57159 Decision No.

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 motor vehicles and ) related items (commodities for which ) rates are provided in Minimum Rate Tariff No. 12).

Case No. 5604 Petition for Modification No.1

ORIGINAL

A. D. Poe and J. C. Kaspar, for California Trucking Associations, Inc., petitioner. <u>Alec Parnie</u>, for Dealers Transit, Inc.; <u>Albert A. Ammon</u>, Automobile Transport of California; <u>Curtis Wingett</u> and <u>Calhoun E. Jacobsen</u>, for Imported Auto Transport; Jack Wigholm, for Civic Center Transport Service; <u>Albert E. Daniel</u>, for Insured Transporters, Inc., respondents.

<u>A. L. Loretz</u>, for himself; <u>A. E. Norrbom</u>, for Cal-Sales, Inc., Citroen Cars Corp., Competition Motors Dist. Co., Peter Satori Co., Ltd., Rootes Motors Inc., Chas. H. Hornburg, Jr., Renault Automobile Sales, John Green Corp., Earle C. Anthony, Inc., Fadex Western Motors, Inc., and Gough Industries, Inc., interested parties. <u>G. L. Malquist</u>, for the Commission staff.

### <u>O P I N I O N</u>

Minimum rates, rules and regulations for the transportation of motor vehicles and related items in secondary movement by truckaway service are set forth in Minimum Rate Tariff No. 12. Said rates were established by the Commission in its Decision No. 50212, dated June 24, 1954, in Case No. 4808 and have not been revised or adjusted since that date.

By petition, the California Trucking Associations, Inc., avers that the aforesaid minimum rates and charges are now, and will be in the future, unreasonably low, and that an immediate twelve percent increase is necessary to bring the rates and charges to a reasonable level, as required by law.

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Public hearing was held on the petition on July 1, 1958, before Examiner Jack E. Thompson at San Francisco. Evidence having been adduced, the matter was taken under submission and is now ready for decision.

Some eighty persons or corporations subscribe to Minimum Rate Tariff No. 12. According to the testimony of an employee of petitioner's division of research, many of those parties do not engage in the transportation of motor vehicles, and the preponderance of carriers engaged in the transportation of motor vehicles conduct operations in the initial movement of automobiles and transport vehicles in interstate commerce to a greater extent than the intrastate hauling of automobiles by truckaway in secondary movement. Only the latter type of operation and the transportation in interstate commerce within a commercial zone are subject to the rates, rules and regulations prescribed in Minimum Rate Tariff No. 12.

The accountant employed by petitioner's division of research presented a summary of the income statements for the years 1955, 1956, and 1957 of six carriers engaged in truckaway service. He testified that the six carriers transport the major portion of traffic subject to Minimum Rate Tariff No. 12. The summary indicates the following operating ratios after income taxes for the years shown.

	Operating Ratios	in Percent	
Carrier	1955	1956	<u>1957</u>
A B C D E F Combined:	99.51 93.69 94.76 91.74 (1) 106.28 98.61	99.25 102.36 101.48 101.82 122.83 110.01 101.07	99.07 99.45 99.19 101.64 115.56 (2) 100.24

Not in operation.
 Not reported.

According to the witness, a substantial portion of the traffic transported by these carriers comprises interstate commerce

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and the initial movement of automobiles in intrastate commerce. It is of record that the rates maintained for interstate movement have been increased several times since 1954 and that the present interstate rates are over 20 percent higher than those in effect in 1954.

The gross operating revenue of Carrier A is over one half of the total gross operating revenue of all six carriers. Its principal operation is in the initial movement of automobiles. Only ten percent of its transportation revenues is derived from traffic subject to Minimum Rate Tariff No. 12. In June, 1956, this carrier increased its rates for the initial movement of automobiles by six percent. Effective March 24, 1958, it further increased those rates by ten percent. For distances up to about 325 miles, its present rates for a minimum of five vehicles on initial movements exceed the minimum rates subject to a minimum of four vehicles on secondary movements.

Petitioner introduced as Exhibit No. 1-2 a report prepared by an employee of its division of research on a study of the cost of transporting automobiles in secondary movement by truckaway service within California. The report is in the same format as the cost study prepared by the Commission's staff, which was received in evidence in Case No. 4808 on May 27, 1954, as Exhibit No. 1172. This latter exhibit was used in determining the level of rates established by the Commission in Decision No. 50213. A comparison of the two cost studies discloses that the cost estimates in Exhibit No. 1-2 range between 9.5 percent and 18.9 percent higher than the corresponding estimates in Exhibit No. 1172. A comparison of the factors used in the respective cost analyses follows:

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Cost Factor	Exhibit No.1172	Exhibit <u>No. 1-2</u>	Percent Increase
Total Labor Cost Per Hour: Short-Line Driver Long-Line Driver	\$2,203 2,318	\$2,679 2,729	21.6 17.7
Equipment Depreciation Per Annum	\$ 618	\$1,039	68.1
Taxes and Licenses Per Annum	\$ <sup>-</sup> 175	\$ <b>3</b> 77	115.5
Running Cost Per Mile: Gasoline and Oil Tires Maintenance and Repairs	\$ .048 .015 .040	\$ .053 .019 .059	10.5 26.7 49.5
Load Factor (No. Vehicles): 75 Miles or Less Over 75 Miles	1.70 2.35	1.98 2.43	16.5 3.4
Gross Revenue Expense (Percentage): B. E. Tax and P.U.C. Fee Insurance	3.25 6.0	1.75 4.40	$\begin{pmatrix} 1\\1 \end{pmatrix}$

(1) A net reduction in Gross Revenue Expense of 3.1 percent.

Other than the foregoing, the cost factors such as performance in loading and unloading, use-factor hours per annum, speed enroute, allowances for circuitous routing, and the ratio of indirect expenses to direct expenses are the same in both exhibits.

The total labor cost per hour was developed from the wage rates and fringe benefits set forth in labor agreements in effect April 30, 1958. There was testimony that, since that date, negotiations with various unions of the Brotherhood of Teamsters have resulted in increases in wages and benefits.

The increase in the depreciation expense is wholly attributable to the rise in the cost of equipment. The accountant used a service life and a ratio for salvage value that were the same as those used by the Commission's staff in Exhibit No. 1172. The taxes and license expense and the running cost per mile were developed in a manner similar to the development of the estimates in Exhibit No. 1172.

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For comparison purposes, the higher load factor estimated by the accountant has the effect of a reduction in the unit cost of transportation. The witness stated that the records of the carriers he investigated disclosed that such carriers are transporting more cars per load than in 1954. It was his opinion that this, in large part, results from the increase in the marketing of the smaller cars and foreign sports cars.

A number of automobile distributors and dealers opposed the granting of the increases sought. Counsel for those parties stated that their chief concern is the transportation charges on the small foreign cars. He contended that the minimum rates established in 1954 did not contemplate the substantial increase in the marketing of such cars and that the rates contemplate an average weight per vehicle of 3,000 pounds, whereas the foreign sports cars weigh around 2,000 pounds.

The Commission's staff made no affirmative showing. A representative participated by cross-examining witnesses. Conclusions

An increase in the marketing of sports cars and foreign cars was given effect in the cost study by the use of the higher load factor. The cost estimates are reasonable and are sufficiently reliable for minimum rate-making purposes in this proceeding. Upon consideration of all the facts and circumstances of record, the Commission is of the opinion and finds that increases in the minimum rates, as requested by petitioner, are justified and that the minimum rates, charges, rules and regulations which will be established in the order which follows are the just, reasonable, and nondiscriminatory minimum rates for the transportation of motor vehicles and related items in secondary movement by truckaway service.

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## <u>order</u>

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

IT IS ORDERED:

(1) That Minimum Rate Tariff No. 12 (Appendix A of Decision No. 50218) is amended by incorporating therein, to become effective September 12, 1958, the revised pages attached hereto and listed in Appendix A, which pages and appendix by this reference are made a part hereof.

(2) That tariff publications required to be made by common carriers as a result of the order herein may be made effective not earlier than the effective date hereof on not less than five days' notice to the Commission and to the public, and that such tariff publications shall be made effective not later than September 12, 1958.

(3) That in all other respects Decision No. 50218 shall remain in full force and effect.

The effective date of this order shall be twenty days after the date hereof.

San Francisco Dated at , California, this day of 10/117 , 1958.

Commissioners

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Commissioner Theodore H. Janner, boing necessarily absont, did not participate in the disposition of this proceeding.



# APPENDIX "A" TO DECISION NO. 57159

Revised Pages to Minimum Rate Tariff No. 12 Authorized by Said Decision

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(END OF APPENDIX "A")

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MINIMUM RATE TARIFF NO. 12

SECTION NO. 1 - RULES IND REGULITIONS (Continued)	Item No.
SHIPMENTS TO BE RATED SEPARATELY Each shipment shall be rated separately. Shipments shall not be consolidated or combined by the carrier.	90
MIXED SHIFMENTS When one or more motor vehicles for which rates are provided in this tariff are included in a shipment containing one or more commedities for which rates are not provided herein, the motor vehicles for which rates are provided in this tariff shall be transported as a separate shipment at the rates provided herein, and the commedities for which rates are not so provided, at the rates, if any, applicable to separate shipments of such other commedities.	100
UNITS OF MEASUREMENT	
Rates or charges shall not be quoted or assessed by carriers based upon a unit of measurement different from that in which the minimum rates and charges in this tariff are stated.	011
SHIPMENTS DIVERTED, RECONSIGNED OR RETURNED	
(a) Charges upon a shipment or a portion of a shipment which is diverted or reconsigned after leaving point of origin shall be computed at the rate applicable from point of origin to the point or points of destination via each of the points where diversion or reconsignment occurs. (Subject to Note 1.)	
(b) Charges upon a shipment or a portion of a shipmont returned to point of origin, or to a point directly intermediate between last point of diversion or reconsignment and point of origin, shall be com- puted by adding to the full charge to last point of diversion or recon- signment the charge at one-half the rate applicable to the vehicle or vehicles returned as provided in Section No. 3 from the latter point to point of origin, or upon the basis provided in paragraph (a) of this item for the round-trip movement, whichever is lower. (Subject to Note 1.)	*120-A Can- cels 120
NOTE 1 Subject to an additional charge of \$\$2,25 for each diversion or reconsignment.	
* Change )	
EFFECTIVE SEPTEMBER 12, 19	
Issued by the Public Utilitics Commission of the State of Califo San Francisco, Califo Correction No. 4	

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#### MINIMUM RATE TARIFF NO. 12

SECTION NO. 1 - RULES AND REGULATIONS (Continued)	Item No.
SPLIT PICKUP	
The charge for transportation of a split pickup shipment (as defined in Item No: 15) shall be the charge applicable under rates in Items Nos. 400 or 410, or any combination of said rates, for transportation of a single shipment of the same number of motor vehicles, computed on one of the following bases: (Subject to Notes 1 and 2.)	
(a) Under distance rates: Apply applicable rate for the dis- tance from any one of the points of origin to point of destination, via each of the other points of origin.	
(b) Under point-to-point rates: Point of destination and all points of origin must be located within the territorics between which the point-to-point rates apply, or located between said territories on a single authorized route.	
(c) Under combination of point-to-point rates and distance rates: Add to the point-to-point rate the applicable distance rate or rates for the distance between the terri- tory or authorized route and the point or points of origin or the point of destination not located within the terri- tories or along said authorized route.	*130-A Can- cels 130
NOTE 1 An additional charge of 032.00 shall be made for each component part picked up.	
NOTE 2 The provisions of this item shall not apply and each component part shall be rated as a separate shipment under other provisions of this tariff:	
(a) If split delivery service is accorded.	
(b) Unless at the time of or prior to the first pickup a single bill of lading or other ship- ping document shall have been issued for the composite shipment and the carrier shall have been furnished with written instructions show- ing the name and address of the consignor, the points of origin, the point of dostination, and a description of the motor vehicles in each com- ponent part.	
* Change ) • Increase ) Decision No. 57159	
EFFECTIVE SEPTEMBER 12, 1958	
Issued by the Public Utilities Commission of the State of Califo San Francisco, Califo Correction No. 5	

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MINIMUM RATE TARIFF NO. 12

SECTION NO. 1 - RULES AND RECULATIONS (Continued)	Item No.
<ul> <li>SPLIT DELIVERY</li> <li>The charge for transportation of a split delivery shipment (as effined in Item No. 15) shall be the charge applicable under rates in tems Nos. 400 or 410, or any combination of said rates, for transportation of a single shipment of the same number of motor vehicles, computed on one of the following bases: (Subject to Notes 1 and 2.)</li> <li>(a) Under distance rates: Apply applicable rate for the distance from point of origin to any one of the points of destination.</li> <li>(b) Under point-to-point rates: Point of origin and all points of destination must be located within the torritories between which the point-to-point rates apply, or located between said torritories on a single authorized route.</li> <li>(c) Under combination of point-to-point rate and distance rates: Add to the point-to-point rate the applicable distance rate or rates for the distance between the</li> </ul>	NO. "ILO Cancel LLO
rates: Add to the point-to-point rate the applicable	Cance
territory or authorized route and the point of origin or point or points of destination not located within the territories or along the authorized route.	
NOTE 1 An additional charge of \$2.00 shall be made for each component part delivered.	
NOTE 2 The provisions of this item shall not apply and each component part shall be rated as a separate shipment under other provisions of this tariff:	
(a) If split pickup service is accorded.	
(b) Unless at the time of or prior to the tender of the shipment a single bill of lading or other shipping document shall have been issued for the composite shipment and the carrier shall have been furnished with written instructions showing the name and address of each consignee, the point of origin, the points of destination, and a description of the motor vehicles in each com- ponent part.	
* Change ) Decision No. 57159	
EFFECTIVE SEPTEMBER 12, 19	58
Issued by the Public Utilities Commission of the State of Calif San Francisco, Calif Correction No. 6	

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MINIMUM RATE TARIFF NO. 12

SECTION NO. 1 - RULES AND REGULATIONS (Continued)	Item No.
SPECIAL LOADING AND UNLOADING CHARCES	
When a motor vehicle cannot be loaded onto or unloaded from carrier's equipment without the assistance of a separate vehicle or vehicles equipped with lifting device, furnished by the carrier or at the carrier's expense, a charge of $35,50$ shall be assossed for such separate vehicle used for loading and a charge of $35.50$ shall be assessed for such separate vehicle arate vehicle used for unloading, in addition to rates otherwise provided.	Can- cels 150
PAYMENT OF ADVANCE CHARGES	
For the service of making payment of any charges outstanding against a vehicle in order to obtain its release for transportation, the follow- ing additional charges shall be assessed:	
When the amount Charge for making paid is: payment will be:	
Not Over Over	
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	◇ 160-A Can- cels 160
Any payment of moncy made by a carrier under the provisions of this item shall be recorded on the freight bill and collected subject to the conditions set forth in Item No. 230 for collection of transportation charges.	
* Change ) Decision No. 57359	<u></u>
EFFECTIVE SEPTEMBER 12, 195	8
Issued by the Public Utilities Commission of the State of Calif San Francisco, Calif Correction No. 7	

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MINIMUM RATE TARIFF NO. 12

	Itom <u>NC.</u>
ALTERNATIVE APPLICATION OF SPLIT PICKUP UNDER RATES CONSTRUCTED BY USE OF COMBINATIONS WITH COMMON CARRIER RATES Charges on split pickup shipments may be computed by use of combina- ions with common carrier rates as follows, if a lower aggregate charge ham that accruing under the basis provided in Item No. 130 results: (1) Compute the charge applicable under the rates provided in his tariff for a split pickup shipment from the point of origin, or points of origin, of the several component parts (See Item No. 130) o any team track or established depot. (2) idd to such charge the charge applicable under Item No. 190 or the composite shipment from such team track or established depot o point of destination.	200
LITERNATIVE APPLICATION OF SPLIT DELIVERY UNDER RATES CONSTRUCTED BY USE OF COMBINATIONS WITH COMMON CARRIER RATES	
Charges on split delivery shipments may be computed by use of ombinations with common carrier rates as follows, if a lower aggre- ate charge than that accruing under the basis provided in Item No. 140 esults: (1) Compute the charge applicable under Item No. 190 for the com- osite shipment from point of origin to any team track or established epot. (2) Add to such charge the charges provided in this tariff for a plit delivery shipment (See Item No. 140) from such team track or established depot to the point of destination or points of destination	210
f the several component parts.	
i the several component parts. 	
LCCESSORILL SERVICES NOT INCLUDED	*220- Can- ceI 220
ICCESSORILL SERVICES NOT INCLUDED IN COMMON CARRIER RATES In the event under the provisions of Itoms Nos. 180 to 210, inclu- sive, a common carrier rate is used in constructing a rate for highway transportation, and such rate does not include accessorial services performed by the highway carrier, the following charges for such accessorial services shall be added:	Can- celis
<ul> <li>ICCESSORILL SERVICES NOT INCLUDED IN COMMON CARRIER RATES</li> <li>In the event under the provisions of Itoms Nos. 180 to 210, inclusive, a common carrier rate is used in constructing a rate for highway transportation, and such rate does not include accessorial services berformed by the highway carrier, the following charges for such accessorial services shall be added:         <ul> <li>(a) For loading onto carrier's equipment, <sup>0</sup>\$3.25 per vehicle (plus charge provided in Item No. 150, where applicable).</li> <li>(b) For unloading from carrier's equipment, <sup>0</sup>\$3.25 per vehicle (plus charge provided in Item No. 150, where applicable).</li> <li>(c) For other accessorial services for which charges are provided in this tariff, the additional charge or charges so</li> </ul> </li> </ul>	Can- celis
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MINIMUM RATE TARIFF NO. 12

				S	ECTION N	10.3	- RA	TES		<u></u>		Item No.
		÷	DISTAN	CE RATE	S IN DOI	LARS	PER	VEHICLE				
LILES Number of Hotor Vehicles But Per Shipment					MILES Number of Motor Vohicl. But Per Shipment		icles					
Over	Not Over	1	2	3	4 or more	Over	Not Over	1	2	3	4 or more	
0 5 10 15 20	5 10 15 25	\$ 9.00 9.75 10.50 11.25 12.25	8.50 9.25	\$ 6.75 7.25 8.00 9.00 9.75	5.75 6.75 7.50	200 220 210 260 280	220 240 260 280 300	\$36.50 39.00 11.50 14.25 46.75	34.75 37.00 39.50	32.00 34.25 36.25	29.50 31.50 33.50	
25 30 35 45	30 35 45 50	13.25 14.25 15.50 16.25 17.50		10.50 11.25 12.00 12.75 13.75	9.75 10.50 11.50	300 325 350 375 400	325 350 375 400 425	49.75 53.00 56.25 60.00 63.25	47.50 50.50 54.00	43.50	40,25	
50 60 70 80 90	70 80 90	18.75 21.00 23.00 23.75 24.50	17.00 20.00 20.75	14.75 16.25 18.00 18.50 19.50	14.75 16.25 16.75	425 450 475 500 525	450 475 500 525 550	70 <b>-</b> 25 74₀00	63.50 66.50 69.75	58.25 61.25 64.50	54.00 56.75 59.50	<b>\$</b>
110		25.25 26.00 26.75 27.50 28.25	23.00 23.75	20.25 20.75 21.25 22.00 23.00	18.25 18.75 19.50 20.25 21.00	550 575 600 625 650	575 600 625 650 675	84.25 88.00 91.25 95.00 98.25	79.25 82.50 85.50	73.50 76.25 79.25	67.75 70.50 73.50	cels 400
180	170 180	29.00 30.50 32.00 33.00 34.50	25.75 26.75 28.00 29.50 30.75	23.75 25.00 26.00 27.25 28.25	21.75 22.75 23.75 24.50 25.75	675 700 725 750 775		101.50 105.25 108.50 112.25 115.50	است است	بر متما	1	
						800 (See	Noto	1)				
NOTE lo-For distances over 800 miles add to rate for 800 miles the following rates for each 25 miles or fraction thereof: Column 1 - 03.49 per vehiclo Column 2 - 03.17 per vehicle Column 3 - 02.99 per vehicle Column 4 or more - 32.74 per vehicle												
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MINIMUM RATE TARIFF NO. 12

SECTION NO. 3 - RATES (Concluded)	Item No.
POINT-TO-POINT RATES IN DOLLARS PER VEHICLE (1)	
BetweenindNumber of MotorLos AngelesSan Francisco1	
Territoryl23nore463.25\$57.00\$52.50\$48.75(1) If charges accruing under rates in this item, applied on shipments	◆ £10—A
(1) If thinges deciding their faces in this item, applied on simplenes from, to or between points intermediate between the Los Angeles and San Francisco Territories via routes shown in Section 4 are lower than charges accruing under the Distance Rates in Item No. 400, on the same shipment, such lower charges will apply. Rates in this item applied to intermediate points under these provi- sions apply at all points located within a distance of one mile on either side of the highway and at all points located within incorporated cities through which the highway route passes.	Lilo
Increase, Decision No. 57159	
EFFECTIVE SEPTEMBER 12, 1	<b>75</b> 8
Issued by the Public Utilities Commission of the State of Cali. San Francisco, Cali. Correction No. 10	

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