

ORIGINAL

Decision No. 51588

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 Minimum Rate)
 Tariff No. 2).)

Case No. 5432

Petition for Modification
 No. 624

Appearances

(Listed in Appendix "A")

INTERIM OPINION

By petition filed June 14, 1955, as amended July 14, 1955, the California Trucking associations, Inc. seeks a 5 percent interim increase in all rates and charges contained in Minimum Rate Tariff No. 2 except the charges prescribed in items 160 and 170 series pertaining to split pickup and split delivery.

Hearings were held on the petition at San Francisco and at Los Angeles before Commissioner Matthew J. Dooley and Examiner J. E. Thompson on July 6, 7, 13 and 14, 1955.

The vice-chairmen of the petitioner's rate committee testified that carrier costs of operation have increased considerably since the present general rate level was established in September 1953. Recent increases in drivers and helpers wages and additional benefits under labor contracts have

substantially further increased their cost of operation. They stated that revenues under the present minimum rates are insufficient to meet the cost of performing transportation services. Petitioner is presently preparing cost studies and other evidence to support upward adjustments in the rate structure. Meanwhile, they allege that an emergency situation exists because of the recent substantial increase in cost of operation. Believing that the financial condition of highway carriers generally will be seriously impaired and that many carriers could not survive pending a determination of rate adjustments on a permanent basis, petitioner is here seeking emergency interim relief immediately to offset the additional costs incurred as a result of recently negotiated labor contracts.

All of the shipper groups as well as many individual shippers appearing in the proceeding supported the petition as amended and urged that the Commission grant the interim increase as proposed as quickly as legal requirements will permit.

Evidence was presented through testimony of petitioner's Director of Research and Director of Industrial Relations. Exhibits Nos. 62-1, 62-2 and 62-3 contain abstracts of wage contracts entered into by petitioner with local unions in California, a summary of profit and loss statements for the year 1954 of 111 highway carriers which petitioner believes represents a cross section of the trucking industry in California as a whole, and a summary showing the impact that 1955 wage increases have upon carrier cost of operation. The testimony and exhibits show that wage contracts negotiated in 1955 and which are presently

in effect have increased the overall operating expenses of the carriers by 4.223 per cent. Wage negotiations with several unions with whom contracts have expired were not completed as of the date of submission of this proceeding. Providing wage contracts negotiated with those unions follow the 1955 state-wide pattern, the impact of wages upon overall operating expenses will be greater. The 4.223 percentage figure does not include any provision for gross revenue expense which would be incurred on additional revenue resulting from an increase in rates.

The rail line carriers in Exhibits 62-4, 62-5 and 62-6 presented evidence showing that transportation by rail of less-carload traffic in California is performed at an out-of-pocket loss. They appeared in support of the petition and request that in addition to increases in rates which the Commission has prescribed in this proceeding as minimum for rail carriers that they be authorized to increase their carload class rates and certain rates in their tariffs on trailer on flat car service commensurate with any increase prescribed in Minimum Rate Tariff No. 2. The trailer on flat car service is a door-to-door service and is competitive with services performed by highway carriers subject to Minimum Rate Tariff No. 2. Pickup and delivery in conjunction with the trailer on flat car service is performed by a motor truck carrier affiliate of the rail line which is a party to the wage contracts negotiated by the petitioner and the local unions of the Brotherhood of Teamsters. The rail carriers further request authority to increase charges contained in their class rate tariffs and trailer on flat car tariff for accessorial

services for which rates and charges are prescribed in Minimum Rate Tariff No. 2 to the same extent that the Commission may prescribe as minimum for the performance of such services by highway carriers.

The evidence of record shows that without immediate relief in the form of additional revenues, the ability of highway carriers to meet financial obligations and to maintain adequate service to the public may be seriously impaired. The increase sought is necessary to reasonably assure financial stability of the carriers until definitive rates can be determined upon full and complete cost data. In order to meet the emergency as quickly as possible, the increase must necessarily be prescribed in the form of a surcharge. This presents a small complication due to the 6 per cent surcharge presently in effect respecting shipments having both point of origin and point of destination within San Francisco Bay Counties Territory. This surcharge was established by the Commission in Decision No. 48743 on a full and complete record showing a difference between transportation conditions within the territory and the state as a whole. Evidence in this record does not show that the difference in transportation conditions has materially changed. The record does not justify a 5 per cent increase on top of the present 6 per cent surcharge, therefore the increase authorized herein will be in addition to the present surcharge. In order to simplify application of the two surcharges with respect to shipments transported within San Francisco Bay Counties Territory, they will be combined into an 11 per cent surcharge to be applicable on such shipments. The aforementioned 6 per cent surcharge is scheduled to expire

August 15, 1955. For purposes of the rate adjustment herein and because there is presently before the Commission a separate proceeding involving transportation rates within San Francisco Bay Counties Territory, no further expiration date is necessary with respect to such surcharge.

The 5 per cent interim increase in minimum rates and charges will be made effective on August 1, 1955, the earliest date which will permit printing and service upon respondents of the order herein.

In order to permit carriers to effect the increases without delay, common carriers subject to the Public Utilities Act (Division 1, Part 1, Public Utilities Code) will be authorized to establish the increase on two days' notice to the Commission and to the public. Highway Contract Carriers may increase their rates without authorization from the Commission.

The requests of the rail carriers are designed to preserve a historical rate relationship with highway carriers that the Commission in the past has found reasonable and justified. They will be authorized to make the rate adjustments as proposed. Long and short haul relief and short notice and tariff circular relief will be granted.

An emergency adjustment of the character involved herein necessarily must be made along broad lines. In temporary broad adjustments such as those here being made, the authorizations involved are necessarily pending final conclusions on the matters here in issue.

Upon consideration of all of the facts and circumstances of record, the Commission is of the opinion and hereby finds that the interim increases sought in Petition No. 62 for Modification as amended July 14, 1955 and the increases in rates sought by the rail carriers in this proceeding are justified to the extent provided for in the order which follows.

INTERIM ORDER

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

IT IS ORDERED:

(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 August 1, 1955, Supplement No. 28 Cancels Supplement No. 27, attached hereto and by this reference made a part hereof.

(2) That common carriers subject to the Public Utilities Code, including common carriers by railroad with respect to their less-carload rates and charges, subject to said Decision No. 31606, as amended, be and they are hereby authorized and directed to establish in their tariffs the increases necessary to conform with the further adjustment herein of that decision; that said common carriers be and they are hereby authorized to establish in their tariffs increases in class rates and charges in connection with the transportation of commodities for which minimum rates have not been established by the Commission and in connection with commodities on which the common carriers maintain rates on class rate

levels higher than the applicable commodity rates, but that such increases shall be no greater in volume and effect than the corresponding class rate increases established herein; that said common carriers which do not maintain in their tariffs all of the rate scales provided in Minimum Rate Tariff No. 2 may establish the increases involved in continuing provisions relating to rates for transportation under these circumstances.

(3) That common carriers by railroad be and they are hereby authorized to establish increases in their carload rates corresponding with the increases in Minimum Rate Tariff No. 2 rates, as follows:

(A) In Pacific Southcoast Freight Bureau Tariff 255-F, class rates, sugar rates in Section 2, and accessorial charges to the extent corresponding increases are established in Minimum Rate Tariff No. 2.

(B) In Southern-Pacific Company Freight Tariff 1505-C, class rates in Section 1, commodity rates in Section 3 except that (1) no increase is authorized in the rates provided in Items 705 and 790 series, (2) an increase of not more than one-half cent is authorized in the rates provided in Items 750 and 840 series, and (3) an increase is authorized in charges for accessorial services only to the extent provided in Minimum Rate Tariff No. 2 for comparable services.

(4) That tariff publications required or authorized to be made by common carriers as a result of the order herein may be

made effective on or after the effective date hereof on not less than two days' notice to the Commission and to the public; and that such required tariff publications shall be made effective not later than August 1, 1955.

(5) That common carriers be and they are hereby 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 and from the provisions of Tariff Circular No. 2 and General Order No. 80 to the extent necessary to carry out the effect of the order herein.

(6) That in all other respects, the aforesaid Decision No. 31606, as amended, shall remain in full force and effect.

The effective date of this order shall be the date hereof.

Dated at Los Angeles, California,
this 18th day of July, 1955.

James J. Caswell
President
Raymond Waterman
Marking D. ...
E. Hardy

Commissioners

Peter E. Mitchell
Commissioner....., being
necessarily absent, did not participate
in the disposition of this proceeding.

SUPPLEMENT NO. 28
(Cancels Supplement No. 27)

(Supplement No. 28 Contains All Changes)

TO

MINIMUM RATE TARIFF NO. 2

NAMING

MINIMUM RATES, RULES AND REGULATIONS

FOR THE

TRANSPORTATION OF PROPERTY OVER THE

PUBLIC HIGHWAYS WITHIN THE

STATE OF CALIFORNIA

BY

RADIAL HIGHWAY COMMON CARRIERS

HIGHWAY CONTRACT CARRIERS

AND

HOUSEHOLD GOODS CARRIERS

◇ APPLICATION OF SURCHARGES

(a) (Applies only to shipments between points of origin and destination both of which are within the San Francisco Bay Counties Territory as described in paragraph 3 $\frac{1}{2}$ of Item No. 270, and to split pickup or split delivery shipments between points of origin and destination all of which are within said San Francisco Bay Counties Territory.) Except as provided in paragraph (b) below, compute the amount of charges in accordance with the rates, rules and regulations of this tariff. Increase the amount so computed by eleven percent. Fractions will be disposed of in accordance with paragraph (e) below.

(b) The provisions of paragraph (a) will not apply to accessorial charges applicable to pool shipments named in Items Nos. 176, 177, 178 and 179, nor to the transportation of lumber and forest products as described in Item No. 660, nor to common carrier rates used under the provisions of Items Nos. 200, 210, 220 and 230, nor to the split pickup or split delivery charges named in Items Nos. 160 and 170.

(c) (Applies on all shipments not subject to the provisions of paragraph (a).) Except as provided in paragraph (d) below, compute the amount of charges in accordance with the rates, rules and regulations of this tariff. Increase the amount so computed by five percent. Fractions will be disposed of in accordance with paragraph (e) below.

(d) The provisions of paragraph (c) will not apply to the split pickup or split delivery charges named in Items Nos. 160 and 170.

(e) Fractions of less than one-half cent shall be dropped; fractions of one-half cent or greater shall be increased to one cent.

◇ Increase, Decision No. 51688

EFFECTIVE AUGUST 1, 1955

Issued by the
PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
State Building, Civic Center
San Francisco, California

APPENDIX A

AppearancesFor Petitioner:

Arlo D. Poe, J. C. Kaspar, Robert D. Boynton, for California Trucking Assns., Inc.

Respondents:

Ralph W. Wooley, John E. Clinch, for Shippers Express Co.
 Lloyd R. Guerra, Richard C. Reid, for Western Truck Lines, Ltd.
 O. F. Marcantonio, T. G. Garland, for J. A. Nevis Trucking, Inc.
 Guy Warren for Warren Transportation Company
 Martin Busby for Stewart Drayage Lines.
 S. J. Muzio for Miles Motor Transport System.
 Marvin J. Colangelo for Minatta Transportation Co., T. Elmer Hight, Petro-Lum Inc.
 Harold F. Culy, for Culy Transportation Co., Inc.
 Merlyn F. Teskey, for Waterland Truck Lines.
 A. R. Reader for Desert Express
 Robert E. Crane for West Berkeley Express and Draying Co.
 Edward J. Hubber for Farnsworth & Euggles.
 B. E. Rowland for Willig Freight Lines.
 Leslie C. George, W. Scott Litcher for Leslie C. George Refrigerated Trucking.
 A. L. Demek for Railway Express Agency.
 Chas. W. Burkett, Jr., John M. Smith, for Southern Pacific Co., Pacific Electric Railway Co., Northwestern Pacific Railroad Co., Atchison, Topeka & Santa Fe Railway Co. and Union Pacific Railroad Co.
 Harold M. Hays for Intercity Transport Lines, Intercity Motor Lines.
 Joseph G. Landing for Western Transport Service.
 M. D. Savage, Sr., for Savage Transportation Co.
 Joseph Robertson for Highway Transport, Inc.
 Robert C. Ellis, Warren Coughlin for California Motor Express, Ltd., California Motor Transport, Ltd.
 J. B. Christenson for J. Christenson Co.
 Edward S. Waldie for Inter-Urban Express Corp.
 Bernard S. Morris for Morris Draying Company.
 George Kozomian for King's County Truck Lines.
 C. C. McAllen for Blankenship Motors.
 John C. Sutherland for Haslett Warehouse Co.
 H. J. Bischoff for Southern California Freight Lines, Southern California Freight Forwarders.
 Jack F. Kueper for Kellogg Express & Draying Co., Associated Freight Lines.
 E. J. McSweeney for Pacific Freight Lines, Pacific Freight Lines Express.
 Armand Karp for Callison Truck Lines.
 Thomas R. Dwyer for Delta Lines, Inc.
 R. D. Adams for Boulevard Transportation Co.
 Carl Albin for Rainbow Truck Co.
 William H. Alvarez for Watson Bros. Transportation Co., Inc.
 Leonard Andrews for Butane Transport Co.
 Joe Araiza for Santa Fe Transportation Company.
 M. Lee Astor for Torrance Van & Storage.

Respondents (Continued)

C. N. Bailey for California Cartage Company, Inc.
 James F. Bartholomew for Signal Trucking Service.
 Burton Truck and Transfer, by Steward R. Nescher.
 Ralph A. Cernuda for M and M Transfer Company.
 Philip V. Clarke for Sterling Transit Co., Inc.
 Ralph Collier for V. R. Anderson Truck Company.
 Joe Cousimano for Cousimano Truck Line.
 Howard L. Dorrington for Dorrington Express.
 E. W. Elliott for Coast Line Truck Service, Inc.
 J. G. Fitzhenry for Faxton Truck Company.
 Robert Howorth Fuller for Asbury Transportation Company.
 Fred H. Garlock for Marr Freight Transit, Inc.
 Samuel L. Gibson for Constructors Transport Company.
 Ed Goehringer for Intercity Truck & Delivery Service, Inc.
 Herbert J. Griley for Griley Security Freight Lines.
 C. R. "Dick" Hart for Chas. P. Hart Transportation Company, Inc.
 Geneva A. Hilliard for Hilliard Truck Line.
 Milton A. Hirsh, Jr., for Hasco Transportation Company.
 Carroll Hood for Peerless Trucking Company.
 Gordon Holben for San Diego Forwarding Express.
 H. B. Johnston, Jr., for Citizens Warehouse.
 Jackson W. Kendall for Bekins Van & Storage Company.
 Sam Lugash for Atomic Express.
 A. W. Merrifield for Merrifield Trucking Company.
 Charles Mulks for Pacific Transportation and Warehouse Co., Inc.
 Mrs. Margaret Murch for Jack O. Murch, dba American Transportation Company.
 Harry Novak for Los Angeles City Express.
 R. G. Olson for Progressive Transportation Company.
 Fred Pfahler for Los Angeles Transport & Warehouse Company.
 Albert J. Pierce for Wells Truckaways, Ltd.
 Chas. P. Pinckard for Belyea Truck Company.
 Benn W. Porter for Higgins Trucks, Inc.
 Floyd G. Powers for Airway Trucking Company.
 Elmer Randall, dba Truck Transport, for Truck Transport.
 George H. Robbins for Terminal Truck Lines.
 Becky Schnitzer for Schnitzer Trucking Company.
 Carl J. Schmidt, Jr., for Pacific Motor Trucking Company.
 O. H. Scott for J. A. Clark Draying Company.
 M. E. Smith for Real Transportation Company.
 C. V. Stadler for S & M Transfer & Storage Company.
 Morgan Stanley for Star Truck & Warehouse Company.
 A. W. Swanson for Crail Transportation Company, Frank L. Von Normann.
 E. H. Tormex for Russell Truck Company
 Paul D. Turner for Union Truck Company, Inc.
 Wm. J. Wilson for Pony Express.
 Harold E. Schiffner for Lacey Trucking Company.
 G. M. Somlyo for Victorville-Barstow Truck Line.
 W. E. Wales for Quick Service Transfer Company.
 Larry Weiland for Bulk Transport Co.
 Virgil B. Windle for San Diego Forwarding Company.
 Grove C. Lautzenhiser for Orange Empire Truck Lines, Inc. and Polar Lines, Inc.
 Walter Ernst for Ernst Transportation.

Interested Parties:

Jack P. Sanders for Cannery League of California, Gerber Products.
 W. M. Cheatham for Western Traffic Conference, Inc., Dohrmann Commercial Co.
 Eugene A. Read for Oakland Chamber of Commerce.
 W. G. O'Barr for Los Angeles Chamber of Commerce.
 Robert N. Lowry, Brobeck, Phleger & Harrison, for California Retailers Association.
 Cromwell Warner, Traffic Managers Conference of Southern California.
 A. E. Norrbom, Los Angeles Wholesale Institute.
 L. E. Osborne, C. S. Connolly, for California Manufacturers Assn.
 Leo V. Cox for Barclay Traffic Service.
 James M. Cooper for San Francisco Chamber of Commerce.
 W. F. McCann for Industrial Traffic Assn. of San Francisco, Johnson & Johnson.
 C. E. Nickerson for Pacific Coast Tariff Bureau & Interstate Freight Carriers Conference.
 Russell Bevans for Draymen Association of San Francisco.
 Marvin Handler, Daniel W. Baker, for Draymen Association of San Francisco, Draymen Association of Alameda County.
 Maurice A. Owens for Draymen Association of Alameda County.
 Harvey C. Noy, Kenneth J. Wion, for Ford Motor Co.
 Morton S. Colgrave for Potlatch Forests Inc.
 Allen K. Penttila for Sherwin Williams Co.
 E. R. Chapman for Foremost Dairies Inc.
 Phillip J. Ryan for Union Oil Co.
 William R. Walker for Autolite Battery Corp.
 Walter H. Eastham, Major, U.S.M.C., in propria persona.
 J. E. Myers, Durkee Famous Foods.
 Frank A. Small for Philadelphia Quartz Co. of California.
 Paul J. Wellnitz for Union Carbide & Carbon Corp.
 Lloyd W. Gragg for Kaiser Gypsum Co.
 James A. Schilpp for Kaiser Aluminum-Chemical Corp.
 Frank L. Merwin for Kaiser Steel Corp.
 W. R. Donovan for C & H Sugar Refinery Corp.
 Milton A. Walker, Harold A. Lincoln, for Fibreboard Products.
 J. R. McNicoll for E. J. Lavino & Co.
 D. Neher, W. H. Adams, for Shell Oil Co.
 Edward R. Fox for U. S. Naval Supply Center at Oakland.
 E. Nicholas Ferretta for Bethlehem Pacific Coast Steel Corp.
 A. F. Schumacher, P. N. Kujachich for Owens-Illinois Glass Co.
 Ernest J. Leach, J. L. Roney, for S & W Fine Foods, Inc.
 J. A. Sullivan for California Hardware Co.
 Rex M. Nielson for William Volker Co.
 R. H. Hackley for Libby, McNeill & Libby.
 George D. Amos for Certain-Feed Products Corp.
 Pete J. Antonino for Rheem Mfg. Co.
 Eugene C. Marlin for Purex Corporation, Ltd.
 A. E. Allen for Los Angeles Chamber of Commerce.
 Mr. and Mrs. I. Allen, Malibu Encinal.
 Bess E. Anderson, Traffic Manager, for Modglin Company.
 P. J. Arturo for Swift & Company.
 J. L. Beeler, Agent, for Southwestern Motor Tariff Bureau.
 Lester A. Bey for Wm. Volker and Company.
 Frank A.M. Eggleston, Traffic Manager, for J. W. Robinson Company.
 J. T. Enright and Waldo A. Gillette, for Monolith Portland Cement Company.

Interested Parties (Continued)

William J. Haener for Shell Oil Company.
Wayne E. Heaton for Bullock's.
William J. Knoell for Elmer Ahl-Pacific States Motor Tariff
Bureau.
John C. Lincoln for Products Research Company.
Douglas R. MacDonald for Butler brothers.
W. P. McLaughlin for May Company Department Stores.
L. C. Monroe for Union Oil Co. of California.
Robert C. Neill and J. C. Uhler for Sunkist Growers.
LTJG Charles B. Paul for Asst. Chief for Transportation, Bureau
of Supplies and Accounts, Navy Department.
Anton J. Re for Albrechts' Routing Guide.
C. G. Rickenbaugh for Radio Corporation of America.
A. L. Russell for Sears Roebuck and Company.
Barnett L. Schwartz for Broadway Dept. Stores-Division of
Broadway-Hales Corp.
Robert K. Wilson for Barker Bros. Corporation.

For the Commission Staff:

Wm. Roche and Grant Malquist.