

ORIGINAL

Decision No. 55300

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA FREIGHT LINES, a)
corporation, and SOUTHERN CALIFORNIA)
FREIGHT FORWARDERS, a corporation,)
for authority to increase rates now)
published in Southern California)
Freight Forwarders Local and Joint)
Freight and Express Tariff No. 4,)
Cal. P.U.C. No. 4, within the proposed)
shortline territory.)

Application No. 38289
First Supplemental

H. J. Bischoff, for applicants.

Arlo D. Poe, J. C. Kaspar and James Quintrall,
for California Trucking Associations, Inc.,
interested party.

R. A. Lubich and John F. Specht, for the staff of
the Public Utilities Commission of the State of
California.

INTERIM OPINION

Southern California Freight Lines and Southern California Freight Forwarders are common carriers of property between various points within California south of and including the cities of San Francisco and Sacramento. By this supplemental application they seek authority to establish, on less than statutory notice, increased charges for transportation within a portion of their service area designated as "Short Line Territory" in their Local and Joint Freight and Express Tariff No. 4, Cal. P.U.C. No. 4. This territory is the area lying generally south of the boundary of Santa Barbara and Ventura Counties and north of a line through San Clemente, Temecula and Palm Springs.

The rate increases which applicants seek would apply to shipments of 700 pounds or less when fewer than 50 shipments (of any size) are tendered in one calendar week by one shipper at one point of origin in short line territory. These increases are similar to those which applicants sought in the original phase of this proceeding and which were granted on a modified basis by Decision No. 54274, dated December 18, 1956.^{1/} Based upon the showing which was made in that matter, the Commission authorized increases amounting to about 60 percent of those proposed. Applicants now allege that the rate increases which they established under Decision No. 54274 have not returned the additional revenues which were anticipated; that further analysis of their expenses of operating within short line territory has disclosed that the expenses are much higher than originally believed, and that their operations within the territory are being conducted at a substantial loss. Examples of the rates and charges which applicants are now assessing for transportation of shipments of 700 pounds or less within short line territory, and of the rates and charges which they are seeking to establish, are set forth in Appendix "A" attached hereto.

Public hearing of the application was held before Examiner C. S. Abernathy at Los Angeles on May 15, 1957.

Evidence in support of the proposals was presented by applicants' president and by their vice president. The vice

^{1/} In their original proposals applicants also sought certain revisions in their tariff regulations governing the split pickup or split delivery of shipments. These matters were continued to a date to be set and are still pending.

president witness submitted and explained data designed to show the results of operations in short line territory under present rates and the additional revenues which would accrue under the sought rates. Applicants' president submitted data relating to his companies' total operations and he testified concerning the general considerations upon which the instant proposals are based.

The data which were presented by the vice president cover analyses of (a) the weight and number of shipments (and the revenue therefrom) which were handled over applicants' terminals in Los Angeles for delivery within short line territory on April 15 and 16, 1957; (b) applicants' pickup and delivery performance within short line territory on those days; (c) the total revenues and expenses applicable to short line services performed in and about the City of Los Angeles on the same days; and (d) various performance data covering drivers' costs, dock performance costs, and billing and collecting costs. The estimates of the additional revenues under the sought rates were computed by applying such rates to shipments which were transported on two selected days. Assertedly, the various services upon which the analyses and data were developed were performed under circumstances and conditions which are representative or are not less favorable than those applying to short line services generally. According to the data which were presented by the vice president, applicants' short line operations are resulting in losses as indicated by an operating ratio of approximately 120 percent. He estimated that the increases in revenue under the sought rates would not exceed 13 percent and that the short line operations would continue to be unprofitable even under the higher rates.

Applicants' president testified to the effect that losses from his companies' services within short line territory are of such magnitude as to jeopardize applicants' entire operations.^{2/} He said that the sought increases have been designed to reduce the losses as much as possible without undue diversion of traffic to other carriers; that in a sense they should be considered as interim adjustments pending determination of what further adjustments should be made in applicants' rates to restore their operations to a profitable level. Such adjustments, he stated, depend in part upon the Commission's action on investigations in progress of the statewide minimum rates for the transportation of general commodities.

Discussions, Conclusions and Findings

Applicants' proposals herein should be viewed in the perspective of the showing which was made in connection with the rate increases that were authorized by Decision No. 54274, supra. In that proceeding it was developed that small shipments (shipments of 700 pounds or less) constitute the preponderance of applicants' traffic within short line territory and that the transportation of such shipments involve particular problems and costs which were found to justify rate increases therein proposed.

^{2/} According to financial statements which were submitted in connection with this matter, applicants' total carrier operations for the year 1956 resulted in a net operating loss of \$315,867; their operations during the first 3 months of 1957 resulted in a loss of \$141,500. The equivalent operating ratios are 103.57 percent and 106.15 percent, respectively. Balance sheet figures as of the close of 1956 show applicants' combined net worth as (\$36,113).

As Decision No. 54274 indicates, the rate increases were experimental in nature; they were evolved to meet the special circumstances confronted by applicants and were departures from the rates which are generally maintained by other carriers in California.

Applicants appear in the present phase of this proceeding with the background of experience under the rates authorized by Decision No. 54274 underlying their present proposals. In view of such experience and the further delineation of their revenue requirements, it appears that applicants have substantiated their alleged need for the sought increases, extensions and other revisions in the rates authorized by Decision No. 54274. As has been previously noted, the additional revenues under the sought rates will not be sufficient to restore applicants' short line operations to a profitable basis. Applicants seek increases in order to reduce their losses until their rate structure as a whole can be appraised in conjunction with revisions in the minimum rates applicable to carriers generally.

Establishment of the rates and charges as proposed will involve departures from the long and short haul provisions of the Public Utilities Code and of the State Constitution. It appears that the rates and charges are subject to the same circumstances as those which were found to justify authorization of departures from said provisions in connection with the rates and charges authorized by Decision No. 54274. Authority which was requested by applicants to depart from the long and short haul provisions in the establishment of the rates should be authorized. Applicants also requested that they be authorized to publish and make effective the sought rates on less than statutory notice. In view of

applicants' present losses, and the need shown to minimize these losses, this request should be granted also.

Upon careful consideration of the record in this matter the Commission is of the opinion and finds as a fact that the increases in applicants' rates and charges and the other changes in their rules and regulations which are sought in this First Supplemental Application in the above-numbered proceeding have been shown to be justified. The application will be granted.

INTERIM ORDER

Based on the evidence and on the conclusions contained in the preceding opinion,

IT IS HEREBY ORDERED that Southern California Freight Lines and Southern California Freight Forwarders be and they hereby are authorized to amend their Local and Joint Freight and Express Tariff No. 4, Cal. P.U.C. No. 4, on not less than five days' notice to the Commission and to the public, as follows:

1. To revise the first full paragraph of Rule A-1 of the aforesaid Local and Joint Freight and Express Tariff No. 4, Cal. P.U.C. No. 4 to provide as follows:

"Shipments of more than 100 pounds but less than 700 pounds shall be handled at the class or commodity rates applicable thereto but the total transportation charge per shipment shall not be less than the applicable minimum charge for a shipment of 100 pounds. When fewer than 50 shipments of any weight are tendered in one calendar week by one shipper at one point of origin in Short Line Territory for transportation by Southern California Freight Lines and/or Southern California Freight Forwarders, shipments of more than 100 pounds but less than 700 pounds which include commodities classified as first class or higher shall be assessed a surcharge of

100 cents per shipment, and shipments of more than 100 pounds but less than 700 pounds which are classified as second class or lower or which are transported under commodity rates shall be assessed a surcharge of 84 cents per shipment. Two or more shipments received at one time from one shipper at one point of origin to one consignee at one point of destination shall be counted as one shipment. Each component part of a split pickup or a split delivery shipment shall be counted as one shipment. The foregoing provisions shall be subject to Item No. 20-Q (c) series."

2. To amend paragraph (f) of Item 140-AE of said tariff to establish the following charges and provisions to apply for transportation by Southern California Freight Lines and/or Southern California Freight Forwarders, said charges and provisions to apply in lieu of the corresponding charges and provisions in said item which are currently applicable:

Weight of Shipment (in pounds)		Minimum Charge (dollars)	
Over	But Not Over	Column B (See Note 1)	Column C (See Note 1)
0	25	\$ \$1.25	\$1.00
25	50	1.60	1.35
50	75	1.85	1.60
75	100	2.10	1.85
100	-	(See Note 2)	(See Note 2)

Column A. Applies, regardless of classification, when more than 50 shipments of any weight are tendered in one calendar week by one shipper at one point of origin in the Short Line Territory (See Rule No. 222).

IT IS HEREBY FURTHER ORDERED that Southern California Freight Lines and Southern California Freight Forwarders be and they hereby are authorized to depart from the provisions of Section 21 of Article XII of the Constitution of the State of California and of Section 460 of the Public Utilities Code to the extent necessary to establish the charges herein authorized.

The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

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

Dated at San Francisco, California,
this 22nd day of July, 1957.

Raymond J. Frenier President
Walter D. Doherty
R. H. Hedges
S. Lynn Fox Commissioners

Examples of Present and Proposed Charges per ShipmentA. Shipments subject to minimum charges

Weight of Shipment (in pounds)	Present Charges			Proposed Charges		
	(a)	(b)	(c)	(d)	(e)	(f)
25	\$.90	\$1.10	\$.95	\$.90	\$1.25	\$1.00
50	1.02	1.35	1.20	1.02	1.60	1.35
75	1.21	1.60	1.45	1.21	1.85	1.60
100	1.38	1.80	1.65	1.38	2.10	1.85

B. Shipments subject to rates per 100 pounds

Weight and Class of Shipment	Present Charges		Proposed Charges	
	(a)	(g)	(d)	(h)
200 pounds				
1st class	\$ 3.08	\$ 3.68	\$ 3.08	\$ 4.08
3d class	2.46	2.96	2.46	3.30
400 pounds				
1st class	6.16	6.76	6.16	7.16
3d class	4.93	5.43	4.93	5.77
600 pounds				
1st class	9.24	9.84	9.24	10.24
3d class	7.39	7.89	7.39	8.23
699 pounds				
1st class	10.77	10.78	10.77	10.78
3d class	8.61	8.62	8.61	8.62

- (a) Applies, regardless of classification, when more than 25 shipments or when more than 10 shipments (each weighing 200 pounds or more) are tendered in one calendar week by one shipper at one point of origin in Short Line Territory for transportation by Southern California Freight Lines and/or Southern California Freight Forwarders.
- (b) Applies to shipments which include commodities subject to classification ratings of first class or higher and which are not subject to the provisions of paragraph (a).
- (c) Applies to shipments which are subject to classification ratings of second class or lower or are transported at commodity rates and which are not subject to the provisions of paragraph (a).
- (d) Applies, regardless of classification, when more than 50 shipments are tendered in one calendar week by one shipper at one point of origin in Short Line Territory.
- (e) Applies to shipments which include commodities subject to classification ratings of first class or higher and which are not subject to the provisions of paragraph (d).
- (f) Applies to shipments which are subject to classification ratings of second class or lower or are transported at commodity rates and which are not subject to the provisions of paragraph (d).
- (g) Applies to shipments which are not subject to the provisions of paragraph (a).
- (h) Applies to shipments which are not subject to the provisions of paragraph (d).

Note: The charges shown herein under Section B are for transportation for a distance of 35 constructive miles.

(End of Appendix)