

ORIGINALDecision No. 50432

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 general)
 commodities (commodities for which)
 rates are provided in Highway Carriers')
 Tariff No. 2).)

Case No. 5432
 Petition No. 41

Appearances

Marvin Handler and Maurice A. Owens, for Draymen's
 Association of Alameda County and for Pacific
 Motor Tariff Bureau, petitioners.

Douglas Brookman, for Merchants Express Corporation,
 respondent.

Edward M. Berol and Russell Bevans for Draymen's
 Association of San Francisco; Walter Rhode for
 San Francisco Chamber of Commerce, interested
 parties.

William E. Turpen of the staff of the Public
 Utilities Commission of the State of California.

O P I N I O N

The Draymen's Association of Alameda County and the Pacific Motor Tariff Bureau, petitioners in the instant phase of this proceeding, are associations of carriers operating between various points generally in San Francisco Bay territory. By Petition for Modification No. 41, filed on July 2, 1954, they seek cancellation of the provisions of Highway Carriers' Tariff No. 2 which exempts the transportation of property between San Francisco

and South San Francisco from application of the minimum rates named in that tariff. They allege that the exemption is unduly discriminatory and unreasonable in results and is not justified by present transportation conditions.

Public hearing of the petition was held before Examiner C. S. Abernathy at San Francisco on July 30, 1954. ✓

According to testimony of carrier witnesses called on behalf of petitioners, the absence of minimum rate regulations with respect to transportation between San Francisco and South San Francisco has the effect of affording highway permit carriers an unwarranted advantage over highway common carriers. Highway common carriers, being bound by tariff filing requirements of the Public Utilities Code, may not adjust their rates on less than 30 days' notice to the public unless otherwise authorized by the Commission. Highway permit carriers are not so restricted and reduce their rates at will in order to attract traffic. Assertedly, the freedom to reduce rates which the highway permit carriers enjoy has enabled those carriers to accomplish a substantial diversion of traffic from the highway common carriers. Petitioners' witnesses stated that in recent months particularly the activities of highway permit carriers to attract traffic by rate-cutting methods not only has diverted critical segments of traffic away from the highway common carriers but has reduced the rates much below the minimum rates in Highway Carriers' Tariff No. 2 which except for the exemption involved herein would apply.¹ The witnesses said that

¹ It appears that the losses of traffic which the highway common carriers have experienced to highway permit carriers have not been confined to that moving between San Francisco and South San Francisco but include traffic moving between South San Francisco and other points also. Allegedly highway permit carriers use rate reductions on the former traffic as a bargaining medium to obtain the latter.

the lower rates are not compensatory but that notwithstanding this fact they would be obliged to adopt those rates to protect their present traffic if the relief which they seek is not granted. They declared that prescription of the rates in Highway Carriers' Tariff No. 2 as minimum for the transportation of general commodities between San Francisco and South San Francisco is necessary to the maintenance of a reasonable and nondiscriminatory basis of rates between the two points.

The transportation of general commodities between San Francisco and South San Francisco was originally exempted from the provisions of Highway Carriers' Tariff No. 2 on the grounds that those areas constitute metropolitan communities which are divided into separate cities only by political boundaries and that the problems of intercity and intracity carriers operating between these points are inextricably interwoven and should be considered in local drayage proceedings involving both classes of carriers.² Petitioners' witnesses asserted that experience has since demonstrated that the traffic is more intercity in character than local drayage. They pointed out that the minimum rates set forth in Highway Carriers' Tariff No. 2 currently apply to the transportation of general commodities moving between San Francisco and points immediately adjacent to South San Francisco, including points

² Decision No. 31606 in Case No. 4246. 41 C.R.C. 671, 709 (1938).

located directly between San Francisco and South San Francisco.³ They declared that the traffic is similar to that between Oakland and San Leandro and between San Francisco and Richmond which is subject to the rates in Highway Carriers' Tariff No. 2. For these various reasons they were of the opinion that removal of the exemption in Highway Carriers' Tariff No. 2 applicable to transportation between San Francisco and South San Francisco would be reasonable and proper.

Notices of the hearing in this matter were sent by the Commission's Secretary to persons and organizations believed to be interested therein. No one appeared in opposition to granting of the petition.

Upon this record it is clear that the conditions which originally justified the exemption of traffic between San Francisco and South San Francisco from the minimum rates set forth in Highway Carriers' Tariff No. 2 no longer apply. The exemption should be cancelled in order to eliminate needless dissipation of carriers' revenues through destructive competitive practices and to provide a reasonable and nondiscriminatory basis of rates for the transportation involved. The petition will be granted.

³ Question was raised during the course of the hearing concerning the applicability of the minimum rates to transportation between San Francisco and certain points south thereof which are included in the San Francisco Pickup and Delivery Zone as described in Highway Carriers' Tariff No. 2. The question was based on rate and distance exceptions in Item Nos. 100 and 260 series of the tariff relating to transportation to or from points within the zone. Amendment of the tariff was proposed for clarification purposes. Adoption of the amendment is not necessary, however, since it is evident that the exceptions do not relate to transportation between points within the zone.

O R D E R

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

IT IS HEREBY ORDERED:

1. 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 September 13, 1954, Fourteenth Revised Page 13 cancels Thirteenth Revised Page 13 which revised page is attached hereto and by this reference is made a part hereof.
2. That tariff publications required to be made by common carriers pursuant to this order shall be made effective not later than September 13, 1954, and on not less than five days' notice to the Commission and to the public.
3. That in all other respects the aforesaid Decision No. 31606, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 17th day of August, 1954.

John E. Mitchell
 President
Justus J. Callender
Samuel R. Potter
Deane Duggins

Commissioners

Item No.	SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)
20-C Cancels 20-B	<p style="text-align: center;">APPLICATION OF TARIFF - CARRIERS</p> <p>Rates provided in this tariff are minimum rates established pursuant to the Highway Carriers' Act and the Household Goods Carriers Act and apply for transportation of property by radial highway common carriers, highway contract carriers and household goods carriers as defined in said Acts.</p> <p>When property in continuous through movement is transported by two or more such carriers, the rates (including minimum charges) provided herein shall be the minimum rates for the combined transportation.</p> <p>Radial highway common carriers; highway contract carriers and household goods carriers may deviate from the minimum rates named in this tariff in connection with the transportation of property for the armed forces of the United States.</p> <p>Rates, rules and regulations named in this tariff shall not apply to transportation by independent-contractor subhaulers when such transportation is performed for other carriers. This exception shall not be construed to exempt from the tariff provisions carriers for whom the independent contractors are performing transportation service.</p>
*30-L Cancels 30-K	<p style="text-align: center;">APPLICATION OF TARIFF - TERRITORIAL</p> <p>Subject to the note below the rates in this tariff apply for transportation of shipments between all points within the State of California; except:</p> <p>(a) Shipments having point of origin in Alameda, Albany, Berkeley, Emeryville, Oakland or Piedmont, and point of destination in another of those cities;</p> <p>(b) ***</p> <p>(c) Shipments having both point of origin and point of destination within the San Diego Drayage Area as described in City Carriers' Tariff No. 7 - Highway Carriers' Tariff No. 9, amendments thereto or reissues thereof;</p> <p>(d) Shipments having both point of origin and point of destination within the Los Angeles Drayage Area, as described in City Carriers' Tariff No. 4 - Highway Carriers' Tariff No. 5; amendments thereto or reissues thereof;</p> <p>(e) Shipments (1) between Sacramento and North Sacramento; (2) between Sacramento and West Sacramento; (3) between said cities on the one hand and the adjacent plants of the Lumbermen's Supply, Inc., Swanston & Son, Sacramento Wool Company, Sacramento Feed Company, Essex Lumber Company, Campbell Soup Company, McKesson & Robbins, Inc., and Howard Terminal Warehouse, on the other hand; (4) between said cities and plants on the one hand and the Sacramento Air Depot; the Sacramento Municipal Airport and the Sacramento Signal Depot on the other hand; and (5) between the Sacramento Air Depot, the Sacramento Municipal Airport and the Sacramento Signal Depot;</p>

(f) Shipments between Marysville and Yuba City and between said cities on the one hand and the adjacent plant of the Harter Packing Company on the other hand;

(g) Shipments between the Sonora freight depot of the Sierra Railroad Company and Sonora.

Note: The exceptions provided in this item do not apply in connection with the transportation of split pickup or split delivery shipments having one or more points of origin or destination outside of the cities or areas designated in this item.

*** Exception of shipments between San Francisco and .
South San Francisco canceled.

* Change, Decision No.

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EFFECTIVE SEPTEMBER 13, 1954

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

Correction No. 626