

ORIGINALDecision No. 58949

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 car-
 riers 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 No. 131

In the Matter of the Investigation into
 the rates, rules, regulations, charges,
 allowances and practices of all common
 carriers, highway carriers and city car-
 riers relating to the transportation of
 property in Los Angeles and Orange
 Counties (transportation for which rates
 are provided in City Carriers' Tariff
 No. 4 - Highway Carriers' Tariff No. 5).

Case No. 5435
 Petition No. 16

Donald Murchison, for Glenway Company, Inc., and
for Presto Delivery Service, Inc., petitioners.
Arlo D. Poe, J. C. Kaspar and James Quintrall, for
California Trucking Associations, Inc., inter-
 ested party.

O P I N I O N

Involved in these petitions is a proposal to enlarge the
 Los Angeles Drayage Area, as defined in Minimum Rate Tariff No. 5,
 by extension of the boundaries of Zone No. 11 to include a portion
 of the City of Glendale.

Public hearing on the petitions was held before Examiner
 C. S. Abernathy at Los Angeles on April 17, 1959. The record was
 completed with the filing of an amendment to the petitions on
 May 12, 1959.

Zone No. 11 is an area about three miles long and one half
 to three-quarters of a mile wide located just within the City of

Los Angeles along the southwestern boundary of the City of Glendale. The proposed addition is the contiguous area within Glendale, about 250 to 1500 feet wide, lying between the Los Angeles/Glendale boundary and San Fernando Road.

Petitioner Glenway Company, Inc., is engaged in the manufacture and distribution of cosmetics and toiletries. Its plant is located within that portion of the City of Glendale which is involved herein. Part of its production is sold and delivered to consignees located within the Los Angeles Drayage Area in competition with the production of manufacturers and distributors of cosmetics and toiletries having plants which are located within said drayage area.

The shipments of Glenway into the drayage area are subject to minimum rates which are set forth in Minimum Rate Tariff No. 2. Corresponding shipments of competing manufacturers located in the drayage area are subject to provisions of Minimum Rate Tariff No. 5. The rates in Minimum Rate Tariff No. 2 are generally higher than those in Minimum Rate Tariff No. 5 for less-truckload shipments and are lower for truckload shipments. Glenway's shipments into the drayage area are all less-truckload shipments. Glenway asserts that the higher rates which it must pay on its shipments subject it to substantial and unjustified disadvantage in relation to its competitors who may ship at the rates in Minimum Rate Tariff No. 5. It seeks extension of Zone No. 11 as hereinbefore indicated in order that the rates in Minimum Rate Tariff No. 5 may be applied to its shipments also.¹

¹ Petitioners' proposals apparently contemplate that the sought extension of Zone No. 11 would be applied only in connection with less-truckload shipments. At the hearing petitioners' counsel stated that the proposals do not involve truckload shipments.

As a basis for extension of the Los Angeles Drayage Area as sought, Glenway referred to the extent that the entire Los Angeles metropolitan area has developed in recent years. It submitted evidence to show that at present transportation from the involved Glendale area is performed under substantially the same conditions as those applicable to transportation from Zone No. 11. Because of terrain, system of streets, and city ordinances governing the usage of streets, San Fernando Road is the only practical route of access for trucks to both areas. Hence, in following this route drayage shipments to or from Zone No. 11 pass along or through the same area which Glenway seeks to have added to said zone. With respect to the character of the area which comprises the proposed extension, Glenway submitted information to show that during the past decade the area has developed industrially by reason of the fact that some 35 or more industrial firms have located in the area.

Petitioner Presto Delivery Service, Inc., a highway common carrier that transports much of Glenway's traffic, also submitted evidence to the effect that San Fernando Road provides the only practical access for trucks serving Zone No. 11. The witness for this petitioner pointed out that because of this fact, and because of the differences in the less-truckload rates from Zone No. 11 on the one hand and from the proposed extended area on the other hand, his charges for transportation from Zone No. 11 into other parts of the drayage area are less than those for transportation from the sought extension even though Zone No. 11 is the more distant and the same routes are involved. The witness averred that the assessment of the higher charges in the circumstances is unreasonable and unduly discriminatory, in violation of the provisions of Sections 453 and 460 of the Public Utilities Code.

Granting of the petitions was opposed by the California Trucking Associations, Inc., on the grounds that adjustment of Minimum Rate Tariffs Nos. 2 and 5 to reflect fundamental changes in transportation conditions that have occurred in the Los Angeles metropolitan area since the tariffs were established is a matter that should be undertaken on an over-all basis in order to avoid the creation of numerous new problems that would follow under a program of piece-meal adjustments. The petitions were opposed on the further grounds that the showing which was submitted in support thereof is so limited in scope that it does not provide sound grounds for a minimum rate adjustment of general application.

Discussion, Findings and Conclusions

The main question that is here presented is whether as a consequence of changed conditions since the establishment of Minimum Rate Tariffs Nos. 2 and 5 the differences between the rates that apply for transportation within the Los Angeles Drayage Area, on the one hand, and the rates that apply into the drayage area from that portion of Glendale west of San Fernando Road, on the other hand, have become unduly prejudicial to shippers in said Glendale area.

That transportation conditions in the Los Angeles metropolitan area have changed - that the whole area has developed very substantially - is a fact that needs not be argued or proved. The Commission has heretofore taken cognizance of a possible need for adjustments in Minimum Rate Tariffs Nos. 2 and 5 to give effect to such changes, and has directed its staff to engage in studies to that end (Decision No. 53218, June 12, 1956). Such studies are in progress. However, the fact that transportation conditions may have changed generally and substantially does not of itself provide

grounds for finding that the differences between the rates that apply from Zone No. 11 and the Glendale area are themselves unreasonably burdensome and should be eliminated forthwith and without regard to any revision of these or other zones that the pending studies may indicate should be made in the interests of arriving at a just and reasonable basis of rates for the Los Angeles metropolitan area as a whole.

Neither are grounds provided for the revising of Zone No. 11 as sought by the showing of truck routes into and from Zone No. 11 via San Fernando Road and the listing of new enterprises which have been established in the involved Glendale area in recent years. These circumstances may tend to demonstrate a need for equality in the rates from Zone No. 11 and said area. However, the attainment of rate equality does not necessarily entail a reduction of the higher rates, since increases in the lower rates, or both increases and reductions, can also bring about the same end. Although petitioners seek the course that would result in rate reductions from the Glendale area, the adoption of such a course has not been shown to be justified. Petitioners' showing herein, confined as it is to the experience of but one shipper and one carrier in the transportation of less-truckload shipments, is not sufficient to support such an adjustment in the minimum rates governing the transportation of general commodities by all classes of for-hire highway carriers operating between the areas involved.²

² It should be pointed out that were petitioners' proposals to be adopted, the resultant rate structure for the involved Glendale area would be a combination of the less-truckload rates which are set forth in Minimum Rate Tariff No. 5 and the truckload rates which are set forth in Minimum Rate Tariff No. 2. This rate structure would be different from any other minimum rate structure which applies in the Los Angeles metropolitan area. There does not appear any basis upon which such a rate structure may be found reasonable and nondiscriminatory in relation to other of the applicable rates.

One further point which should be mentioned relates to the asserted violations of the long- and short-haul prohibitions of the Public Utilities Code which result as a consequence of the maintaining and assessing by petitioner Presto Delivery Service, Inc., of rates conforming to those in Minimum Rate Tariff No. 3 for transportation from Zone No. 11 while at the same time Presto maintains and assesses higher rates conforming to those prescribed in Minimum Rate Tariff No. 2 for transportation from the intermediate Glendale area. If petitioner is aware of any rates which it is maintaining contrary to the long- and short-haul prohibitions of the Public Utilities Code, it is petitioner's responsibility either to make the tariff publications necessary to remove the violations, or to make prompt application to this Commission for relief from the operation and requirements of Section 460 of the Public Utilities Code.

Upon consideration of the facts and circumstances of record, the Commission is of the opinion and finds that petitioners have not shown their proposals in these matters to be justified. The petitions will be denied.

O R D E R

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

IT IS HEREBY ORDERED that Petitions Nos. 131 and 16 in Cases Nos. 5432 and 5435, respectively, be, and they hereby are denied.

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

Dated at San Francisco, California, this 1st day of September, 1959.

Ernest R. Page
President
W. E. H. H. H.
Matthew Doolan
E. L. Fox
Theodore J. Danner
Commissioners