

ORIGINAL

Decision No. 58109

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 J. P. HAYNES, Agent, for Authority to)
 Cancel Exception Sheet Rating on)
 Furniture.)

Application No. 39796

In the Matter of the Investigation)
 into the rates, rules and regulations,)
 charges, allowances and practices of)
 all common carriers, highway carriers)
 and city carriers relating to the)
 transportation of any and all commod-)
 ities between and within all points)
 and places in the State of California)
 (including, but not limited to, trans-)
 portation for which rates are provided)
 in Minimum Rate Tariff No. 2).)

Case No. 5432
(Petition No. 104)

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 (trans-)
 portation for which rates are provided)
 in Minimum Rate Tariff No. 5).)

Case No. 5435
(Petition No. 15)John MacDonald Smith, for applicant.Arlo D. Poe, J. C. Kaspar and J. X. Quintrall,
for petitioner.Harry W. Dimond, A. L. Russell, James C. McQuaid
and Calhoun E. Jacobson, for various shipper
protestants.Omar Pullen, W. M. Cheatham, Anthony Danna,
Geo. M. McPheeters, Milton Hallen, Cromwell
Warner, R. K. Wilson, Vincent Bordelon,
Russell Bevans, Harriet Adams, Clark O. Bender,
Florence D. Williams and W. P. Tarter,
interested parties.Armand Karp, for Callison Truck Lines, respondent.

O P I N I O N

J. P. Haynes, Agent, Pacific Southcoast Freight Bureau,
 acting under authority of powers of attorney from each of the car-
 riers parties to said bureau, filed application on February 7, 1958,
 as amended April 12, 1958, seeking authority to cancel certain

exception ratings in Pacific Southcoast Freight Bureau Exception Sheet No. 1-S. These exception ratings are as follows:

- (1) Furniture; less carload, second class, Item 680-A.
- (2) Household goods; less carload, second class, Item 745.
- (3) Household goods; carload, third class and Class B, 12,000 and 20,000 pounds minimum weights, respectively, Item 740-A.
- (4) Hampers, clothes, fibre, and wood; less carload, first class, set up, not nested; and second class, knocked down, Item 710.
- (5) Emigrant movables; carload, Class B, 20,000 pounds minimum weight, Item 510-A.

In lieu of such exception ratings, applicant proposes that the applicable ratings named in Western Classification No. 76 be allowed to apply. This would result in increases.

By petitions filed November 30, 1957, as amended July 1, 1958, California Trucking Associations, Inc., seeks amendment of Minimum Rate Tariffs Nos. 2 and 5 so as to remove the application of Items Nos. 680-A, 740-A, 745 and 710 of Pacific Southcoast Freight Bureau Exception Sheet No. 1-S and to provide that the rates on the commodities covered by those items be governed by the ratings, including packing requirements, of Western Classification No. 76; and, for the cancellation of paragraph (a) of Item No. 179 of Minimum Rate Tariff No. 2, which paragraph provides for a rate of \$1.03 per 100 pounds, minimum charge \$2.00 per component part, for the unloading, segregating, transportation and accessorial services of pool shipments of furniture or furniture parts in the San Francisco Bay Area.

Public hearings were held in these matters before Examiner J. E. Thompson at Los Angeles on July 22, 1958, and at San Francisco on August 14, 1958.

Item No. 510-A

This item provides a carload rating of Class B on emigrant movables as described in, and subject to, the provisions of the Western Classification, value declared in writing at point of origin not to exceed 10 cents per pound, minimum weight 20,000 pounds. Item No. 35470 of the Western Classification provides a carload rating of Class B, subject to the same limitations and conditions except that the minimum weight is subject to Rule 34. Under this rule, the 20,000 pound minimum weight is applicable when the articles are shipped in a closed car 40 feet 7 inches or less in length. Greater minimum weights are applicable when the shipper orders a larger car. Rule 34 is applicable on almost all carload ratings subject to minimum weights of 20,000 pounds or less. The application of the rule here would conform to the general practice of the railroads. There appears to be no good cause to require applicant to maintain a departure from this general practice in connection with carloads of emigrant movables. The proposal is justified and will be authorized. The cancellation of Item No. 510-A will not affect the minimum rates inasmuch as Minimum Rate Tariffs Nos. 2 and 5 are not governed by Rule 34 of the Western Classification.

Item No. 680

Prior to 1932 the larger portion of furniture moving by carload in California was rated second class in the Western Classification. In February 1932, following a decision by the Interstate Commerce Commission in Docket No. 17000, Part 5, Rate Structure Investigation (177 ICC 5, 1931) covering furniture, increased ratings were published in the Western Classification. The Monroe Ship By Truck Classification contained less-than-truckload ratings on furniture substantially the same as the Western Classification ratings before the increases. The truck

ratings were not increased. The railroads published a second class exception rating effective January 31, 1933, in Pacific Freight Tariff Bureau¹ Exception Sheet No. 1-0. Note 3 of this publication reads "issued to meet motor truck competition".

Following the enactments of the Highway Carriers' Act and the City Carriers' Act in 1935, the Commission established minimum rates for certain transportation. In the cases where minimum class rates were established, such rates were made subject to ratings in the Western Classification and, in some instances, subject to the Western Classification and the Exception Sheet. In 1939 when Minimum Rate Tariff No. 2 (then Highway Carriers' Tariff No. 2) was established, the Commission made the minimum class rates subject to the ratings in the Western Classification and the Exception Sheet but provided that the ratings would not be subject to the packing requirements contained therein. It found:

"While the Western Classification and Exception Sheet ratings were designed primarily for rail transportation, they appear to give reasonable recognition to characteristics affecting truck transportation and to provide the most suitable and comprehensive means of classification presently available."

The railroads maintained the packing requirements in connection with their rates on furniture. Highway common carriers and express corporations in many cases published a "cube-foot rule" in their respective tariffs. These rules generally provided that on light and bulky articles the weight would be computed by multiplying the cubic feet occupied by the article times a specific weight in pounds. On September 24, 1956, the railroads through their tariff publishing agent filed application seeking authority to establish a cube-foot rule in the Exception Sheet. Subsequently, on October 30, 1956, the Commission, on its own motion, instituted an investigation

¹

Presently Pacific Southcoast Freight Bureau.

(Case No. 5840) into the matter of cube-foot rules maintained by common carriers. The matters were consolidated for hearing and, after extensive proceedings, the Commission issued its Decision No. 56266 in which it found that all rules then maintained in the tariffs of highway common carriers or of express corporations which provided for the assessment of transportation charges on the basis of volume (cubic measurement rules) were unjust, unreasonable, discriminatory, unduly preferential and ambiguous in violation of the Public Utilities Code.² It ordered that all such rules be canceled. The application of the railroads was denied. In the opinion in said decision, the Commission stated:

"It is suggested that the carriers involved in Application No. 38434 herein initiate a program of developing the facts necessary for justification, in a subsequent proceeding before this Commission, of increases in classification ratings in those instances where the present ratings are deemed to be inadequate. This same suggestion is directed also to the carriers whose cube foot rules are under investigation in Case No. 5840.21/

"21/ Attention is directed to Decision No. 55994 dated December 16, 1957 in Application No. 38839 in which Southern California Freight Lines and Southern California Freight Forwarders were authorized to establish increased ratings on various articles of low density."

Counsel for the applicant and counsel for petitioner stated that the instant application and petitions were filed pursuant to the Commission's suggestion in Decision No. 56266. In Decision No. 55994 Southern California Freight Lines and Southern California Freight Forwarders were authorized to increase their ratings on furniture from second class to the ratings in the Western Classification. They have not yet exercised this authority.

The Western Classification has specific ratings for over 200 items of furniture. The less-than-carload ratings range from third class to double first class. An article may have different

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Except those maintained by Railway Express Agency, Inc. - Air Express Division, and Emory Air Freight Corporation.

ratings depending upon the form in which it is shipped and the type of packaging. Illustrative of this is Item No. 43150 which provides ratings on finished wooden chairs, noibn, not upholstered beyond seat and inside of back.³

<u>Description</u>	<u>WCL Rating</u>
SU, in package 8F	D1
SU, in packages 1F, 2F, 3F, 5F, 28F, 30F, 37F, 48F or 64F	1-3/4
KD, other than flat in package 8F	1-1/4
KD, other than flat, in packages 1F, 2F, 3F, 5F, 30F or 48F	1
KD, flat, in package 9F	2

The ratings on furniture in the Western Classification compare with those on the same articles in the National Motor Freight Classifications Nos. 14 and A-4; that is to say, the percentage relationship of the ratings of the article, one with another, is very similar. The National Motor Freight Classifications govern the rates of a number of respondents herein for the transportation of property between points in California and points in other states.

Applicant maintains tariffs of local rates and joint rates governed by the ratings in the Western Classification for the transportation of furniture between California and some points outside the State. It also maintains L.C.L. exception ratings on furniture for transportation between other points and California points.⁴ For the most part the exception ratings are first class for set-up articles and second class for knocked-down articles and the packing requirements in the Western Classification are applicable.

³

Noibn means not otherwise indexed by name in the classification. KD means knocked down. SU means set up.

⁴

Tariffs issued by Pacific Southcoast Freight Bureau containing exception ratings on furniture include:

P.S.F.B. No. 26-V, ICC 1540
P.S.F.B. No. 260-B, ICC 1522
P.S.F.B. No. 2-L, ICC 1574
P.S.F.B. No. 253, ICC 1389

The work of classification is the assigning of various articles into various categories for rating purposes according to their respective transportation characteristics. Its purpose is to fairly apportion among the articles a fair share of the transportation burden. There are over twenty recognized elements and factors entering into the classification of freight. Some of the elements, such as perishability and susceptibility to contaminating other lading, rarely come into play in the classification of so-called dry freight; other elements, such as density, ease of handling and stowability are almost always important elements to be considered. Essentially all of the elements of classification contribute towards the ascertaining of the relationship of articles, one to another, with respect to (1) the cost burden arising from the inherent nature of the article in the form in which it is shipped, and (2) the ability of the article to contribute towards the aggregate transportation burden. Volume of movement, all other considerations being equal, is of little importance in classification.. The following are elements of classification which we are of the opinion are important considerations in assigning appropriate ratings to furniture: density, susceptibility to damage, value of the commodity, ease of handling, stowability, trade conditions, and value of the service.

Petitioner introduced a summary of a survey it had made of the transportation characteristics of furniture moving across the terminals of highway carriers. The summary sets forth the densities in pounds per cubic foot of numerous articles included in the Western Classification under the heading "Furniture". The items under the heading are, in many cases, broad in scope so that there may be a fairly wide range in the densities of articles covered by one rating. For example, Item No. 43130 names ratings on chairs, steel or wire, set up. The survey of petitioner shows a range in densities for

these articles of from 1 pound to 9 pounds per cubic foot. The densities of these articles are in large part dependent upon the size or thickness of the steel or wire which is used in building the chairs. It is not practical to provide different ratings on the same articles because of differing densities unless the differences in densities are considerable. To make too minute distinctions would destroy the advantages of classification by making the number of classes too great; and, to make such distinctions often benefits a few shippers and, hence, tends to discriminate against others. There are some cases in which different densities of the same class or group of articles have been held to require different rates, but this is not the usual practice. Ordinarily, the density considered is the weighted average density of the article moving by the carriers parties to the classification. Petitioner set forth an average density as well as the range for the various articles. They appear to be representative of the densities of the articles. Applicant presented an exhibit showing the maximum reasonable less-than-carload ratings on furniture prescribed by the Interstate Commerce Commission for various weights per cubic foot in Docket No. 17000, Part 5, supra. The work of the Western Classification Committee has been before the Commission on a number of occasions. Its former chairman has testified before the Commission regarding the consideration given by the committee to density in classifying freight, all other considerations being equal. The following compares the average densities found by petitioner with those found by the ICC for maximum reasonable ratings

on furniture and the general density-rating relationship followed by the Western Classification Committee.

Rating	<u>Ranges of Densities in Pounds per Cubic Foot</u>		
	<u>Petitioner *</u>	<u>ICC</u>	<u>W.C. Committee</u>
3 x 1st	No sample	0 - 3	
2½ x 1st	No sample	3 - 3.75	
2 x 1st	2 - 3-1/4	3.75 - 4.75	
1-3/4 x 1st	3	4.75 - 5.25	
1½ x 1st	3 - 4-3/4	5.25 - 7.25	
1½ x 1st	4-3/4 - 7-1/4	7.25 - 9.50	
1st	3-1/4 - 13-1/4	9.50 - 12.50	8 - 10
2nd	4-3/4 - 17-1/2	12.50 over	10 - 20
3rd	13-1/2		20 - 50

* Samples not included where summary did not show whether SU, KD, nested, not nested, wooden or steel and different ratings are assigned predicated on form in which shipped.

Some of the articles and average densities shown should receive comment. The lower limit of the range for first class of 3-1/4 pounds per cubic foot applies to sectional bookcases, wooden SU and school desks or seats, iron and wood SU. The upper limit of 13-1/4 pounds per cubic foot applies to mirrors; the next lower density in upper limit of the range is 9 pounds per cubic foot. In the second class group, the lower limit of 4-3/4 pounds per cubic foot relates to tables, dressing or toilet, steel or wood, SU; the rating applies to the article both SU and KD so that the average density for the articles included in that item would be higher. The upper limit of 17-1/2 pounds per cubic foot is on cypress or redwood furniture KD flat. In general, the preponderance of the articles falls within the range of from 7 pounds to 15 pounds per cubic foot.

Only one item is represented in the tabulation for third class. It is steel bedstead rails and slats.

The ranges of densities appear to follow a pattern. While there is an overlapping of the ranges, this appears to result from differences in other transportation characteristics of the various articles. The pattern, however, indicates that the relationship of density to rating in the case of furniture follows generally the pattern with respect to other articles for which ratings are named in the Western Classification. Certainly, the Western Classification ratings do not prejudice furniture insofar as density considerations are concerned.

Petitioner introduced a summary of the loss and damage claim experience of two California intrastate carriers and statistics reported by the American Trucking Association, Inc., based upon reports of 96 carriers operating in the United States comparing the claims on new furniture with those on other commodities. The summary shows that the claims for loss and damage on new furniture have been relatively high. The claims on furniture experienced by one California carrier were 7.23 percent of the total claims paid and the other had furniture claims comprising 11.37 percent of the total. The national average reported by the American Trucking Association, Inc., is 5.34 percent of total claims. Petitioner contends that the higher percentage of furniture claims by California carriers is attributable to the fact that the packaging requirements of the Western Classification do not apply to furniture moving by motor carrier in California and packaging in many cases has been too light to adequately protect furniture articles in transit.

Applicant presented evidence showing that in the seven-year period from 1951 to 1957 the claims on furniture of Southern Pacific Company were never below 30 percent of all claims on

less-than-carload shipments. In 1957, Southern Pacific Company, Pacific Lines, paid 9,158 claims on less-than-carload shipments of furniture totaling \$198,821. This was 36.9 percent of the total less-than-carload claims paid. The average amount of the furniture claims was \$21.71. On their less-than-carload traffic in 1957, The Atchison, Topeka and Santa Fe Railway Company paid \$69,684 for damage to furniture; their total claims on less-than-carload shipments for that period was \$177,710. In 1957, the Union Pacific paid \$53,223 for damage claims on less-than-carload shipments of furniture; their total claim expense for less-than-carload shipments was \$114,046.

Value of the commodity ordinarily is an element which is not accorded much weight in establishing suitable ratings for light and bulky freight. In the case of furniture, however, articles which come under the same category or item on the classification often have wide variance in density, value, and other transportation characteristics. For example, Item No. 43980 covers wooden tables. The tables include a wide variety of types and kinds; for example, a "period" dining table made of cherry, or some other hardwood, which has a high value, and a much less expensive table made of pine or fir. The former probably is much more susceptible to damage because of the high finish and this together with the higher value results in a greater risk for the carrier than would the other type table. Also, such a table is often a part of a dining room set, including chairs and buffet. Damage to an individual item, such as the table, destroys the value of the articles as a set. This, in turn, increases the risk to the carrier. As shown in the above discussion regarding density, the range of densities of articles included within an item or category for which a single rating is provided in the classification in many cases is wide. The range of values

is also wide. In most instances there appears to be a correlation in that the value appears to increase with the density.

A container and loading supervisor of the Southern Pacific Company testified and compared furniture with the average run of general commodities with respect to stowability, ease of handling and care and attention required. He stated that the handling and stowage of furniture in rail cars presents greater problems than average freight because many times the containers are marked with directional arrows meaning that the package must be handled and stowed in a position conforming to the arrows. Packages are also often marked "Fragile" or "Glass" which requires handlers to use more than ordinary care in handling and stowing. Ordinarily, more men are used on the platform in handling furniture than other freight because of its bulk and susceptibility to damage. It is the practice of the company to receive furniture at the terminal where handlers place it on four-wheel flat trailers. Ordinary freight is handled by hand truck, the four-wheel flat trailers or by power lift trucks. Fewer pieces of furniture are placed on the trailer than ordinary freight; for example, only four mattresses or one divan is placed on a trailer, whereas the vehicles have a capacity of as much as a ton. Many articles of furniture present a stowage problem because, due to their sizes, shapes, type of packaging and fragility they cannot be stacked in such a manner that the full visible capacity of the car can be utilized.

Petitioner presented an exhibit setting forth the conclusions of observers who were engaged in a survey of the densities and other transportation characteristics regarding the relative ease of handling and stowability of numerous articles of furniture. The

conclusions of the observers were that a large number of articles, particularly those set up, are not easily handled and/or are not easily stowed on highway carrier equipment.

California is fourth among the leading states in the production of household wood furniture. While the production of furniture has increased nationally, the growth of California's production has increased at a more rapid rate than other sections of the country. About 75 percent of the California manufacturers of household furniture are located in the Los Angeles Area; about 15 percent are in the San Francisco Bay Area. California is also one of the largest consumers of furniture; in 1954 she purchased about 11 percent of the total national retail sales. The California manufacturers encounter severe competition from eastern manufacturers in the California market even though California consumes more furniture than it produces. It appears that many eastern manufacturers enjoy a lower cost of production than do California manufacturers. In some instances, the landed cost to retailers in San Francisco of certain articles from manufacturers in eastern states is less than from manufacturers at Los Angeles. Exhibit No. 11 shows the landed cost of the same articles of furniture in less-than-carload lots from the plant of a manufacturer at Michigan City, Indiana, to San Francisco as compared to the landed cost from the plant of the same manufacturer at Los Angeles to San Francisco. The following are two of the eleven illustrations set forth in Exhibit No. 11 showing lower landed costs on furniture from Michigan City to San Francisco.

Article and Weight		Landed			Landed		
		Price F.O.B. L.A.	Frt. Chgs.	Cost S.F.	Price F.O.B. Mich. City	Frt. Chgs.	Cost S.F.
Arm Chair	33#	\$ 42.70	\$.73	\$ 43.43	\$ 38.50	\$2.77	\$ 41.27
Settee	100#	118.45	2.21	120.66	103.95	8.39	112.34

The freight charges from Michigan City are at less-than-carload rates maintained by a freight forwarder. The freight charges from Los Angeles are computed from the "Any Quantity" rates in Minimum Rate Tariff No. 2. While a number of shipper protestants testified or presented exhibits comparing landed costs from plants in California to points in California with those from eastern manufacturers to the same points, the freight charges from the eastern manufacturers were computed at carload rates and those from California plants at less-than-carload rates, so that the results were not comparable. It appears, however, that it is the practice among retailers in California to order furniture from California manufacturers in less-than-carload quantities. The location of the California plants affords the California retailers opportunity to obtain orders quickly and thus obviates maintenance of a large inventory. In this respect the California manufacturers have an advantage in the California market.

The shipper protestants in the main did not contend that increases in the ratings of furniture are not warranted. They stated that the increases in rates which would result from the Western Classification ratings are too great and too sudden. They alleged that the imposition of such heavy increases at one time would probably destroy the ability of the California manufacturers to compete in the local market, and that the traffic presently enjoyed by the carriers, if not lost because of inability of California manufacturers to compete in the market, would be directed to other forms of transportation, including proprietary operations and carriers transporting furniture under Minimum Rate Tariff No. 11-A. One shipper suggested a hold-down rating of 1-1/4 times first class; another suggested an exception rating of first class; a third suggested exception ratings similar to those published by applicant in P.S.F.B. Tariff No. 26-V, i.e., first class for set-up articles and second class for knocked-down

articles. A fourth shipper stated that the Commission should embark on a program of gradually increasing the ratings up to those maintained in the classification. He did not suggest the period of time in which this could be done. Other shipper interests voiced opinions advocating one or more of the aforesaid suggestions.

The evidence shows that the relationship of the ratings in the Western Classification of individual furniture items reasonably reflects differences in transportation characteristics of the various articles of furniture. It also shows that furniture as a whole has received favorable ratings as compared to other commodities generally in the Western Classification. From the standpoint of the elements of classification which provide a measure of the cost burden arising from the inherent nature of the articles there is little doubt that the ratings in the Western Classification are lower than maximum reasonable ratings and would, other circumstances not considered, be reasonable for the application of minimum rates. The element of the value of the service must be considered, however. The evidence shows that California manufacturers are at a disadvantage in that their costs of production in many instances are higher. In some cases, under present rates the landed cost of articles at points in California is less from eastern manufacturers than from plants in California. The competitive advantage or disadvantage of a shipper changes with any change in freight rates that affects him and not his competitor. As pointed out during the hearing, one retailer who proposed a hold-down exception rating of first class stated that if his suggestion was adopted his company would purchase some items from eastern manufacturers that presently are obtained from plants in California. Undoubtedly the establishment of the ratings in the Western Classification would result in some changes in marketing

practices. It is noted that while the rate structure in California is such that class rates are established for minimum weights of "Any Quantity", 2,000 pounds, 4,000 pounds and 10,000 pounds, "Any Quantity" rates in many interstate tariffs apply on weights up to 10,000 pounds. Probably retailers will find it more advantageous to order in larger lots from California plants as they apparently do from eastern manufacturers. It is also noted that in most instances the Western Classification rating for articles knocked down is second class and it may be that higher ratings on set-up articles will result in the movement of knocked down articles that were formerly shipped set up.

With respect to hold-down exception ratings as proposed by several shippers, a hold-down exception rating of first class would affect approximately 40 percent of the furniture articles. The articles in this group, however, comprise the furniture items that are light and bulky and cause the greater problems to the carriers. Five hundred pounds of rattan furniture, for example, occupies relatively a large space on carrier's equipment and the record leaves little doubt that such a shipment rated at first class would not bear its fair share of the cost. It is not fair that the additional cost burden be passed on to other shippers. The evidence indicates, however, that there may be circumstances which may warrant exception ratings on certain types of less-than-carload traffic where furniture articles of light density are shipped in mixed lots with heavier furniture. Single ratings are prescribed in the Western Classification for mixed furniture in carloads. It is noted that applicant maintains in tariff P.S.F.B. No. 258 an exception rating on chairs or stools, steel or wire, set up in boxes or crates when in mixed shipments weighing not less than 5,000 pounds. While there

is indication in this record that exceptions of that type and character may benefit both carriers and shippers, the evidence does not permit a determination of specific ratings which would be reasonable.

In weighing all of the evidence we find that while the cancellation of the second class exception rating will result in some change in trade practices, some diversion of crated furniture traffic from for-hire carriers and will have some unfavorable effect upon the manufacturers of furniture in California, such changes in trade practices, diversion of traffic and unfavorable effect upon furniture manufacturing in this State will not be so great as to seriously impede the free flow of traffic or substantially curtail or damage our furniture industry; and, that said adverse effects are outweighed by other considerations which have been discussed above.

One of the protestants testifying in support of a single rating on furniture stated that the establishment of the Western Classification ratings and packaging requirements will increase the clerical costs of both shippers and carriers because of the necessity of determining the applicable ratings on the many articles of furniture in the several types of packages. This assertion, while true, is a factor favoring the establishment of "all-freight rates". If primary consideration is to be given this element, the end result could not be a hold-down rating of the type presently in effect which is applicable only to articles rated higher than second class, but one which covers all articles of furniture regardless of classification rating. The rating to be accorded would have to be sufficiently high so that the density and other transportation characteristics of furniture, as it moves in intrastate commerce, would compare with the transportation characteristics of other articles having a similar rating. It is noted that there is an exception in City Carriers'

Tariff No. 1-A naming a first class rating on all furniture. No one, including this protestant, suggested an exception rating which would increase the rates of articles which have ratings of second class and third class in the Western Classification. We do not imply that "all freight" ratings are desirable. They may be unjustly discriminatory unless the shippers affected by such ratings regularly tender a wide variety of articles covered by the rating.

Upon consideration of all of the facts and circumstances of record, we are of the opinion and find that the cancellation of Item No. 680 is justified and that the ratings in the Western Classification are just, reasonable, nondiscriminatory and suitable for governing the rates on furniture in Minimum Rate Tariff No. 2 and in Minimum Rate Tariff No. 5.

Item No. 710

The effect of the proposal to cancel the exception rating on hampers can best be shown by comparing the ratings with those in the Western Classification:

	<u>E.S.</u>	<u>W.C.</u>
Set up - not nested	1	D1
Set up - nested	1	1
Knocked down - flat	2	1

In addition, the ratings in the exception sheet have wider application in connection with packaging than do the ratings in the classification.

A study presented by petitioner shows that clothes hampers, fibre, set up, not nested, have densities ranging from 2.1 pounds per cubic foot to 2.7 pounds per cubic foot. The value per pound is high in relation to other articles of furniture. According to the evidence, hampers, set up, are relatively susceptible to damage. The rating of double first class has been assigned to other articles with similar transportation characteristics and is reasonable for hampers, not nested, set up.

No evidence was offered regarding the transportation characteristics of hampers, knocked down, flat. Other articles of furniture tendered, knocked down, flat, have been accorded a rating of second class. An increase in rating from second class to first class on hampers, knocked down, flat, has not been justified.

Item No. 740

The exception sheet provides two carload ratings on household goods, released valuation ten cents per pound; third class, minimum weight 12,000 pounds, subject to Rule 34, and Class B, minimum weight 20,000 pounds. The Western Classification provides a carload rating of third class, minimum weight 12,000 pounds, subject to Rule 34. In essence, therefore, it is proposed to cancel the Class B rating. The class rate structure in Minimum Rate Tariff No.2, and that of applicant for operations in California, is such that third class rates are 80 percent of first class and Class B rates are 55 percent of first class. The charges at the Class B rate, minimum weight 20,000 pounds, are less than the charges at the third class rate for shipments weighing over 13,750 pounds. The cancellation of the Class B rating, therefore, would result in an increase in rates on shipments weighing in excess of 13,750 pounds.

Applicant offered an exhibit entitled "Estimated Out-of-Pocket Cost of Hauling Household Goods in Box Cars Loaded 20,000 Pounds Per Car from Los Angeles and Vallejo to Oakland, California" It shows that the estimated cost per 100 pounds exceeds the Class B rate. The estimated costs, however, represent the cost of the Southern Pacific Company of transporting a box car laden with 20,000 pounds of any kind of freight. Actually, all it shows is that the revenue derived at the Class B rate for a shipment of 20,000 pounds is not sufficient to cover the cost of transportation. At best, we

can merely conclude that applicant has a showing that a minimum weight of 20,000 pounds is too low for a Class B rating on traffic transported by the Southern Pacific Company. Applicant maintains a number of Class B ratings, minimum weight 20,000 pounds. One such rating is involved in this proceeding regarding Item No. 510, Class B rating on emigrant movables. It did not propose cancellation of the rating, but merely that the minimum weight be subject to Rule 34. There is no showing that the transportation characteristics of household goods are different from emigrant movables or any other articles presently receiving the same rating nor has it been shown that public policy requires a rating on the other articles lower than that accorded household goods.

Petitioner offered no probative evidence concerning the relationship of the transportation characteristics of household goods with other articles. The cancellation of the Class B rating has not been justified. It appears, however, that for the same reasons expressed in our discussion regarding Item No. 510-A, that applicant should be authorized to make the minimum weight subject to Rule 34.

Item No. 745

The cancellation of Item No. 745 would result in increasing the rating on household goods, less carload, released valuation not to exceed 10 cents per pound, from second class to first class.

Applicant's showing regarding this proposal was confined to an exhibit of the out-of-pocket cost of all less-than-carload shipments moving by the Southern Pacific Company from Oakland to Sacramento and from Los Angeles to Oakland, and a statement by the assistant freight traffic manager of the Southern Pacific Company to the effect that circumstances and conditions relating to the less-than-carload ratings on furniture also apply to the less-than-carload ratings of household goods.

Petitioner presented a comparison of the claim experience of two California intrastate carriers and 96 carriers operating in the United States with respect to various commodities, including household goods and furniture. It shows that the claim experience on household goods is about the same as for agricultural implements and is less than seven percent of the claim experience on furniture. The statistics prepared by the American Trucking Association, Inc., presented by petitioner show that household goods ranks 32nd in a list of 40 groups of commodities in the percentage of claims paid. The claim experience of the two California carriers compares favorably with the average of the 96 carriers.

It was also shown that the ratings on household goods in the Western Classification approximate those in the National Motor Freight Classification. Petitioner's director of research testified that petitioner considers household goods to be included in the light and bulky category.

The out-of-pocket cost of transporting all less-than-carload shipments by the Southern Pacific Company is not material to the establishment of a rating for household goods. The situation respecting the ratings on furniture is not the same as that regarding household goods. In the case of furniture, the exception rating is in the nature of a hold-down. In the case of household goods the exception rating applies to all articles included in that designation. The proposal here is to increase the rating of all of the articles involved regardless of individual transportation characteristics. There is no evidence regarding the transportation characteristics of household goods that permits a determination of whether household goods, as a class, have characteristics similar to groups of freight which are rated second class or other groups having a first class rating. Nor has it been shown that the factors and considerations

justifying the exception rating at the time it was established no longer are present or have diminished in importance. In the case of furniture, it was shown that the exception rating was published to meet carrier competition and that such an exception is no longer necessary because both rail and truck carriers under the proposal in this proceeding would maintain the same ratings and rates.

Item No. 179 of Minimum Rate Tariff No. 2

In its First Amendment to Petition No. 104, petitioner states:

"Subsequent investigation into the subject matter of the aforementioned petition discloses the existence of Item 179 of MRT No. 2; which item provides charges for services, including transportation, covering the movement of furniture items. A comparison of proposed charges under classification ratings, with those included in this item, indicates that the provisions of said items are and will be unreasonable and discriminatory."

The rates in Item No. 179 are for pool shipments handled within the commercial zone of San Francisco. Paragraph (a) of the item prescribes a rate for "unloading or segregating, or unloading and segregating (pool shipments); including transportation and accessorial services (described in paragraphs (b), (c) and (e) of Item No. 177 ...". (Emphasis added)

The rates for unloading and segregating pool shipments were established in Minimum Rate Tariff No. 2 by the Commission in Decision No. 47776 dated September 30, 1952. Said decision refers to the opinion in Decision No. 47775 of the same date in which it was held that the establishment of pool shipment rates in Minimum Rate Tariff No. 2 is necessary to prevent circumvention of the pool shipment rates in the San Francisco and East Bay drayage tariffs. It was stated:

"The encroachment upon pool shipment traffic enjoyed by the San Francisco and East Bay draymen through methods of diversion of pool shipments from distribution areas to points adjacent thereto when

distribution rates do not now apply creates a situation with which the draymen cannot successfully cope."

On numerous occasions, including petitions for increases in the drayage rates about the San Francisco Bay Area, the Commission has held that adjustment of pool shipment rates should be made on a San Francisco Bay area-wide basis.

Evidence in support of petitioner's proposal consisted of the testimony of its director of research that it had come to his attention that there would be different rates applicable for furniture moving under class rates than would be applicable in connection with the unloading and segregating, including transportation, of pool shipments under the provisions of Item No. 179. The fact is that at present the rates are different. We fail to find any evidence that a difference in rates is or will be discriminatory in that the rates provided in Item No. 179 are for a special type of service. If it occurs that the rates in Item No. 179 are less for the unloading and segregating, including transportation, of pool shipments than for similar shipments subject to class rates between the same points, said difference in minimum rates is not necessarily unreasonable or discriminatory because of the peculiar circumstances and conditions discussed in Decision No. 47775 regarding pool shipment rates. Petitioner's proposal has not been justified.

The order which follows will provide for the establishment of the ratings found to be justified. In connection with the modification of ratings on emigrant movables and household goods to provide that they be subject to Rule 34 of the Western Classification, the modification will not affect minimum rates so that applicant will be authorized but not directed to make the adjustments found to be justified. The carriers for whom Pacific Southcoast Freight Bureau

is agent are subject to the minimum rates established in Minimum Rate Tariff No. 2 and Minimum Rate Tariff No. 5 for the transportation of furniture and hampers. Applicant will be directed to make the necessary amendments in its Exception Sheet No. 1-S so that the ratings herein found to be justified will be established for the rates of carriers participating in Exception Sheet No. 1-S. Such amendment will, by operation of provisions of Minimum Rate Tariffs Nos. 2 and 5, establish said ratings as ratings governing the class rates in said minimum rate tariffs. The minimum rate tariffs will be amended to provide that the ratings for furniture articles in the various forms and in the several packages shall be as prescribed in the Western Classification. Minimum Rate Tariff No. 5 will be amended by a separate order to avoid duplication of tariff distribution.

Notice is taken that the agent for carriers participating in Exception Sheet 1-S is Pacific Southcoast Freight Bureau and not J. P. Haynes. The order which follows will be directed to Pacific Southcoast Freight Bureau.

It has been brought to the Commission's attention that, due to certain errors in indentation and punctuation, the application of Item No. 330 of Minimum Rate Tariff No. 2 is not clear. The necessary corrections will be made.

O R D E R

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

IT IS ORDERED:

1. That all highway carriers, railroads, express corporations, and freight forwarders who are subject to the minimum rates established by the Commission in Decision No. 31606, as amended, (Minimum Rate Tariff No. 2) shall, on May 1, 1959, and thereafter, assess and collect charges no lower in volume or effect for the transportation of furniture as described in Western Classification No. 76 than the minimum class rates and charges at the applicable ratings

set forth in said Western Classification or such other applicable minimum rates prescribed in Minimum Rate Tariff No. 2.

2. That Pacific Southcoast Freight Bureau, Agent for various railroads, highway common carriers, express corporations and freight forwarders, is directed to cancel, effective May 1, 1959, on not less than ten days' notice to the Commission and to the public, an exception rating on furniture, less carload, of second class, set forth in Item No. 680-A of Exception Sheet No. 1-S, and an exception rating on hampers, set up, not nested, of first class, set forth in Item No. 710 of Exception Sheet No. 1-S. ✓

3. That Pacific Southcoast Freight Bureau, Agent, is authorized to cancel, on not less than ten days' notice to the Commission and to the public, an exception rating on emigrant movables, carload, Class B, as set forth in Item No. 510-A of Exception Sheet No. 1-S.

4. That Pacific Southcoast Freight Bureau, Agent, is authorized to modify, on not less than ten days' notice to the Commission and to the public, an exception rating on household goods, carload, Class B, minimum weight 20,000 pounds, by making said minimum weight and rating subject to the provisions of Rule 34 of the Western Classification.

5. That the authorities granted in paragraphs 3 and 4 above will expire unless exercised within sixty days after the effective date of this order.

6. That Minimum Rate Tariff No. 2 (Appendix "D" of Decision No. 31606, as amended) is further amended by incorporating therein, to become effective May 1, 1959, Nineteenth Revised Page 37, which page is attached hereto and by this reference made a part hereof. ✓

7. That in all other respects, said Decision No. 31606, as amended, shall remain in full force and effect.

8. That, except as otherwise provided for above, and in Decision No. 58110 entered today, Application No. 39796, Petition No. 104 in Case No. 5432 and Petition No. 15 in Case No. 5435 are denied.

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

Dated at San Francisco, California, this 10th day of March, 1959.

E. L. Fox
President
W. H. Doolittle
Thos. L. Doolittle
Everett L. Doolittle
Commissioners

Cancels

Item No.	SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)	
	EXCEPTIONS TO WESTERN CLASSIFICATION AND EXCEPTION SHEET (Continued)	
	PACKING REQUIREMENTS	
	<p>Except on articles described in the Western Classification under the heading "Furniture" and except as otherwise provided, articles will not be subject to the packing requirements of the Western Classification or Exception Sheet, but may be accepted for transportation in any container or any shipping form, providing such container or form of shipment will render the transportation of the freight reasonably safe and practicable.</p> <p>Except on articles described in the Western Classification under the heading "Furniture" if two or more ratings which are subject to different packing requirements are provided for an article in the form in which it is shipped, the lowest of such ratings will apply.</p> <p>The term "Form in which it is shipped" means the form of the article itself as prepared for shipment or for the trade (exclusive of packing requirements), such as set up, knocked down, nested, not nested, compressed, not compressed, folded flat, not folded flat, in metal can inner containers, in glass bottle inner containers, in carton inner containers, in bulk (not in inner containers), dry, liquid, paste, solid, powdered, granulated, in carboys. The term "packing requirements" means (1) the outer shipping containers such as boxes, barrels, crates, bags, and (2) the shipping forms such as bundles, bales, rolls, loose, on skids (other than lift truck or platform), which are provided in the Western Classification or Exception Sheet.</p>	
		Class Rating
305	Batteries, dry cell, electric, less carload-	4
310	Beverages, malt, viz.: Ale, Beer, Beer Tonic, Porter, Stout, less carload -----	4
311	Beverage Preparations, not otherwise indexed by name in the Western Classification, dry, less carload -----	4
315-A Cancels 315	Butter, dairy Cheese (including cottage cheese and pot cheese) Margarine (1) Applies only when one or more of the commodities listed in this item move in mixed shipments with other commodities for which rates are provided in this tariff.	(1) 4
320-C Cancels 320-B	Canned Goods and Other Articles as described in and subject to the provisions of Item No. 610: Less than carload ----- Carload, minimum weight 30,000 pounds ---	90% of 4 5

C. 5432 (Pet. 104)*

Carriers (used packages), second-hand, empty, as described in and subject to the provisions of Item No. 300 of the Exception Sheet.

Containers, aluminum bulk commodity shipping, nested, subject to Note 1 of Item No. 300 of the Exception Sheet.

Less than carload -----

(2) 1/2 of 4

*330-K
Cancels
330-J

(2) Subject to minimum rate of 28 cents per 100 pounds or actual 4th class rate, whichever is lower. On continuous through movements on which charges are obtained by use of combinations of separately established rates, the minimum rate stated above shall apply, not in connection with the separately established factors, but to the total of the combined rate applicable to the through continuous movement.

Carload:

Minimum weight 12,000 pounds -----

(3)B

Minimum weight 30,000 pounds -----

(3)E

(3) Not to exceed less-than-carload rate.

333

Clothing, staple work, vis.: Dungarees, coveralls, overalls, breeches, pants, shirts or jackets (see Note 1) made of any one or any combination of the following fabrics made wholly of cotton:

Denim	Drills	Flannels	Corduroys
Jeans	Chambrays	Coverts	Duck
Twills	Cottonades	Poplins	Moleskins
			Whipcords

3

Note 1.--Includes work jackets with blanket lining made of cotton and not to exceed 50% of wool shoddy.

* Change)
o Increase)

Decision No. 58109

EFFECTIVE MAY 1, 1959

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San Francisco, California.
Correction No. 888