

ORIGINAL

Decision No. 59913

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 property in Los Angeles and Orange Counties (transportation for which rates are provided in Minimum Rate Tariff No. 5).

Case No. 5435
Petition No. 11

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 within and between all points and places in Orange County and portions of Los Angeles and San Bernardino Counties.

Case No. 6322
(Order Setting Hearing
dated July 28, 1959)

(For appearances, see Appendix "A.")

O P I N I O N

At issue herein are certain motions pertaining to proposals of the Commission's staff that have been submitted as a step towards revision of the minimum rates, rules and regulations which govern the transportation of general commodities within that portion of Southern California lying generally between the San Gabriel Mountains on the north, the Pacific Ocean on the south, Pomona and Santa Ana on the east, and San Fernando and Santa Monica on the west. For purposes of designation said area will be referred to herein as the Los Angeles/Orange Counties Metropolitan Area or as the Metropolitan Area.

On September 25, 1957, a hearing was held in the above-numbered phase of Case No. 5435 before Examiner C. S. Abernathy at Los Angeles for the purpose of receiving evidence on recommendations of a rate expert of the Commission's staff which were directed toward the establishment of a system of zone rates to apply throughout the Los Angeles/Orange Counties Metropolitan Area. At present the transportation of general commodities within certain portions of this area is subject to the provisions of Minimum Rate Tariff No. 2; transportation within the Los Angeles Drayage Area, an area lying within a radius of about 6 to 8 miles from the Los Angeles City Hall, is governed by Minimum Rate Tariff No. 5, and transportation within various other portions of the Metropolitan Area is not subject to minimum rate regulation by reason of the fact that minimum rates for such transportation have not been established.

It appearing that differences between the provisions of Minimum Rate Tariffs Nos. 2 and 5 for substantially the same transportation services within the same general area have been a source of difficulty for carriers and shippers alike, and it also appearing that the absence of minimum rate provisions in some instances for like transportation within the same general area has also been a source of difficulty and discrimination, the Commission directed its staff, in Decision No. 53218, dated June 12, 1956, in Case No. 5435 "to undertake studies leading to such adjustments in the present minimum rates as are necessary to bring the rates into conformity with present conditions and those which may be expected to prevail for a reasonable period in the future." Pursuant to this

directive the aforesaid recommendations of the rate expert were developed and presented.

In general, the rate expert recommended that the Metropolitan Area be divided into 58 rate zones and that, subsequently, zone rates be prescribed on the basis of these zones, on the costs of service, and on other applicable transportation considerations. These recommendations were developed from studies which the rate expert had made of maps of the area, from discussions which he had had with representatives of chambers of commerce of various of the cities and municipalities involved, and from his own knowledge and observations of the physical characteristics of the area.

Adoption of the rate expert's recommendations was opposed by the California Trucking Associations, Inc., by the California Manufacturers Association, by the Los Angeles Chamber of Commerce, by the Los Angeles Wholesale Institute, by California Shippers Associates and by the Pomona Chamber of Commerce. The objections of these parties were made on two main bases:

1. That the proceeding in which the recommendations were made, Case No. 5435, is not sufficiently broad in scope to provide appropriate grounds for the prescription of minimum rates in the manner contemplated by the rate expert's recommendations; and
2. That the information upon which the recommendations were developed is not sufficient to support the establishment of the proposed zones.

With respect to the latter objection the parties contended mainly that information concerning the flow of traffic involved is essential to the development of suitable rate zones.

In connection with these objections, the motions which are under consideration herein were entered by counsel for the California Trucking Associations, Inc. Other of the objecting parties concurred in the motions. Said motions are:

- (1) That the Commission find that the present Los Angeles drayage area is not adequate and that such area should be enlarged;
- (2) That as a step toward enlargement of the Los Angeles drayage area, the Commission make an appropriate order which brings into issue the rates, rules and regulations of all classes of carriers -- highway common carriers, radial highway common carriers, contract carriers, city carriers, railroads and petroleum irregular route carriers -- so that there will be no gap in the establishment of rates for all transportation within the area; and
- (3) That the Commission proceed through its staff to develop traffic flow information necessary to the determination of the proposed zones and zone rates within the Los Angeles metropolitan area.

Subsequent to the submission of these motions, the Commission's staff undertook to determine specifically what would be required to satisfy the motions. First, the staff undertook to determine in detail the studies that should be made to gather the traffic-flow information that the parties deemed essential to the development of proper rate zones for the Metropolitan Area. By conferences and correspondence with the parties involved, the staff arrived at what it considered to be the minimum requirements of the parties. These requirements are set forth in Appendix "B" attached hereto. Having made this determination, the staff proceeded by test studies on a limited basis to arrive at a measure for estimating the total cost, in money and in time, of studies of the scope necessary to produce the information desired.

On December 9, 1959, a hearing was held before Commissioner Theodore H. Jenner and Examiner C. S. Abernathy at Los Angeles for the purpose of receiving the staff reports on the foregoing studies. In addition to being held in Case No. 5435, Petition No. 11 (as was the initial phase of this matter), the hearing was also held in Case No. 6322, a proceeding which was initiated on July 28, 1959, by the Commission on its own motion "for the purpose of investigating the rates, rules, regulations, charges, allowances and practices of any and all carriers of property ... engaged in the transportation of any and all commodities between and within all points and places" generally within the area hereinbefore designated as the Los Angeles/Orange Counties¹ Metropolitan Area. Evidence was submitted by two rate experts of the Commission's staff who had developed the estimates of the costs that would be incurred in making the studies necessary to meet the so-called minimum requirements.

According to testimony and exhibits of these witnesses, such studies would be a lengthy and costly process. The time that would be required would necessarily be related to the number of personnel that would be assigned to the task. Based on the assumption that four rate experts would be so assigned, the witnesses estimated that more than four and one-half years would be

¹ For procedural purposes the record which was made at the hearing on September 25, 1957, in Case No. 5435, Petition No. 11, was incorporated by reference in Case No. 6322 at the outset of the hearing on December 9, 1959. Thereafter, no further evidence was received in Case No. 5435, Petition No. 11.

required for completion of the job, and that the applicable costs would exceed \$200,000.

Regarding the results that would be achieved, the witnesses questioned whether the value of the data that would be obtained would be such as to justify the time and money spent. They pointed out what they deemed would be serious deficiencies in the study. For example, in numerous instances the carriers' shipping documents do not contain the needed information. Commodity descriptions are either omitted or are inadequate. Specific information as to origin and destination of shipments is lacking. Data relating to the weights of the shipments, particularly of mixed shipments, are not shown in numerous instances. In these and in various other respects the data which the study would develop assertedly would be incomplete or unreliable.

In addition the witnesses argued that such a study would not be useful for the purposes for which it would be made. They asserted that minimum rates have been prescribed heretofore without traffic-flow data. They said, furthermore, that the so-called minimum requirements themselves are deficient in that they do not touch upon a number of considerations important to the establishment of reasonable rates. For these several reasons the witnesses urged that the motions for a traffic-flow study be denied. No other parties presented evidence. However, a representative of Carnation Company urged denial of the motions for a traffic-flow study on the grounds that the expenditures therefor would be unjustified, and the burden of developing information necessary to revision of the rates

should be assumed by the carriers and shippers who would be the most directly affected. The Los Angeles Chamber of Commerce, through its traffic commissioner, supported the objections of the Carnation Company to the traffic-flow study. In this respect the Chamber of Commerce reversed its previous request for a study as indicated. Its traffic commissioner asserted that such a study would be of little value if four or more years, as estimated by the staff witnesses, were required for its completion.

In this phase of these proceedings we are concerned only with the rulings to be made on the pending motions. The sole question for decision, insofar as the matter of a traffic-flow study is concerned, is whether a study meeting the so-called minimum requirements should be made.

The development of reasonable and nondiscriminatory minimum rates for an area as large and as populated as the Los Angeles/Orange Counties Metropolitan Area is a task of substantial magnitude. Necessarily, studies which are undertaken to arrive at the pertinent rate considerations must be limited to only the essentials if the task is to be completed within a reasonable time and at a reasonable cost.

On the record before us, we are not persuaded that all of the data which have been designated as minimum requirements are, in fact, essential to the establishment of revised minimum rates for the Metropolitan Area. Nor are we persuaded that said data would include all of the essential information that should be obtained as part of such a study. We find and conclude, therefore, that

the motion for a traffic-flow study as hereinabove described should be denied.

With respect to the remaining motions for a finding that the present Los Angeles Drayage Area should be enlarged and for the issuance of an appropriate procedural order toward that end, no action on said motions is necessary. It appears that the Commission's order of investigation in Case No. 6322, supra, meets the objectives of these motions, and that further order on said motions is not required.

Reference has heretofore been made to the record which was made at the hearing on September 25, 1957, in Petition No. 11, Case No. 5435. As has been stated, that record has been incorporated by reference in Case No. 6322 at the hearing on December 9, 1959. In view of this fact, and in view of the fact that other aspects of Petition No. 11 (which relate to adjustments in the rates in Minimum Rate Tariff No. 5) have been disposed of heretofore by appropriate orders of the Commission (Decision No. 55369, dated August 5, 1957, and Decision No. 57546, dated November 3, 1958), the further continuance of the phase of Case No. 5435 which is covered by Petition No. 11 is not necessary. Said phase will be terminated.

O R D E R

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

IT IS HEREBY ORDERED

1. That the motion of the California Trucking Associations, Inc., and of certain other interested parties that the Commission, through its staff make a traffic-flow study in accordance with the procedures and for the

purposes outlined in Appendix "B" (which appendix is attached hereto and by this reference is made a part hereof) be and it hereby is denied;

2. That the phase of Case No. 5435 which has been considered in connection with Petition No. 11 in said case be, and it hereby is terminated; and
3. That the proceedings in this instant phase of Case No. 6322, which shall hereafter be designated as Part "A" of said case, be held open until further order of the Commission, and that further hearings be held thereon before such Commissioner and/or Examiner as shall hereafter be designated, at such times and places hereafter to be set.

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

Dated at San Francisco, California, this 12th day
of April, 1960.

[Signature]
President
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners

List of Appearances

Arlo D. Poe, J. C. Kaspar and James Quintrell, for California Trucking Associations, Inc., petitioner in Petition No. 11, Case No. 5435, and interested party in Case No. 6322.

William M. Edwards, Neil J. Riordan, John B. Robinson, W. H. Schaeffer, Nat H. Williams, Preston W. Davis, Otto G. Broyles, Charles Jean Cullum, Robert L. Wilbur, Duff Wertz, for various respondent carriers.

Gaston Amson, A. E. Patton by W. Y. Bell, D. R. Mac Donald, Russell A. Morin, Milton A. Walker, Raymond Ristrom, Clifford E. Nolte, L. E. Osborne, C. C. Rickenbaugh, W. V. Criddle by C. F. Stephenson, J. A. Sullivan, C. L. Wadsworth, R. K. Wilson, G. R. Arvedson, LeRoy E. Bell, R. B. Bell, W. C. Bevan, A. D. Carleton, Warren L. Carroll, R. E. Demoster, Stanley R. Duncan, Vernon P. Maxson, T. C'Dell, Frank A. Spencer, Allen K. Pentille, Gerald C. Turner and Morton S. Colgrove for various interested shippers and shipper organizations.

A. E. Norbomm and C. S. Connolly, for protestant shipper organizations and shippers.

V. A. Bordelon and W. G. O'Barr, for the Los Angeles Chamber of Commerce, interested party.

Morton S. Colgrove and William M. Kerrigan, for the Pomona Chamber of Commerce, interested party.

William M. Kerrigan for the City of Pomona, interested party.

C. Ray Bryant, Grant L. Melquist, and Norman Haley, for the Commission's staff.

APPENDIX "B" TO DECISION NO. 59913

Minimum Requirements with Respect to Traffic Flow
 Study for the Establishment of Rate Zones Within
 Proposed Los Angeles/Orange Counties Metropolitan Area.

1. The number of motor carriers studied should include approximately 60 general commodity carriers, and 2 or 3 parcel carriers (including UPS). The 60 general commodity carriers should include one each from several categories of specialized carriers such as those hauling garments, dry bulk sugar, and commodities on low bed equipment.

The carriers should be selected from a known list supplemented by other carriers selected from the Commission's list of carriers served with Minimum Rate Tariffs Nos. 2 or 5 in Los Angeles and Orange Counties. Those finally selected should have 50 to 75 percent of their business in the area under study. The C.T.A. files show certain consolidated data for carriers. These may be checked by staff members in connection with the selections.

2. The railroads to be studied are the P. E., S. P. and the A. T. & S. F. A letter should be obtained from the U. P. stating that local transportation in the area is negligible.
3. The Railway Express Agency should be contacted to determine the volume of local business. If negligible the carrier need not be studied.
4. The zones or areas to be used for developing the traffic study should be the 58 zones in Exhibit No. 11-6 in Case No. 5435, received in evidence September 25, 1957, with certain modifications. In addition to the proposed zones in this exhibit, a string of additional zones should be established east of the eastern boundary. The existing zones west of the eastern boundary should be subdivided by a line running through them in a north-south direction. The zones in the central Los Angeles area also should be subdivided. The purpose of the new and subdivided zones is to permit more detailed study of movements to and from the eastern area and within the central Los Angeles area.
5. The sample should be a modified selected or a modified random sample.
6. The minimum number of shipments studied should be 15,000, or the equivalent of $1\frac{1}{2}$ to 2 percent of each carrier's local or total business for a year spread over the months of May and August. This would be accomplished by finding the average number of shipments per day per carrier and determining how many of these constituted $1\frac{1}{2}$ to 2 percent of a year's business. That number would then be the basis for selecting the number of freight bills to record for each carrier for the two months.

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(Continued)

If any freight bill among those sampled is not usable for any one of a number of reasons, the procedure will be to take the one next ahead in lieu thereof. If the one next ahead is not usable the one following will be used.

All shipments transported by each carrier having 50 percent or more business within the suggested area will be sampled. Where any selected carrier has less than 50 percent of the shipments within the area, the local business will be isolated and 2 percent of such business for a year will be sampled.

7. The "outside" shipments (i.e.: shipments originating or terminating outside the proposed area) will be included only as "item counts" (freight bill number, weight and revenue only). In connection with interlined shipments, the sampled carrier's division of revenue would be included.
8. (a) Exempt commodities should be included in the sample, unless subject to other Commission tariffs.
- (b) Commodities covered in other tariffs should be included only as Item counts. (The C.T.A. contemplates that Tariffs Nos. 3-A, 8 and 11-A should be made applicable from, to, and between all points in an expanded drayage area at some time in the future.)
- (c) Transportation at less than minimum rates should be included in the sample.
- (d) Transportation at vehicle unit rates should be included in the sample.
- (e) Transportation under oil field hourly rates should be included in the sample.
- (f) Transportation on low bed vehicles should be included. Transportation in dump truck equipment should not be included except as item counts.
- (g) Intrastate truck transportation at railroad rates and combination rates should be coded as such.
- (h) Intrastate shipments at combinations of truck and railroad rates should be coded as such.
- (i) Interstate freight should be coded as item counts.

Minimum Requirements with Respect to Traffic Flow
Study for the Establishment of Rate Zones Within
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(Continued)

- (j) Air freight subject to jurisdiction of Civil Aeronautics Board should be coded as item counts.
 - (k) U. S. Government traffic should be coded as item counts.
 - (l) Pickup or delivery bills should be coded as item counts.
 - (m) Independent contractor subhauling would be coded as an item count.
 - (n) Interline intrastate shipments within the area should be coded as item counts.
9. The kinds of transportation listed in Items Nos. 7 and 8 above can be consolidated under a single heading entitled "other freight revenue" only in those cases where the coding is indicated as an item count.
10. Pool lot segregation and the handling of c.o.d.'s should be coded separately. Other types of accessorial services should be coded as other revenue.
11. It is not necessary to include revenue which would have been received if established minimum rates had been assessed. (Also see No. 13.)
12. Revenue actually received by carriers for the shipments studied should be shown.
13. It is not necessary to include revenue which would have been received by carriers for shipments studied if they had assessed proposed minimum rates in each instance. (Also see No. 11.)
14. Data from all carriers may be consolidated into composite figures for each phase of the study. This will be a step at the conclusion of the study. It will be necessary, however, to code the data separately for each carrier so that it will be available on the IBM cards if needed. This will be accomplished automatically by coding carriers by number.
15. It is not necessary to show revenue data by classes of operative rights or services.
16. (a) It will be necessary to summarize data with respect to certain commodities which are covered by exception ratings

APPENDIX "B" TO DECISION NO. 59913

Minimum Requirements with Respect to Traffic Flow
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(Continued)

and commodity rates. Discretion should be used in choosing certain commodities for specific study. It may not be necessary to include such items as cut flowers, ice cream, etc., which move in small volume. Possibly these commodities can be grouped together (See (b) below).

- (b) All commodities within the scope of the study should be identified by the Western Classification Item Number. This will provide a basis for determining whether there is sufficient volume of movement to justify commodity rates or exception ratings. (See (a) above). When it is not possible to determine the specific item number in the Western Classification according to packing, precise description of article, etc., the first item number involved under the generic heading in Classification, or some other system or key can be used in selecting an item number for the purpose of the study.
- (c), (d), (e), and (f) The number of pounds and the number of shipments between zones and the number of pounds and number of shipments in each weight bracket should be coded with respect to each carrier. This will be a step in summarizing data.
- 17. Both the actual weight and the billed weight should be coded.
- 18. It is not necessary to show any packing or forms of shipment. Packing and form of shipment will be coded under Item 16 (b) if known.
- 19. It will not be necessary to include information with respect to types of origin of shipments, such as team track, carrier's terminal, etc.
- 20. It will not be necessary to include in the study revenue from sources other than transportation.

(End of Appendix "B")