

Decision No. 532S3**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 carriers and city  
 carriers relating to the transportation  
 of property in Los Angeles and Orange  
 Counties (transportation for which rates  
 are provided in City Carriers' Tariff  
 No. 4 - Minimum Rate Tariff No. 2).

Case No. 5432

Petition for Modification  
No. 65

Ralph S. Schmidt and Jack E. Moore, for  
 Monrovia Chamber of Commerce, petitioner.  
Arlo D. Poe, J. C. Kaspar, and James Quintrall,  
 for California Trucking Associations, Inc.,  
 interested party.  
Norman B. Haley and Rudolph A. Lubich, for  
 the staff of the Public Utilities Commission  
 of the State of California.

SUPPLEMENTAL OPINION

By petition filed July 27, 1955, and amendment thereto filed October 10, 1955, the Chamber of Commerce of the City of Monrovia seeks revision of Minimum Rate Tariff No. 2 in order to bring about elimination of a differential in rates which exists between the minimum rates that apply for the transportation of general commodities between Monrovia and the San Francisco and Sacramento Territories on the one hand and the minimum rates for similar transportation between the Los Angeles Territory and the San Francisco and Sacramento Territories on the other hand.<sup>1</sup> At present the rates to and from Monrovia are approximately 15 to 30 per cent higher than the rates to and from the Los Angeles

<sup>1</sup> The Los Angeles Territory is a defined area consisting generally of that portion of Los Angeles County lying between the San Gabriel Mountains on the north, the Pacific Ocean on the south, Sepulveda Boulevard, Sunset Boulevard and the Pacific Ocean on the west, and State Highway No. 19 (Rosemead/Lakewood Boulevard) on the east. The City of Monrovia is approximately two to five miles east of State Highway No. 19.

Territory. Petitioner alleges that this differential in rates is unduly discriminatory against shippers and receivers of freight in and about Monrovia. It requests that the Los Angeles Territory be extended to include Monrovia and contiguous areas so that the differential no longer will apply.<sup>2</sup> In support of its allegations petitioner states that as a consequence of growth in population and industry during the past 15 years transportation to and from Monrovia is now subject to identical characteristics as those which apply to transportation to various localities in the Los Angeles Territory. It points out that the territory was recently enlarged by order of the Commission (Decision No. 51249, dated March 29, 1955, in Case No. 5432) to include the communities of El Monte, Whittier and Downey. Assertedly, the same circumstances apply to transportation to and from Monrovia as to and from these communities.

On January 17, 1956, subsequent to the sending of notice to persons and organizations believed to be interested, public hearing on the matters involved in this petition was held before Examiner C. S. Abernathy at Monrovia. Evidence on petitioner's behalf was submitted by the president and by the manager of the Monrovia Chamber of Commerce, by several manufacturers in Monrovia who ship to the San Francisco and Sacramento areas, and by a traffic consultant. Evidence in opposition to the petition was presented by a witness for the California Trucking Associations, Inc. A representative of the Commission's staff made certain recommendations concerning the boundaries of the Los Angeles Territory should it be enlarged as sought.

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<sup>2</sup> The contiguous areas are those to the west and south of Monrovia. They include the City of Arcadia and the unincorporated community of Temple City.

According to testimony which was presented by petitioner's officers, during the past 15 years the population of Monrovia has increased from approximately 13,000 persons to 26,000 persons; the number of industries in the city has increased from 15 to 115; a continued growth in population and industry is anticipated; and adjustment of the minimum rate provisions as herein sought would assist in Monrovia's further development. The shipper witnesses presented testimony to show that the rate differential involved herein is a source of disadvantage to them in the marketing of their products in the San Francisco Bay area in competition with manufacturers of like products who are located in the Los Angeles Territory. The traffic consultant submitted numerous mileage comparisons to show that Monrovia is virtually the same distance from San Francisco and Sacramento as various other shipping points which are located in the Los Angeles Territory and which, for that reason, enjoy the lower rates that apply from the territory. He asserted that from a standpoint of service by the carriers, Monrovia is nearer to where many of the carriers' Los Angeles terminals are located than are numerous other shipping points in the Los Angeles Territory and as a consequence can be served by the carriers more easily than can other of said shipping points.

Granting of the petition was opposed by the California Trucking Associations, Inc., on the grounds that the difference in rates which petitioner assails does not necessarily constitute unreasonable discrimination and that the minimum rate provisions should not be modified as proposed without giving consideration to the effect that the changes would have upon the carriers' revenues and costs and upon the level of the rates to and from the Los Angeles Territory. The associations' director of research said that the extension of the territory as sought would not only result

in reductions in the carriers' rates to and from the Monrovia area but to and from points to the south and east of Monrovia as well for the reason that the rates to and from the latter points are based in part upon the rates to and from the present boundaries of the territory. In the matter of costs, the witness submitted results of studies of the carriers' performance and costs in picking up and delivering freight within various distances from Los Angeles to show that service in the Monrovia area is more costly than similar service in a large part of the Los Angeles Territory. He said that experience of the carriers in serving the extended territory into El Monte, Whittier and Downey pursuant to Decision No. 51249, supra, shows that the service in those areas is being performed at a higher level of costs. He declared that extension of the Los Angeles Territory to include areas which can be served only at higher costs to the carriers will require the ultimate assessment of higher charges to all shippers and receivers of freight in the territory. With respect to petitioner's showing of similarity in the distances between San Francisco and Monrovia and between San Francisco and points in the Los Angeles Territory, the research director pointed out that in the initial establishment of the territorial rates involved herein the Commission rejected the principle that the distance factor should be the controlling consideration in granting extensions of the rates.<sup>3</sup>

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<sup>3</sup> In commenting in its decision upon the distance factor as principal basis for sought extensions of the territorial rates, the Commission stated that "the rates are sensitive to several factors other than distance. If distance were to be taken as the sole guide, and gradual extensions ... as ... sought were granted, eventually only the state boundaries would limit the distance for which application of the ... rates would be sought." Decision No. 31606, 41 C.R.C. 671,692 (1938).

The territorial rates between the San Francisco and Sacramento Territories on the one hand and the Los Angeles Territory on the other hand are exceptions to the distance rates which otherwise apply as reasonable minimum rates for the transportation of general commodities throughout the state. The lower territorial rates reflect lower transportation costs stemming from a heavy volume of movement between the territories and a relatively even distribution of the tonnage as between the northbound and southbound movements. In view of the factors upon which the territorial rates are based, it is evident that in a matter involving extension of the rates from and to additional points of origin or destination a primary consideration is whether the sought extensions are justified by a similarity in costs and transportation conditions applicable to the service from or to those points. Petitioner's showing herein affords little basis for concluding that the conditions and costs applicable to transportation between Monrovia and the San Francisco and Sacramento areas are so similar to those applicable to the movements from or to the Los Angeles Territory that the territorial rates reasonably may be extended to Monrovia. The showing of similarity in the distances between San Francisco and Monrovia and between San Francisco and various points in the Los Angeles Territory does not of itself establish a similarity in transportation conditions. The data which were supplied concerning the volume of the shipments from Monrovia to the San Francisco and Sacramento Territories does not show that the total movements both from and to Monrovia are of sufficient volume and regularity to result in average transportation costs reasonably corresponding to those to and from the Los Angeles Territory. Although petitioner asserted that transportation conditions in the Monrovia area are of such similarity to those in and about the adjacent community of El Monte as to justify, with

respect to the instant matter, action similar to that taken in Decision No. 51249, it is concluded from the record herein developed, including the fact that no showing was made by petitioner concerning transportation to and from Arcadia and Temple City, that the allegations in this respect have not been substantiated. In consideration of the record as a whole, it is concluded and found that petitioner's allegations of undue discrimination have not been proved and that extension of the Los Angeles Territory to include Monrovia and adjacent areas has not been shown to be reasonable and justified. The petition will be denied.

O R D E R

Based on the evidence and on the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Petition No. 65 filed in this proceeding by the Monrovia Chamber of Commerce be, and it hereby is, denied.

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

Dated at San Francisco, California, this 26<sup>th</sup> day of June, 1956.

John E. Mitchell  
President  
Justus J. Calver  
Paul T. Tuten  
Henry L. Cook

Commissioners

Commissioner Rex Hardy, being necessarily absent, did not participate in the disposition of this proceeding.