

Decision No. 59863**ORIGINAL**

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 commodi-)
 ties 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 for Modification
 No. 168

Arlo D. Poe, J. C. Kaspar, and James Quintrall, for
California Trucking Associations, Inc., petitioner.
Harry W. Dimond, for John Breuner Co., protestant.
Russell Bevans, for Draymen's Association of San
Francisco; Ralph Hubbard, for California Farm
Bureau Federation; Omar E. Pullen, for Retail
Furniture Association; W. Paul Tarter, for
Wm. Volker & Co.; Del A. Bennett, for Western
Transportation Co.; interested parties.
E. E. Tanner and Grant L. Malquist, for the
Commission staff.

O P I N I O N

California Trucking Associations, Inc., by petition filed
 October 20, 1959, requests the cancellation of paragraph (a) of Item
 179 of Minimum Rate Tariff No. 2.¹

¹

Item 179 provides:

"POOL SHIPMENTS (Concluded)

Pool Shipments as described in Item No. 176, viz.: Furniture or
 Furniture Parts as described under those headings in Western
 Classification.

(a) Unloading or segregating, or unloading and segregating;
 including transportation and accessorial services described in para-
 graphs (b), (c) and (e) of Item No. 177, - \$1.13 per 100 pounds,
 minimum charge - \$2.20 per component part.

(b) Unloading or segregating, or unloading and segregating;
 including accessorial services described in paragraphs (b), (c) and
 (e) of Item No. 177 - 80 cents per 100 pounds, minimum charge -
 \$1.54 per component part."

Public hearing was held January 28, 1960, before Examiner Jack E. Thompson at San Francisco.

Rates for handling pool shipments were established in Minimum Rate Tariff No. 2 in 1952. The rates and rules established at that time, and since that time, were taken directly from tariff provisions of City Carriers' Tariff No. 1-A (San Francisco Drayage Tariff) and City Carriers' Tariff No. 2-A, Highway Carriers' Tariff No. 1-A (East Bay Drayage Tariff). Item No. 179 was one of the items taken from the drayage tariffs at that time.

A single rate covering the combined services of unloading a pool car, clerical services of preparing manifests, delivery instructions, freight bills and accounting therefor, advancing, prorating and collecting inbound freight charges of other carriers, and transportation of articles from the pool car to points within one of the drayage areas was established by the Commission in the drayage tariffs by Decision No. 45287 dated January 23, 1951. This decision resulted from proceedings had on petitions filed by Overland Freight Transfer Co. and Merchants Express Corporation. The decision states:

"They (petitioners) introduced exhibits showing that Eastern shippers could consign carload shipments of furniture to nearby communities (not subject to pool shipment rates) where they could be unloaded, segregated and transported to San Francisco or East Bay points at charges less than those which would accrue on like cars forwarded to San Francisco or the East Bay for handling and distribution by draymen. In addition, exhibits were introduced showing that furniture could be shipped from Eastern manufacturing centers via freight forwarder pickup and delivery service at charges substantially less than those resulting under the present rail-drayman pool car arrangement."

According to the facts recited in the opinion in the aforesaid decision, the cost data offered in that proceeding consisted of studies reflecting operations conducted within San Francisco. A footnote states that a witness for Merchants Express Corporation

testified that costs in the East Bay drayage area would be slightly lower because of lower wage rates and more efficient terminal facilities then prevailing.

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 division 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."

The costs considered in the decision were the costs of unloading and sorting pool car merchandise.

The director of research of petitioner testified that the rate provided in paragraph (a) of Item 179 acquired greater importance following the issuance by the Commission of its Decision No. 58109 (J. P. Haynes, 57 Cal. P.U.C. 10) on March 10, 1959. By that decision, the Commission canceled exception ratings on furniture and thereby increased the rates for the transportation of numerous articles of furniture in California. California furniture manufacturers complained to petitioner that with the increase in the intrastate transportation of furniture, the low rate in Item 179 gave further advantage to eastern manufacturers in competing in the Bay Area market. The director of research presented data comparing the rate provided in Item 179 with other transportation rates for various items of furniture.

Wm. Volker & Co., a shipper of furniture, supported the petition. The Retail Furniture Association was not opposed to the granting of the petition. John Breuner Co., a retailer of furniture, protested the petition. Its traffic manager testified that, if the petition is granted, in some instances the aggregate of charges under freight forwarder rates from eastern points will be less than the cost of having freight consolidated, shipped and delivered out of pool cars. In such instances the traffic would be diverted from the draymen. On cross-examination it was developed that this would not be a frequent occurrence, particularly with respect to movements to John Breuner Co.

It is clear that the rate provided in Item 179 was established in the drayage tariffs in 1951 for the purpose of allowing the draymen subject to the San Francisco Drayage Tariff and the East Bay Drayage Tariff to meet unregulated competition at points just outside of San Francisco and the East Bay Drayage Area. The establishment of the pool car rates in Minimum Rate Tariff No. 2 in 1952, by Decision No. 47776, also was for the purpose of achieving uniformity of regulation for competing carriers. It is also clear that the rate in paragraph (a) of Item 179 in no way reflects the cost of transporting furniture between points where the rate is applicable, particularly between points where the route is via the San Francisco Bay Bridge, the Golden Gate Bridge or the Richmond-San Rafael Bridge.

Upon consideration of all of the facts and circumstances, we are of the opinion and find that the rate provided in paragraph (a) of Item 179 is unreasonably low and should be canceled and that the rates otherwise provided in Minimum Rate Tariff No. 2 are the minimum reasonable rates to be charged by highway carriers for the services.

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 Minimum Rate Tariff No. 2 (Appendix "D" of Decision No. 31606, as amended) is further amended by incorporating therein, to become effective May 20, 1960, Fourth Revised Page 21-C, which page is attached hereto and by this reference made a part hereof.
2. That tariff publications required to be made by common carriers as a result of the order herein may be filed not earlier than the effective date hereof, to become effective 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 May 20, 1960.
3. That in all other respects said Decision No. 31606, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 29th day of March, 1960.

Greene R. B. Page
President
Walter E. Hall
Walter E. Hall
E. L. L. L.
Theodore J. L. L.
Commissioners

Fourth Revised Page 21-C

Cancels

Third Revised Page 21-C

MINIMUM RATE TARIFF NO. 2

Item No.	SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)
*179-D Cancels 179-C	POOL SHIPMENTS (Concluded)
	Pool Shipments as described in Item No. 176, viz.: Furniture or Furniture Parts as described under these headings in Western Classification.
	(a) o ** Unloading or segregating, or unloading and segregating; including accessorial services described in paragraphs (b), (c) and (e) of Item No. 177, 80 cents per 100 pounds, minimum charge \$1.54 per component part.
* Change) o Increase) Decision No. 59863 ** Paragraph (a) eliminated)	
EFFECTIVE MAY 20, 1960	
Issued by the Public Utilities Commission of the State of California, San Francisco, California. Correction No. 1019	