

ORIGINALDecision No. 51046

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SIGNAL TERMINALS, INC., to adjust) Application No. 35159
 rates for car unloading services.)

Appearances

Edward M. Berol, for applicant.
Arlo D. Poe and J. C. Kaspar, for California Trucking Association, Inc., interested party.
Warren H. Desper, for Desper Terminal & Distributing Company, protestant.
Daniel C. Fessenden, for California Warehouse Company, interested party.
Donald M. Cooper, for Western Transportation Company, interested party.
Cromwell Warner, for Bradco Cartage and Distributing Company, interested party.
Irving W. Hamilton and Jackson W. Kendall, for Los Angeles warehousemen's Association, interested party.
Jackson W. Kendall, for Bekins Van Lines, Inc. and Bekins Van & Storage Company, interested parties.
Morgan Stanley, for Star Truck and Warehouse Company, interested party.
Rudolph A. Lubich, for the staff of the Public Utilities Commission of the State of California.

O P I N I O N

Applicant is a California corporation engaged in providing common carrier services as a car unloader at 3747 Bandini Boulevard, Los Angeles County. By this application, as amended, it seeks authority to establish and maintain a rate for unloading pool carloads of various aluminum articles which

is lower than the minimum rates named in Minimum Rate Tariff
No. 5.¹

Public hearing on the application was held before Examiner Abernathy at Los Angeles on December 1, 1954.

The aluminum articles which are involved in this proceeding are as follows:

Sheets and plates in boxes, crates or on skids;
Extrusions in crates or boxes;
Pipe or tubing (other than irrigation) in crates or boxes;
Wire, rods, bars, in bundles or packages;
Pigs, ingots, billets, in bundles or on skids;
Foil in boxes, crates, or on skids.

For the services of unloading, segregating, or unloading and segregating pool carloads of these items, Minimum Rate Tariff No. 5 specifies rates of 13 and 18 cents per 100 pounds, depending upon the applicable classification rating. In lieu of these rates applicant proposes to establish a commodity rate of 12 cents per 100 pounds. It alleges that the costs which are incurred in the unloading and segregating of the aluminum articles are lower than the costs incurred in car unloading services generally and that in relation to the lower costs the proposed rate is reasonable.

According to an engineer who testified in applicant's behalf, the articles involved herein are unloaded from rail cars at lower costs because they are shipped in such form that they can be and are unloaded readily by mechanical means. He said

¹ Minimum Rate Tariff No. 5 sets forth minimum rates, rules and regulations applicable to transportation of general commodities within the so-called Los Angeles Drayage Area. Applicant's terminal is located within said area.

that for the most part the shipments are in bundles or are on pallets or skids and that forklift equipment is used in their unloading. In other respects boxes of the material are pulled out of the cars by means of booms attached to towmotors.

The engineer submitted and explained exhibits setting forth the results of a study which he had made to determine the costs of the service. This study covered operations over a 15-month period, and was developed from an analysis of costs incurred in unloading and segregating 627 pool cars containing almost 20 million pounds of the articles described above. The engineer said that applicant maintains detailed time records which permitted accurate determination of the direct costs applicable to each car and that other cost data were developed as a result of special studies and analyses. After including adjustments to reflect present wage rates for labor, he arrived at a figure of 9 cents per 100 pounds as representing the current costs of the service. In the light of this figure, he asserted that the proposed rate of 12 cents per 100 pounds will amply compensate applicant for the services performed.

Evidence in support of the application was submitted also by the general western traffic manager of the Aluminum Company of America. This witness testified that his company ships a substantial volume of its products into the Los Angeles area and that its car unloading services are performed by applicant or by an affiliate of applicant. He said that the charges which apply for the car unloading are a matter of increasing concern to his company because it has been compelled

more and more by changes in shipping practices of its competitors to absorb these costs. He asserted that the charges are generally higher than those experienced by his company in other parts of the country and that they are two to three times more than his company's labor costs for loading carloads of the same articles. The witness said that in order to reduce its unloading costs his company has made greater use of stop-in-transit privileges afforded by the railroads, with a consequent reduction in the number of its pool car shipments. He said also that a further avenue to cost reductions, of which his company has not yet availed itself, has opened through offers of reduced rates by carriers who are outside of the Los Angeles Drayage Area and who are not subject to the provisions of Minimum Rate Tariff No. 5. The traffic manager declared that if the sought rate is authorized applicant will continue to enjoy his company's traffic and that his company will be less inclined to seek other means to have its cars unloaded.

Granting of the application was also urged by telegram from the Kaiser Aluminum and Chemical Corporation, stating that the proposed rate would assist that company in meeting the competition of other aluminum producers located in or near Los Angeles.

Notices of the hearing in this matter were published in the Commission's calendar and were sent to persons believed to be interested. A Los Angeles warehouseman appeared as a protestant but did not offer evidence. Otherwise, granting of the application was not opposed. A representative of the

California Trucking Associations, Inc., who participated in the proceeding as an interested party, urged that the sought authority, if granted, be limited strictly in application to the aluminum articles involved.

It is evident from the record in this proceeding that applicant's objective in proposing the reduced rate which it seeks is to enable it to meet more effectively the competition and potential competition of other carriers and thereby to retain the traffic which it enjoys. It appears that applicant is not seeking a competitive advantage over other carriers who are engaged in providing pool car unloading services in the Los Angeles Drayage Area, since in accordance with the provisions of Item No. 165 series of Minimum Rate Tariff No. 5 the reduced rate, when established in applicant's tariff, would be available as a minimum rate to other carriers.² The evidence is clear that lower rates than those which apply as minimum are justified by the economies attained in the unloading and segregating of the articles involved. The evidence is also clear that the proposed rate is adequate to cover the cost of the service and to yield an adequate return. Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds as a fact that the proposed rate is justified by transportation conditions.

² Item No. 165 series provides in part that
"Rates named in this item alternate with rates for the same services contained in tariffs filed with the Commission, pursuant to provisions of the Public Utilities Act, and in effect on the date that the services are provided."

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 that Signal Terminals, Inc., be and it hereby is authorized to establish and publish in its Stevedoring Tariff No. 1, Cal. P.U.C. No. 1, a rate of 12 cents per 100 pounds for unloading and segregating service performed at its terminal at 3747 Bandini Boulevard, Los Angeles County, in connection with pool cars of shipments composed exclusively of the aluminum articles referred to and described in the preceding opinion.

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

Dated at Los Angeles, California, this 25th day of JANUARY, 1955.

E. N. Mitchell

 President
Arthur J. Challice

Robert L. ...

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 Commissioners