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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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 commodities between and within all points and places in the State of California (including, but not limited to, transportation for which rates are provided in Minimum Rate Tariff No. 2).

Case No. 5432
(Petition for Modification No. 145)

Marvin Handler for International Business Machines Corporation, Petitioner.
Carl F. Breidenstein for California Packing Corporation, Roy J. Varni for Wm. Volker & Company, R. D. Toll, Arlo D. Poe and J. X. Quintrall for California Trucking Associations, Inc., W. A. Hanen for United States Express, Ralph S. Schmitt for General Freight Corp., Jack W. Crawford for Merchants Express of California, John Odoxta, for Shippers Express Co., Interested Parties.
A. R. Day and Thomas W. Morley, for the Commission's staff.

O P I N I O N

Minimum Rate Tariff No. 2 names class and commodity rates for the transportation of general commodities generally throughout the State. By this petition, International Business Machines Corporation requests establishment in that tariff of a commodity rate of 58 cents per 100 pounds, minimum weight 45,000 pounds, for the transportation of "cards or tickets, autographic, cash register or time register, or accounting, computing or weighing machine, printed or not printed," from San Jose and Campbell to Los Angeles Territory.¹

Public hearing was held before Examiner William E. Turpen at San Francisco on May 4, 1959. Evidence was presented by petitioner's traffic manager. Members of the Commission's staff assisted

¹ For convenience, the commodity will be hereinafter referred to as tabulating machine cards.

in developing the record.

Petitioner's traffic manager testified that his company operates a plant at San Jose which manufactures and distributes tabulating machine cards throughout the 11 western states. He said that the volume of cards shipped to Los Angeles from the plant amounts to approximately 850,000 pounds per month. Petitioner is about to commence building a new plant at Campbell and will make most of its shipments from that location in the future. The witness stated that petitioner encounters severe competition in the Los Angeles market from other card manufacturers who are located in that area and who consequently enjoy much lower transportation costs. The traffic manager said that his company has lost several large accounts recently in the Los Angeles area due to lower bids by local manufacturers. At present the tabulating machine cards are rated in the Western Classification as 4th class for printed cards and 5th class for not printed cards, both ratings being subject to minimum weight of 36,000 pounds. The corresponding rates named in Minimum Rate Tariff No. 2 for movements between San Francisco Territory and Los Angeles Territory are 75 cents per 100 pounds for 4th class and 64 cents for 100 pounds for 5th class.

The petition shows that the tabulating machine cards are packed 10,000 cards to a carton measuring 15" x 18" x 8½", or 1.29 cubic feet. The cartons weigh 58 pounds each or 45 pounds per cubic foot. The cards have an average value of 20 cents per pound. In justification of the sought commodity rate, petitioner's traffic manager presented in evidence several exhibits showing the size, density and value per pound of a number of items that are included in the commodity rates now named in Minimum Rate Tariff No. 2 for canned goods, petroleum and petroleum products, and soap and related articles.

Another exhibit shows that the present rates applicable between the San Francisco Territory and Los Angeles Territory for these three groups of commodities, in cents per 100 pounds, are 47.3 cents, 57.2 cents and 46 cents, respectively, subject to minimum weight of 30,000 pounds.² The exhibits show that with respect to container size and density and value per pound, the tabulating machine cards are comparable with the other commodities shown thereon. The witness stated that the proposed rate of 58 cents was arrived at by negotiation with the carriers presently performing the transportation.

Petitioner has failed to present probative evidence that would enable us to find the proposed 58-cent rate to be a reasonable minimum rate. Petitioner has attempted to justify its proposal by comparing the shipping form of its commodity with the shipping forms of other commodities for which minimum rates varying from 46 cents to 59 cents per 100 pounds are now named in the tariff. These other commodity rates have been established following studies in which many factors were considered. As mentioned previously, the rates on petroleum and petroleum products were just recently revised following extensive studies. Studies have recently been made pertaining to the rates for canned goods and will be presented at public hearings soon to be held.

² Effective June 26, 1959, the commodity rate on petroleum and petroleum products was canceled and exception ratings of Class B on 30,000 pounds and Class C on 40,000 pounds established. These ratings resulted in rates of 59 and 54 cents, respectively.

Upon consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds that the proposed commodity rate for tabulating machine cards has not been shown to be reasonable or justified. The petition will be denied.

O R D E R

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

IT IS ORDERED that Petition for Modification No. 145, in Case No. 5432, be and it is hereby denied.

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

Dated at San Francisco, California, this 29th day of June, 1959.

[Signature]
President

[Signature]

[Signature]

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Commissioners