

Decision No. 51922**ORIGINAL**

## 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 )	Case No. 5432
carriers and city carriers relating )	Petition for
to the transportation of general )	Modification No. 34
commodities (commodities for which )	(Rehearing)
rates are provided in Highway )	
Carriers' Tariff No. 2). )	

APPEARANCES

Edward M. Berol, Lewis Clark, and Arlo D. Poe for California Government Traffic Conference, petitioner.

Arlo D. Poe and J. C. Kaspar, for California Trucking Association, Inc., (formerly Motor Truck Association of California); L. E. Osborne, for California Manufacturers' Association; T.A.L. Loretz, Tariff Agent; J. L. Beeler, for Southwestern Motor Tariff Bureau; Maurice A. Owens, for Draymen's Association of Alameda County, Pacific Motor Tariff Bureau; H. L. Mathewson, for Pacific States Motor Tariff Bureau, Tank Truck Operators Tariff Bureau, and Elmer Ahl, Tariff Publishing Agent; A. F. Schumacher and P. N. Kujachich, for Owens-Illinois Glass Co., Pacific Coast Division; Jess E. Francis, for Continental Freight Lines; C. R. Nickerson, for Pacific Coast Tariff Bureau and T.A.L. Loretz, Tariff Agent; Harry Marioneaux, Marquam C. George and Walter Alves, for Alves Service Transportation; Harry Marioneaux and Walter Alves, for All-State Transportation Company; Harry Marioneaux, for J. A. Nevis Trucking, Inc.; Graeme Pexton, for Constructors Transport Co., Inc.; Harold F. Culy, for Culy Transportation Co., Inc.; E. J. Muzio, for Miles & Sons Trucking Service and Miles Motor Transport System; John W. Smith, for Southern Pacific Company and Pacific Motor Trucking Company; James E. Doyle, for Doyle Draying Co.; W. J. Pope, for Aetna Freight Lines; Peter Vinick, for Lodi Truck Service; S. A. Moore, for Permanente Cement Co.; and Leslie C. George for Leslie C. George, Refrigerated Trucking, interested parties.

Clement T. Mayo, Commerce Counsel, Bureau of Supplies and Accounts, Department of the Navy, for the Department of Defense and the Executive Agencies of the U. S. Government; and Earl S. Williams, for the Department of Finance of the State of California.

J. A. McCunniff and John W. Mallory, for the Commission's staff.

OPINION AND ORDER

On May 3, 1955, the Commission issued its order granting rehearing with respect to Decision No. 51047, issued January 25, 1955, herein. On August 16, 1955, and prior to the rehearing the Commission on its own motion issued Decisions Nos. 51831, 51832, and 51833 by reason of amendments to Section 530 of the Public Utilities Code to become effective September 7, 1955. Decision No. 51832 which cancelled the rule in Item 20 of Minimum Rate Tariff No. 2, allowing highway permit carriers to deviate from the minimum rates in connection with the transportation of property for the Armed Forces of the United States, is within the scope of this proceeding.

Public hearings were held before Examiner Cline at San Francisco on August 25, 1955. The matter was taken under submission subject to the filing on August 26, 1955, of a written request on behalf of the Department of Defense to postpone the effective date of Decision No. 51832 and a written request on behalf of Alves Service Transportation to extend the effective date of Decisions Nos. 51831 and 51832. On August 26, 1955, the Department of Defense filed a petition herein to postpone the effective date of Decision No. 51832, and Alves Service Transportation filed a petition for rehearing and extending of effective date of Decisions Nos. 51831 and 51832.

At the hearing the representative for the petitioner, California Government Traffic Conference, stated that nothing further would be offered as Decision No. 51832 satisfactorily handled the matter with which the California Government Traffic Conference had been concerned.

The representative for the Department of Defense stated that in his opinion the minimum rates established in Minimum Rate Tariff No. 2 are not appropriate for the movement of traffic for the Armed Forces of the United States, and unless satisfactory rates for such traffic could be established on an interim basis before September 7, 1955, the effective date of Decision No. 51832 should be extended.

The presiding examiner properly ruled that requests for authorization to establish reduced rates for the United States pursuant to Section 530 of the Public Utilities Code, as amended, would be outside the scope of this proceeding and should be the subject of separate petitions. The Department of Defense has requested the Commission to postpone the effective date of Decision No. 51832 for a period of 90 days or until: (a) acceptable rate publications of permitted carriers setting forth the actual rates to be charged the Government can be formulated, and (b) reasonable and acceptable carrier tenders can be negotiated to fit the Government traffic pattern, which are acceptable to this Commission.

The petition of Alves Service Transportation requests that the effective date of Decision No. 51832 be extended for a period of 90 days.

No one opposed the requests for extension of the effective date of Decision No. 51832. However, the representatives for petitioner and the California Manufacturers' Association urged that the Commission grant any request for extension of the effective date of Decision No. 51832 only after careful and thorough consideration.

As grounds for the extension of the effective date the Department of Defense in its petition stated:

1. The Department of Defense is one of California's largest shippers.
2. In many instances military installations are outside the immediate boundaries of the commercial zones of large industrial centers. Rates available to commercial shippers in such commercial zones are not available in many instances for the movement of military traffic emanating from and destined to military installations.
3. If Decision No. 51832 is permitted to go into effect as scheduled on September 7, 1955, it will have a tremendous impact on the movement and distribution of traffic for the Armed Forces and will create chaotic conditions in the movement of such traffic.
4. Military traffic is not a burden on commercial traffic.

5. The Department of Defense favors reasonable rates on a stabilized basis. Class rates are not proper under all circumstances for the movement of military traffic. Military traffic often moves in sufficiently large quantities to entitle it to commodity rates.

6. Rate quotations of carriers for the account of the Armed Forces should be filed with this Commission.

7. The military department should have available to it flexible rate adjustment machinery.

8. In order that military traffic can continue to move by permitted carriers, it is essential that rates of permitted carriers continue to be in written form and to be filed with the Governmental Agencies.

9. The Department of Defense is conducting negotiations with California tariff agencies to modify rate tenders in such a manner as to make them acceptable to the Department of Defense and it is believed that differences can be resolved within a relatively short time. Until such time as mutually acceptable tenders are negotiated, the Government is opposed to Decision No. 51832 becoming effective.

10. If Decision No. 51832 becomes effective September 7, 1955, after said date and until acceptable permitted carrier tenders are formulated and, where necessary, approved by this Commission, military traffic of necessity will have to be transported by common carriers regardless of the adequacy or inadequacy of their services and the reasonableness of their traffic rates.

At the hearing the representative for the Department of Defense stated that in the opinion of the Department of Defense reparations might be recovered from common carriers for certain military shipments handled at minimum rates or higher, whereas no such reparations could be recovered in similar circumstances from permitted carriers.

After careful consideration of the record the Commission is of the opinion and finds that the effective date of the elimination from Minimum Rate Tariff No. 2 of the rule in Item 20 permitting transportation for the Armed Forces at free or reduced rates should be extended to December 5, 1955, in order to give the carriers and their tariff publishing agents reasonable opportunity to negotiate rate tenders mutually satisfactory to themselves and to the Department of Defense and, where necessary, to seek authority from this Commission to establish such rate tenders as their lawful rates pursuant to



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Cancels  
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MINIMUM RATE TARIFF NO. 2

Item No.	SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)
*20-E Cancels 20-D and 20-C	<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 Carrier 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>(1) 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 sub-haulers 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> <p>*(1) The provisions of this paragraph are canceled effective December 5, 1955.</p>
* Change, Decision No. 51922	
EFFECTIVE SEPTEMBER 6, 1955 (Except as otherwise provided.)	
Issued by the Public Utilities Commission of the State of California, San Francisco, California.  Correction No. 674	