at one time, since the average number of shipments picked up at each stop from those shippers is approximately one-fourth of the average number of shipments picked up at each stop from shippers tendering five or more shipments at one time. Exhibit 6 is a copy of a shipper's manifest proposed to be used under the new rates to keep track of the number of shipments tendered by each shipper.

Exhibit 7 is a consolidated balance sheet for the two applicant companies as of March 31, 1954, while Exhibit 8 is a statement of income and expenses for the first three months of 1954. It should be noted that Exhibit 8 shows that these companies are operating at a loss. The witness testified that in his opinion this loss is due, in substantial part, to the handling of small shipments which he defined as shipments weighing 2,000 lbs. or less. He pointed out that these shipments constituted 92 percent of the total number of shipments handled by applicant companies. He also observed that the average weight of shipments handled is going down. In 1948 the average was approximately 350 lbs. per shipment, whereas for the first four months of 1954 the average was about 195 lbs. per shipment. It was his opinion that part of this is due to the so-called "pick and choose" carriers whom he defined as permitted carriers who pick out the larger and more

desirable shipments, leaving the balance of freight to the large certificated carriers. This type of competition has tended to reduce the number of shipments picked up at each stop. The "pick and choose" carriers give later pickups, which practice has required the applicants to likewise give later pickups, resulting in increased cost. In addition to this the performance of freight handlers has diminished. In 1948 the lbs. of freight handled per man hour amounted to 1981, whereas this amount had diminished to 1169 lbs. in 1954.

A further witness for the applicant companies presented testimony to the effect that the number of shippers served by the two Los Angeles terminals, which are the ones which will be principally affected by the proposal, amount to approximately six thousand. It was the opinion of this witness that the present losses of the companies are attributable, in large part, to the so-called small lot shipments. He believed that if the proposed rates are put into effect the companies probably will lose a small amount of traffic but in any event they will be better off financially. Additional testimony was presented to the effect that as of June 1, 1954 these companies were subjected to wage increases for certain types of labor, including the drivers. These increases, it was contended, will further increase the operating costs.

One witness appeared in opposition to the proposal. He was a representative of a shipper in San Bernardino, which shipper has used applicant companies for a number of years. This company ships a large number of small packages and averages about three-and-one-half shipments in intrastate commerce per day. The

average weight of the majority of these shipments is approximately 125 lbs. Under the present rates this shipper pays \$1.31 per hundred weight, whereas under the proposed rates it will pay \$1.75. He further objected to the making out of manifests as proposed by applicants.

A consideration of all of this evidence leads us to the conclusion, and we now find, that the proposed rate increases, as amended, ⁽²⁾ are justified. It is clear from this record that the applicant companies are not making an adequate return. In fact, there is no dispute as to the evidence that they are now operating at a loss. Furthermore, the testimony shows that the operational loss is incurred in part by the handling of small shipments tendered in groups of less than five. While this type of rate proposal may be somewhat unusual, nevertheless there is no showing on this record that the proposal would be detrimental to any shipper. Even the shipper who appeared in opposition testified that other carrier service was available. Therefore, since the applicant companies are now operating at a loss, since the losses incurred result in part from the type of shipments for which increased rates are now proposed, and since there is other carrier service available, we see no reason to deny the requested increase with the exception of those proposed for the San Diego Drayage Area. Since there was no showing at the hearing concerning the San Diego Drayage Area, that part of the application will be denied.

Inasmuch as the proposals herein may create some problems, particularly as to shipments between the Los Angeles and

(2) An original and an amended application have been filed herein. At the hearing two proposed rules were reworded in the interest of clarity.

San Francisco areas, relative to the long- and short-haul provisions contained in Article XII, Section 21, of the California Constitution and Section 460 of the Public Utilities Code, relief from these provisions will be granted by the ensuing order.

O R D E R

Application as above entitled having been filed, public hearings having been held thereon, the Commission being fully advised in the premises and hereby finding that the rate increases hereinafter authorized are justified,

IT IS ORDERED:

(1) That Southern California Freight Lines and Southern California Freight Forwarders be, and they are hereby authorized to establish, on not less than ten days' notice to the Commission and to the public, the increases in rates and charges set out in Appendix "A" attached hereto, with the exception of those set out in Paragraph 3 relating to the San Diego Drayage Area.

(2) That the authority herein granted is subject to the express condition that applicants herein will never urge before this Commission in any proceeding under Section 734 of the Public Utilities Code, or in any other proceeding, that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge, and that the filing of rates and charges pursuant to the authority herein granted will be construed as consent to this condition.

(3) That Southern California Freight Lines and Southern California Freight Forwarders be, and they hereby are, 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 adjust long- and short-haul departures now maintained under outstanding authorizations and to depart from the provisions of Tariff Circular No. 2 and General Order No. 80 requiring that all tariff changes be indicated by designated symbols in tariff filings made pursuant to the order herein.

(4) That the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

(5) In all other respects the application is hereby denied.

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

Dated at San Francisco, California,
this 10th day of August, 1954.

Robert L. Mitchell
President

Quattro Z. Cicceri

Kenneth Potter

Deane Duggins

Commissioners

APPENDIX "A"

Rule No.
140-S 1.

(e) When both point of origin and point of destination are within the area comprised of the Counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino and San Diego, the minimum charge as set forth below in columns "A", "B" and "C" shall apply subject to the following provisions:

1. If the applicable minimum charge under the provisions of this paragraph is less than the charge which would otherwise apply under paragraphs (a), (b), (c) and (d) above when transportation is: for distances of more than 150 miles; or is from point of origin or point of destination on steamship wharves or docks at Los Angeles Harbor (see Rule No. 170 Series); or is beyond the public highways to or from oil or gas well sites, the higher minimum charge shall apply.

<u>Weight of Shipment</u>	<u>Minimum Charge in Cents</u>		
	<u>Col.A (1)</u>	<u>Col.B(1)</u>	<u>Col.C(2)</u>
25 pounds or less	100	78	75
Over 25 pounds but not over 50 pounds	100	89	85
Over 50 pounds but not over 75 pounds	125	105	100
Over 75 pounds but not over 100 pounds	150	120	115
Over 100 pounds	175	131	125

2. The following Minimum Charges are applicable to Section 4 only. Except as otherwise provided, the Minimum Charge per shipment shall be as follows:

<u>Weight per Shipment in pounds</u>		<u>Minimum Charge in Cents</u>	
<u>Over</u>	<u>But Not Over</u>	<u>Col. A</u>	<u>Col. B</u>
0	25	100	78
25	50	100	89
50	75	125	105
75	100	150	120
100	-	175	141

3. The following Minimum Charges are applicable to Section 5 only. Except as otherwise provided, the Minimum Charge per shipment shall be as follows:

<u>Weight of Shipment in pounds</u>		<u>Minimum Charge in Cents</u>	
<u>Over</u>	<u>But Not Over</u>	<u>Col. A</u>	<u>Col. B</u>
0	25	78	61
25	50	89	75
50	75	105	88
75	100	120	106
100	-	141	119

APPENDIX "A" (Continued)

(1) Applies on General Commodities except as provided in (2).

(2) Applies on commodities moving under rates in Items Nos. 413, 415, 421.5, 421.7 and 421.8 series.

Col. A - Minimum Charges shall apply on all shipments not provided for in Col. B.

Col. B - Minimum Charges shall apply on all shipments received from one shipper, at one time, at one point of origin provided not less than five shipments weighing not over 2000 pounds each are tendered for destinations served by carriers party to this tariff and further provided that a manifest showing each consignee and the destination of such shipments is tendered with the bills of lading at time of pickup.