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Decision No. 60518

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of ROBERTSON DRAYAGE CO., INC., a California corporation, for authority under Section 3666 of the Public Utilities Code of the State of California to transport new furniture from Pool Cars between San Francisco and East Bay Points at less than minimum rates.	Application No. 42118

Norman R. Moon, for Robertson Drayage Co., Inc., applicant.
Arlo D. Poe, J. C. Kaspar and James Quintrall, for California Trucking Associations, Inc.; Russell Bevans, for Draymen's Association of San Francisco; Omar E. Pullen, for Retail Furniture Association of California; Harry W. Dimond, for John Breuner Co.; interested parties.
Grant L. Malquist and John F. Specht, for Commission staff.

O P I N I O N

Robertson Drayage Co., Inc., a highway permit carrier, seeks authority under Section 3666 of the Public Utilities Code to assess and collect rates on pool car shipments of furniture lower than the minimum rates established by the Commission for such service in Minimum Rate Tariff No. 2.

Public hearing was held May 25, 1960 before Examiner Jack E. Thompson at San Francisco and the matter submitted.

On May 20, 1960, pursuant to Decision No. 59863 of March 29, 1960 in Case No. 5432 (Petition 168), paragraph (a) of Item No. 179-C of Minimum Rate Tariff No. 2 was cancelled. Said paragraph (a) provided a rate of $1.13 per 100 pounds, minimum charge $2.20 per component part, for the unloading, segregating,

transportation and certain accessorial services, of pool shipments of furniture or furniture parts.

Robertson Drayage Co. transports a substantial portion of the pool car shipments of furniture. Those shipments, for the most part, originate in eastern United States and are transported by railroad to San Francisco where Robertson takes custody of the goods at its terminal and warehouse. Applicant unloads and segregates the pool car and, on components having ultimate destination in the Bay Area, transports those shipments to the consignees. In most instances, such as the typical case recited above, the goods are in interstate commerce. It is a type of interstate commerce over which this Commission has exercised jurisdiction in the past because of Section 203 b (8) of the Interstate Commerce Act. Consolidated Freightways, Inc., (1940) 42 CRC 721; Charles J. Worth Drayage Co. (1949) 48 Cal. P.U.C. 681. The Commission's exercise of jurisdiction has been upheld by the United States Supreme Court. Consolidated Freightways vs. Railroad Commission Mem. (1941) 313 U. S. 561, reh. den. 313 U. S. 599.

According to the testimony of Robertson's president, shortly after Decision No. 59863 was issued, he was informed by some shippers which he serves that there was a carrier with rates, published and on file with the Interstate Commerce Commission, at the same level as those canceled by the aforesaid decision, and that they could obtain service from that carrier, as well as by freight forwarder direct, at rates lower than those which applicant would be required to assess under the minimum rate order. Inasmuch as the handling of furniture pool cars constitutes a large portion of applicant's total transportation business, the president decided to file this application in

order to meet the competition and retain the business.

Exhibit No. 2 is a reproduction of Item 298.1, 2nd Revised Page 26-B, United Transfer-Carley-Hamilton, Inc., Local Freight Tariff No. 1, MF-1.C.C. No. 2. Paragraph (a) of that item reads the same as the language in paragraph (a) of Item 179-C of Minimum Rate Tariff No. 2, which paragraph, as stated above, was canceled by Decision No. 59863, except that the rate provided is $1.03 per 100 pounds, minimum charge $2.00 per component part. There is no evidence that any traffic has moved under the aforesaid rate by that carrier since May 20, 1960 or prior thereto.

Applicant presented an estimate of the cost of unloading pool cars of furniture in San Francisco and delivering shipments to points in East Bay cities. A comparison was made of the estimated costs so developed with the revenues which would accrue at the proposed rates on four shipments. In all four cases, the revenues exceeded the estimated costs. The estimates, however, are clearly understated. The president estimated that drivers' nonproductive time amounts to at least 40 percent of paid time, but there is no allowance for nonproductive time reflected in the estimates. An indirect expense ratio of 17 percent, which was applied in developing the estimated full costs was computed from the statement of revenue and expenses for applicant's operations appearing in its annual report for the year 1959, as a ratio of indirect expenses to total expenses. In developing the estimates of total cost applicant applied the 17 percent to the direct expenses. This is an error of about 3½ percent of direct expense. In any event, however, the ratio of indirect expense to direct expense for applicant's entire operation does not appear to be appropriate for determining the cost

of the service involved herein. Applicant's president testified that it has a department which takes care of the pool car business. Over half of the total clerical staff are employed in activities relating to this department. Under the circumstances, we cannot accept the cost estimates as reasonably reflecting the costs of performing the service.

The Retail Furniture Association of California, Jackson Furniture Co. and John Breuner Co. support the application. The traffic manager of John Breuner Co. testified that the company can receive less-than-carload shipments from origins in southern United States via freight forwarder at a lower cost than that incurred from pool car shipments segregated at San Francisco under the present provisions of Minimum Rate Tariff No. 2.

We have considered all of the evidence and find that applicant has not shown that the proposed rate is reasonable. On this record we cannot find that the rate reflected in Exhibit No. 2 is unlawful because the record does not show what the services are on which the rate is to be applied.[1/] The Commission has held that the minimum rates which it has established are the lowest lawful rates that may be assessed for the unloading, segregating, sorting and delivery of shipments from pool cars at San Francisco which have had origin outside California, with destination within the commercial zone of San Francisco.

1/ We are advised and informed that since submission of this proceeding United Transfer-Carley-Hamilton has canceled the rate referred to above.

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 that the application filed April 5, 1960 in this proceeding is denied.

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

Dated at San Francisco, California, this 2nd day of August, 1960.

President

Commissioners