

Decision No. 52102**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 J. A. CLARK DRAYING COMPANY, LTD.,)
 a corporation, for authority under)
 Section 3666 of the Public Utilities)
 Code to apply unit rates published in)
 Item 430 Series, City Carriers')
 Tariff No. 4, Highway Carriers')
 Tariff No. 5, outside Los Angeles and)
 Orange Counties, at specified points.)

Application No. 36989

Arthur H. Glanz, for applicant.O P I N I O N

Applicant is a California corporation engaged in the business of transporting property as a common and as a contract carrier. By this application, as amended, it seeks authority to charge different rates than the minimum rates which apply to certain contract transportation which it performs for The Sperry and Hutchinson Company, a national distributor of merchandise used in sales promotional activities.

Public hearing in the application was held before Examiner C. S. Abernathy, at Los Angeles, on August 5, 1955. Evidence was submitted by applicant's transportation superintendent and by the warehouse manager of The Sperry and Hutchinson Company.¹

The transportation involved herein consists of the delivery of assorted merchandise from a Los Angeles warehouse of Sperry-Hutchinson to branch stores which the company maintains in the cities

¹ For convenience The Sperry and Hutchinson Company will at times be referred to hereinafter as Sperry-Hutchinson.

of Santa Barbara, Ventura, San Diego, Ontario, Riverside, Redlands, and San Bernardino. The minimum rates applicable to this transportation are those which are named in Minimum Rate Tariff No. 2. These rates are stated in cents per 100 pounds and vary with the classification of the commodities transported, the weights of the shipments, and the lengths of haul. The rates that applicant seeks to charge are certain monthly rates corresponding to those which apply as minimum under specified conditions for transportation within Los Angeles and Orange counties.² Applicant states that it has been charging the monthly rates for transportation which it has been performing for Sperry-Hutchinson within Los Angeles and Orange counties; that the transportation to the points named above is of the same character as that which is being performed under the monthly rates and involves no different cost factors; that the assessing of rates on a monthly basis relieves applicant of the necessity of rating and billing each shipment, thereby permitting reductions in clerical expense; that lesser supervision of the vehicle movements is required where transportation is performed at the monthly rates; and that experience in transporting the Sperry-Hutchinson shipments at the monthly rates shows that the resulting revenues average about 10 per cent more than the revenues that accrue under the rates in Minimum Rate Tariff No. 2.

The manager of the Los Angeles warehouse of Sperry-Hutchinson supported the application for two main reasons. Most

² The sought rates are set forth in Column 3 of Item No. 430 Series of Minimum Rate Tariff No. 5. These rates specify the charges to be made per unit of carrier's equipment used in the transportation of freight, regardless of classification, during a period of 21 successive days. Although applicant is seeking authorization to assess the unit rates in effect at the present time, its proposal contemplates that the authorized rates will conform to such revisions as may be made in the unit rates in Minimum Rate Tariff No. 5 while the authority is in effect.

important he testified, is that his company is confronted with operating difficulties stemming from the fact that its warehouse facilities are being utilized to practical capacity in the storage and handling of the more than 2,000 different articles of merchandise which the company distributes. He said that the use of truck facilities on the monthly basis enables Sperry-Hutchinson to obtain a greater efficiency in the movement of its goods and thereby to reduce the congestion in its warehouse. He said, furthermore, that because of the number and diversity of the items of merchandise involved the checking of freight charges upon the basis of the applicable classification and weights of the shipments requires an excessive amount of time. He declared that for these reasons his company deems the employment of transportation facilities on a monthly basis to be essential to its operations and that in the event it is not able to have its transportation requirements so met by for-hire facilities it will transport its own shipments by leased equipment.

No one appeared in opposition to granting of the application.

The record is clear that applicant's purpose herein is to apply to all of the transportation which it performs for Sperry-Hutchinson a basis of rates which has proved satisfactory to itself and to Sperry-Hutchinson alike; that the sought basis of rates will enable applicant and Sperry-Hutchinson to attain operating economies and efficiencies which they are not able to realize under the rates which apply at present; that the conditions and circumstances applicable to the transportation involved herein are generally the same or not less favorable than the conditions and circumstances which apply to like transportation within Los Angeles and Orange counties; and that the sought rates will return revenues as great as or greater than those which accrue under currently applicable

provisions of Minimum Rate Tariff No. 2. In the circumstances the Commission is of the opinion and finds the monthly rates which applicant proposes to assess have been shown to be reasonable for transportation which applicant is performing for Sperry-Hutchinson from that company's warehouse in Los Angeles to destinations in Santa Barbara, Ventura, San Diego, Ontario, Riverside, Redlands and San Bernardino. The application will be granted. Inasmuch as the conditions which justify the granting of the authority may change at any time the authority will be limited in duration to one year.

As has been indicated hereinabove, applicant's operations are conducted both as a common carrier and as a contract carrier. Applicant stated that in the event that its request herein is granted it would amend its operating authority to limit its common carrier holding out so that there would be no conflict between its common carrier and its contract carrier operations.³ Exercise of the authority hereinafter granted will be conditioned upon applicant's filing with the Commission an appropriate limitation of its common carrier operative authority as indicated. Applicant is placed on notice that transportation which it may perform contrary to this limitation shall be deemed cause for revocation of the authority herein granted.

O R D E R

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

³ Section 3542 of the Public Utilities Code states that: "No person or corporation shall engage in the transportation of property on the public highway both as a common carrier and as a highway contract carrier of the same commodities between the same points."

IT IS HEREBY ORDERED that J. A. Clark Draying Company, Ltd., be and it is hereby authorized to deviate from the provisions of Minimum Rate Tariff No. 2 to the following extent: To apply as minimum rates, rules and regulations for transportation which said company performs for The Sperry and Hutchinson Company between Los Angeles, Santa Barbara, Ventura, San Diego, Ontario, Riverside, Redlands and San Bernardino the unit rates, rules and regulations prescribed in Section 5 of Minimum Rate Tariff No. 5 (and in effect at time of shipment) for the transportation of freight by the use of carrier's equipment during periods of twenty-one successive days.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire one year after the effective date of this order unless sooner canceled, changed, or extended by order of the Commission.

IT IS HEREBY FURTHER ORDERED that any transportation performed by applicant as a common carrier of the same commodities between the same points shall be cause for revocation of the authority herein granted.

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

Dated at San Francisco, California, this 18th day of October, 1955.

John E. ...
President
Justice F. ...
Paul ...
...
...
Commissioners