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Decision No. 51174

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 pro-) vided in Minimum Rate Tariff No. 2).)

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 Los Angeles and Orange Counties (transportation for which rates are provided in Minimum Rate Tariff No.5).

Case No. 5432 (Pet. No. 45 and Order dated November 30,1954)

Case No. 5435 (Pet. No. 6 and Order dated November 30, 1954)

Theodore W. Russell, for petitioners. Arlo D. Poe, J. C. Kaspar and R. D. Boynton, for California Trucking Associations, Inc., interested party.

Cromwell Warner, for Bradco Cartage and Distributing Co., interested party. Charle Jean Cullum, for Crest Messenger and Delivery

Service, Ltd., interested party. <u>Nelson R. Thurston</u>, for Olympic Delivery, Inc., doing business as Rocket Messenger Service, interested party.

OPINION

These phases of Cases Nos. 5432 and 5435 relate to proposed amendments to Minimum Rate Tariffs Nos. 2 and 5 which would:

- Exempt the transportation of United States mail a. from the provisions of both tariffs;
- Include in the commodity exemptions listed in Item No. 40 series of Minimum Rate Tariff No. 5, concrete transported in motor vehicles equipped Ъ. for mechanical mixing in transit (transit-mix concrete);
- Amend Item No. 90 series of Minimum Rate Tariff No. 2 with respect to the classification ratings Ċ. applicable to mixed shipments; and

d. Amend Minimum Rate Tariff No. 2 with respect to determination of combinations of rates based on multiples, percentages or proportions of other rates.

Minimum Rate Tariff No. 2 names rates, rules and regulations for the transportation of general commodities on a state-wide basis. Minimum Rate Tariff No. 5 applies to the transportation of general commodities locally in the area commonly referred to as the Los Angeles Drayage Area. The exemption of the transportation of United States mail from the provisions of these tariffs is sought by petition filed August 20, 1954, by Matthew J. Desmond, an individual doing business as Desmond Mail Service, and by five other highway carriers, all of whose operations consist principally of the transportation of mail for private concerns in and about the City of Los Angeles.¹ The other amendments are recommended by the Commission's Transportation Division.

Public hearing on the several matters was held before Examiner Abernathy at Los Angeles on December 10, 1954.

Concerning the sought exemption of mail, petitioners allege, among other things, that the transportation of mail is subject to different considerations than those applicable to the transportation of freight generally; that the rates, rules and regulations prescribed in Minimum Rate Tariffs Nos. 2 and 5 reflect the requirements and needs of regulation over general freight; and that because mail is not property of the type for which the tariffs were designed, it is difficult, if not impossible, to apply the tariff provisions to mail. They allege, furthermore, that the transportation of mail is not

The other parties to the petition are as follows: Margaret J. Woltz, an individual doing business as Postal Express System; Carl J. Petznick and Don Jorgensen, copartners, doing business as Balko; Mabel M. MacAdam and John D. MacAdam, copartners, doing business as MacAdam Brothers Mail Service; Dorothy L. McKenzie and Melvin M. McKenzie, husband and wife, doing business as Vernon Delivery Service; and Cannonball Express and Messenger Co., a California corporation.

competitive with other transportation governed by the tariffs, and that granting of the petition would do no more than extend to private concerns an exemption in Minimum Rate Tariff No. 2 which applies to mail transported under contract with the United States Government.

The service involved was described at length by one of the petitioning carriers. Assertedly, the operations of this carrier are representative of those of other petitioners. The service consists essentially of the delivery of inbound mail from post offices in the Los Angeles area to the carriers' patrons at the beginning of the business day and the transportation of outbound mail to the post offices at the close of the day. It may also involve multiple deliveries or pickups throughout the day, depending upon the requirements of the individual patrons and upon the volume of mail handled. According to the testimony of this carrier witness, his operations extend to approximately 325 concerns.²

The witness testified in effect that the value and justification for his service and that of the other petitioners lie in the fact that by reason of such service petitioners' patrons are able to receive mail earlier and to dispatch it later than they are able to when they utilize the delivery and the pickup facilities of the Post Office Department. He said that in Los Angeles the first mail delivery for the day is made by post office employees between \$:00 and 9:30 a.m. whereas in the ordinary course of his operations the initial delivery is completed by \$:00 a.m. In the evening patrons using his service may dispatch mail as late as 5:00 p.m., the close of the usual business day, with the assurance that it will be

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² It appears that petitioners' services also include the occasional transportation of material classified as mail by the United States postal laws between offices and establishments of their patrons. The requested exemption is intended to apply also to these movements.

delivered to the post office in sufficient time to connect with eastbound trains leaving Los Angeles about 8:00 p.m.

The witness declared that the advantage in time which he is able to achieve over the service which the Post Office Department provides would be nullified were he required to classify and weigh each shipment in accordance with the provisions of Minimum Rate Tariffs Nos. 2 and 5. In so far as the matter of classification is concerned, he said that the mail, as tendered to him for transportation, is in bundles, in bags, and in bundles in bags; that it is not segregated by classes; and that there is no feasible way for him to make such segregation. With respect to determining the weights of the shipments, he said that weighing facilities are not available to him. He asserted that were facilities available and were he to weigh each shipment, his handling of the shipments would be delayed by 15 to 25 minutes for each account served.

An associate transportation rate expert of the Commission's staff submitted as an exhibit a report of an investigation which he had made of petitioners' services and of similar services of carriers operating in the San Francisco and Oakland areas. His description of the operations performed corresponds substantially to that set out hereinabove and need not be detailed. Regarding the suitability of the minimum rate provisions to these services, it was a conclusion of this witness that the transportation of mail to and from post offices is not a service for which the minimum rates are designed. He said that the minimum rates are based upon the weights of the shipments transported, whereas for the mail services the weights of the shipments are secondary to the other considerations involved. He said, furthermore, that certain hourly and monthly unit rates which apply within the territory served by

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petitioners are impractical for the transportation because exclusive use of the vehicles operated is not required by the shippers individually. He asserted that to require petitioners to issue shipping documents, to assess charges separately for each shipment, and to meet other requirements of Minimum Rate Tariffs Nos. 2 and 5 would unnecessarily burden petitioners and their patrons alike without resulting in any material benefits.

For these reasons the rate witness recommended that the mail service be exempted from the minimum rate provisions.³ In order to confine the exemptions to the kind of service which petitioners provide, he recommended that the exemption apply only when the distances between points of origin and the points of destination of the shipments do not exceed 25 miles. These recommendations, the witness said, do not extend to the occasional transportation of letters and parcel post which petitioners provide between offices and establishments of their patrons. He declared that this class of traffic is not dissimilar to other small shipments for which minimum rates are established. For purposes of tariff uniformity he also recommended that the exemption in Minimum Rate Tariff No. 2 for "United States mail transported for the Post Office Department under contract" be included in Minimum Rate Tariff No. 5.

In addition to his exhibit relating to the transportation of mail, the staff witness submitted an exhibit setting forth the tariff amendments recommended by the Commission's Transportation

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The recommendation of the witness was that the exemption should apply to the transportation of property, instead of to mail. It was his conclusion that the material transported, strictly speaking, is not mail as defined by the United States Code. For purposes of consistency in terminology, the material will be referred throughout this opinion as "mail" or "mailable material" even though it may be otherwise as the rate witness indicated.

Division. The primary objective of the amendments, he said, is tariff clarification and elimination of certain problems that have come to the attention of the Division through use of the tariffs in their present form.

The exhibit shows that inclusion of transit-mix concrete in the list of commodities which are not subject to the provisions of Minimum Rate Tariff No. 5 is recommended because this tariff assertedly is not designed to cover the transportation of this item. The tariff does not contain a charge for the mixing service rendered by the vehicles used in the service. The exhibit states, moreover, that the weights of the shipments which are transported are difficult to obtain. It shows, also, that the transportation of transit-mix concrete is exempted from the provisions of other minimum rate tariffs of the Commission.

The mixed shipment rule in Minimum Rate Tariff No. 2, which would be amended in accordance with the recommendations being considered herein, designates the manner in which the applicable rating is to be determined when a shipment contains two or more commodities for which different ratings are provided. As currently construed, this rule is deemed as wholly superseding mixed-shipment ratings named in the Western Classification and Exception Sheet. According to the exhibit, this construction was not intended when the rule was established. The recommended amendment would make applicable the lowest charge obtained under provisions of the minimum rate tariff, the Western Classification or the Exception Sheet and in various instances it would result in reductions of present charges.

With reference to the remaining amendment recommended by the Transportation Division, that relating to the computation of combination rates, the exhibit points out that Minimum Rate Tariff

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No. 2 is now silent regarding the procedure to be followed in computing combination rates based on percentage ratings. It states that as a consequence different views prevail among shippers and carriers as to the proper method of calculation to be followed. A specific rule is proposed in the exhibit to remedy the tariff deficiency.

The California Trucking Associations, Inc., participated in the proceeding as an interested party and submitted a statement of position through its research director. Speaking in regard to minimum rate exemptions generally, the research director stated that it is the Association's view that exemptions should be granted only where there are peculiar and compelling circumstances, and that when these circumstances prevail, the scope of the exemptions should be limited to the necessities shown. As to the specific exemptions sought herein, the witness said that the Association has no objections thereto in so far as they apply to first and third class mail because the movements of such mail are not competitive with the transportation performed by for-hire carriers of general freight. However, he registered an objection to extension of the exemptions to the other classes of mail. He testified that there is a substantial movement of periodicals from printing establishments in Vernon to post offices in Los Angeles, that these periodicals move in for-hire carriage, and that the rates which are assessed for this transportation are the minimum rates. He asserted that retention of the minimum rate provisions is essential to the preservation of the revenues of the carriers engaged in the transportation of these periodicals.

Notices of the hearing of matters involved in the instant phases of these proceedings were published in the Commission's

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calendar and were sent to persons believed to be interested. Except to the extent that objections to the sought mail exemptions were voiced on behalf of the California Trucking Associations, Inc., no one protested the granting of the petition or adoption of tariff amendments recommended by the rate witness and the Commission's Transportation Division.

It is clear from the record herein that in transporting mailable material from and to post offices, petitioners are providing a specialized and expedited service, the value of which is related directly to the extent that the service enables petitioners' patrons to receive their mail earlier in the day and to dispatch it later than would be the case were they to rely upon the delivery and pickup service of the Post Office Department. The record is also clear that for the most part petitioners' service is not directly competitive with transportation performed by for-hire carriers generally and that the minimum rates, rules and regulations in Minimum Rate Tariffs Nos. 2 and 5 were not intended for and are not appropriate for this service. It appears that were petitioners obliged to comply with the weighing, classifying and billing requirements of these tariffs, their deliveries and pickups would be so retarded that the value of their service would be substantially diminished, if not destroyed. In the circumstances it is concluded that the transportation to and from post offices should be exempted from Minimum Rate Tariffs Nos. 2 and 5.

This exemption should apply to all of the four classes of mailable material involved instead of being limited to first and third class matter as urged by the representative of the California Trucking Associations, Inc. Movements of parcel post (fourth class matter) within the Los Angeles Drayage Area to post offices for mailing are exempt from Minimum Rate Tariff No. 5 at the present -

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time. In view of the existing exemption, and since incoming shipments of parcel post ordinarily are delivered by the postal service, it appears that extension of the exemption to cover all of the area served by petitioners would be of only limited consequence in its effect upon the operations of other carriers. With reference to the position of the Association witness regarding exemption of second class mail, it appears that the witness's concern relates primarily to outbound movements of periodicals handled by one carrier for one printing establishment. However, should the exemption be limited as suggested, petitioners would be confronted with practical operating difficulties that would impair the services which they are endeavoring to provide for numerous patrons. In the circumstances it appears that the greater public interest would be served by an exemption unrestricted as to class of mail.

The exemption, however, will be limited territorially to the area within 25 constructive miles of downtown Los Angeles. As requested by petitioners, and as recommended by the Commission witness, the exemption would be made to apply on a state-wide basis. In so far as petitioners are concerned, it appears that there is no need for an exemption of that extent, since their own testimony shows that their operations are confined to the Los Angeles general area. Neither is a more extensive exemption supported by the evidence submitted by the rate witness. As has been indicated hereinabove, the study which the rate witness made was limited to petitioners' operations and to those of similar carriers in San Francisco and in Oakland and vicinity and it does not establish that a state-wide exemption is necessary or appropriate.⁴

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The transportation of mailable material, and other transportation also, between points in the San Francisco and Oakland areas is exempt already from the provisions of Minimum Rate Tariff No. 2.

The other tariff amendments which were proposed by the Commission rate witness, those recommended by the Transportation Division and that pertaining to the transportation of United States mail for the Post Office Department, appear reasonable and desirable in the interests of tariff clarity and uniformity. They will be adopted.

Upon consideration of all of the facts and circumstances of record the Commission is of the opinion and finds as a fact that Minimum Rate Tariffs Nos. 2 and 5 should be revised to the extent herein provided. So that the distribution of the tariffs will be limited to those parties interested in each of these publications, a separate order covering Minimum Rate Tariff No. 5 will be issued.

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

IT IS HEREBY ORDERED:

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1. That Minimum Rate Tariff No. 2 (Appendix "D" of Decision No. 31606, as amended) be and it is hereby further amended by incorporating therein, to become effective April 1, 1955, the revised pages attached hereto and by this reference made a part hereof, which pages are numbered as follows:

> Fourteenth Revised Page 3 cancels Thirteenth Revised Page 3 Thirtieth Revised Page 14 cancels Twenty-Ninth Revised Page 14 Eighteenth Revised Page 15 cancels Seventeenth Revised Page 15 Tenth Revised Page 17 cancels Ninth Revised Page 17 Second Revised Page 36 cancels First Revised Page 36

2. That tariff publications authorized to be made by common carriers as a result of the order herein may be made effective on not less than five days' notice to the Commission and to the public if

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filed not later than sixty days after the effectiveness of the tariff changes herein involved.

3. That in all other respects said 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 <u>IINR</u>
day of <u>Februar</u>	, 1955	Anster- 2- Caller

Commissioners

Consistioner Ray E. Untereiner , boing necessarily absont, did not participate in the disposition of this proceeding.

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- IINILUL RATE TARIFF NO. 2

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LINIJULI RATE TARIFF NO. 2

	SECTION NO.1-RULES AND REGULATIONS OF GENERAL
No.	APPLICATION (Continued)
i	APPLICATION OF TARIFF-COLLODITIES (Items Nos. 40 and 41)
(1) ADD Dancels LO-CC	

	or less per package or piece when delivered from rotail stores, or when returned to the original retail store shipper via the carrier which handled the outbound movement (Subject to Note 3), Commodities when transported in dump trucks, for which rates are provided in Einimum Rate Tariff Noi 7, Commodities which consist of or contain materials essential to National Defense and which have been donated to and are trans- ported for the United States Government, governmental agen- cies, or nonprofit organiza- tions acting for or in behalf of said government in the col- lection, assembly or trans- portation of said commodities in connection with the recovery of said essential materials from the commodities trans- ported,	<pre>Livestock, Logs (wood) (Subject to Note 10), Margarine (Subject to Note 8), Margarine (Subject to Note 2), Newspapers; newspaper supplements sections or inserts; (not scrap or waste), Nuts, edible, in the shell, Optical goods transported from or to wholesale houses in packages weighing 10 pounds or less. Pits, fruit, Poultry, live or dressed, Property shipped to or from pro- ducers of motion pictures or television shows when trans- ported subject to the rates, rules and regulations provided by Decision No. 33226, in Casec Nos. 4246 and 4434, as amended, "Property transported to a United States Post Office for mailing and United States mail trans- ported from a post office to th addressee thereof (Subject to Note 11),</pre>
	(Continued i	n Item No. 41)
t	eptions shown in Item No. 40-CC and ransferred to Item No. 41. ge) Decision No. 51134 tion)	not shown here

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Correction No. 646

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LUNIMUM RATE TARIFF NO. 2

Item	SECTION NO. 1 - RULES AND REG		
No. APPLICATION			
	APPLICATION OF TARIFF_COMMODITIES (Concluded) (Items Nos. 40 and 41)		
41-0 ancels 41-N	 (1)Sea Shells, crushed, ground powdered or disintegrated (Subject to Note 5), (1)Seeds; Cotton, (1)Seeds; field, as described in Note 6, (1)Shell Marl, crushed, ground or powdered, (1)Straw (Subject to Note 7), (1)Straw (Subject to Note 7), (1)Sulphur, (1)United States mail transported for the Post Office Depart- ment under contract, (1)Used Property, viz.: household goods, personal effects, furni- ture, musical instruments, radios, and office and store fixtures and equipment, as described in and for which rates are provided in Minimum Rate Tariff No. L-A, and used property as described therein transported for the 	 (1)Vegetables, fresh or green (not cold pack nor frozen), (1)Vegetables, dried, viz.: Beans, (except Mesquite Lentils, Onions, Peas, (except Cow Peas) Pepper Pods, (1)Voting Booths, Ballot Boxes, Election Tents- and Election Supplies, when transported from or to polling places. 	
	United States, state, county or municipal governments, NOTE 1Includes only used empty can from an outbound paying load of traffic : provided in this tariff, or which are be paying load of traffic for which rates and tariff (subject to Rule No. 180 of the End NOTE 2Exemption applies only when to this note are shipped in milk shipping or crates, or in bulk in tanks. NOTE 3Exemption applies only when of origin and destination does not exceed	for which rates are not ing forwarded for a return re not provided in this xception Sheet). commodities flagged subject g cans, in bottles in cases the distance between point d 35 miles, computed in	
	accordance with the provisions of Item New NOTE 4Exemption applies only as to state and which has not been cleaned, was prepared or partially prepared for human	o dried fruit in the natural shed, stemmed or otherwise	
	NOTE 5Exemption does not apply to Item No. 6522.	sea shells as described in	
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Adzuki, Popcorn, Fenugreek, Alfalfa, Fescue grass, Proso, Bahia grass, Redtop, Foxtail, meadow, Guar, Reed canary grass, Bean, field, horse, lima, mat or mung, Guinea grass, Rescue grass, Beet, field or sugar, Harding grass, Rhodes grass, Bentgrass, Kudzu, Ryegrass, Bermuda grass, Lespedeza, Safflower, Lupine, Medic, black, Eluegrass, Sainfein, Bluesten, Sand dropseed. Brone, bunch or smooth, Molasses grass, Carpet grass, Mustard (except wild Sesbania, Soybean, Chick pea (garbanzo), mustard), Sudan grass, Sweet vernalgrass, Clover(except sweet Napier grass, Oatgrass, tall, Timothy, clover), Creeping bent, Orchard grass, Velvet bean, Dallis grass, Pea, Austrian winter, Velvet bent, Dogs-tail, crested, Canadian field, Velvet grass, Tangier or wedge, Doliches, Whoatgrass, crested or slender. NOTE 7 .- Exemption will not apply to transportation for which rates are provided in Items Nos. 657 and 658. NOTE 8.-Exemption will not apply to transportation for which rates are provided in Items Nos. 315 and 605. NOTE 10.-Exemption will not apply to transportation for which rates are provided in Item No. 700. #NOTE 11.-Exemption applies only to transportation between points within a radius of 25 miles of the intersection of 1st and Main Streets, Los Angeles, said mileage to be computed in accordance with the provisions of Item No. 100. (1) Formerly appeared on Twenty-ninth Revised Page 14. * Change

Addition Decision No. 51134

EFFECTIVE APRIL 1, 1955

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

Correction No. 647

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MINIMUM RATE TARIFF NO. 2

Item No.	SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)
	MIXED SHIPMENTS (1); Commodities for which rates are provided in this tariff;
	(a) When two or more commodities for which different ratings are provided, are shipped as a mixed shipment, without actual weights being furnished or obtained for the portions shipped under the separate ratings, charges for the entire shipment will be computed at the class or commodity rate applicable to the highest classed or rated commodity contained in such mixed ship- ment, subject to Item No. 80.
*90-J Cancels 90-I	(b) When two or more commodities are included in the same shipment and separate weights thereof are furnished or obtained, charges will be com- puted at the separate rates applicable to such com- modities in straight shipments of the combined weight of the mixed shipment. The minimum weight shall be the highest provided for any of the rates used in computing the charges, subject to Item No. 80. In the event a lower charge results by considering such commodities as if they were divided into two or more separate shipments such lower charge shall apply.
90-1	#(c) If lower charges result under specific mixture provisions named in individual items of the Western Classification or Exception Sheet than under the provisions of paragraphs (a) and (b) hereof, such basis shall be used in determining the applicable minimum transportation charge.
	(1)Paragraph 1 hereof will not apply to mixed shipments which are subject to the provisions of Item No. 365 of this tariff.
	2. Commodities for which rates are provided herein, mov- ing in mixed shipments containing commodities for which rates are provided in other effective tariffs of the Com- mission, or in mixed shipments containing commodities upon which no minimum rates or charges have been estab- lished by this Commission:
	(a) When one or more commodities for which rates are not provided in this tariff are included in a shipment of one or more commodities for which rates are herein provided, the rate or rates appli- cable to the entire shipment may be determined as though all of the commodities were ratable under the provisions of this tariff; or one or more of the commodities for which rates are not provided in this tariff may be transported at the rates ' otherwise applicable. In the event the latter basis is used, the minimum charges provided in Item No. 150 of this tariff shall apply to the entire shipment. (See Notes 1, 2, 3, 4 and 5.)

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Note 1The provisions of this rule will
not apply to mixed shipments containing petro- leum or petroleum products in bulk in tank trucks, tank trailers or tank semi-trailers for which rates are provided in tariff desig- nated Minimum Rate Tariff No. 6.
Note 2The provisions of this rule will not apply to mixed shipments containing used property, viz.: household goods, personal effects and office and store fixtures and equipment, for which rates are provided in the tariff designated Minimum Rate Tariff No. 4-A.
Note 3The provisions of this rule will not apply to mixed shipments containing fresh fruits, fresh vegetables (including fresh mushrooms) or empty containers for which rates are provided in the tariff designated Minimum Rate Tariff No. 8
Note 4The provisions of this rule will not apply to mixed shipments containing un- crated new furniture for which rates are pro- vided in Minimum Rate Tariff No. 11-A. All commodities in such mixed shipments may be rated under the provisions of Minimum Rate Tariff No. 11-A, or the commodities for which rates are provided herein may be rated under the provisions of this tariff as separate shipments.
Note 5The provisions of this rule will not apply to mixed shipments containing motor vehicles and other commodities moving in truck- away service for which rates are provided in Minimum Rate Tariff No. 12.
(Continued)
*Change) #Addition) Decision No. 51134
EFFECTIVE APRIL 1, 1955
Issued by the Fublic Utilities Commission of the State of California, San Francisco, California. Correction No. 648

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MINIHUM RATE TARIFF NO. Item SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL No. APPLICATION (Continued) EXCEPTIONS TO WESTERN CLASSIFICATION AND EXCEPTION SHEET RULES Rates in this tariff are not subject to the provisions of the following rules of the Western Classification: 47 35 38 42 280-A 6 Cancels Rates in this tariff are not subject to the provisions of the following rules of the Exception Sheet: <u>4</u>5 60 14,5 RATINGS Except as otherwise provided in this Section, class rates contained in Section No. 2 are subject to any quantity, less-carload and carload ratings (including minimum weights) as shown in the Western Classification and Ex-ception Sheet. (See Exception.) EXCEPTION.-When the carload minimum weight provided in connection with ratings in the Western Classification or Exception Sheet exceeds 36,000 pounds, the minimum weight shall be considered as being 36,000 pounds for the purpose of applying rates in Section No. 2 of this tariff. METHOD OF CO PUTING COMBINATION RATES On a continuous through movement of commodities moving under ratings based on a multiple, percentage or proportion of another rate for which #295 charges are obtained by use of two or more separately stated rates, the through charge shall be computed by combining the two or more separately stated rates before applying the multiple, percentage or proportion authorized. #Addition, Decision No. EFFECTIVE APRIL 1, 1955 Issued by the Public Utilities Commission of the State of California, San Francisco, California. Correction No. 649