

ORIGINALDecision No. 62528

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
J. P. HACKLER, Tariff Publishing
Officer, for approval of changes in
classification provisions.

Application No. 41933

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 any and all commod-
ities 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
(Order Setting Hearing
dated March 29, 1960)

And related matters.

Cases Nos. 5435, 5441
and 5603

Additional Appearances

C. W. Burkett, Jr., J. M. Smith, E. D. Yeomans,
James W. O'Brien by James W. O'Brien, for
J. P. Hackler, applicant.
Dow, Lohnes & Albertson by Jerome H. Heckman,
for the Society of the Plastics Industry, Inc.;
Martin L. Ullman for Royal Pacific Co., Inc.;
protestants.
Edward C. Smith, in propria persona, interested party.
Carl Blaubach, for the Commission staff.

OPINION ON REHEARING

By the above entitled application, filed February 8, 1960,
J. P. Hackler, Chairman of the Western Classification Committee, sought
authority to make effective, on California intrastate commerce, a
number of changes in Western Classification No. 77. As the Commission
has adopted the ratings in the Western Classification as governing

minimum class rates for highway carriers, by orders dated March 29, 1960, we ordered that hearings in the several minimum rate investigation cases be held with hearings in this application for the purpose of determining whether the changes in classification proposed by applicant should be approved and adopted to govern the aforesaid minimum rates.

Following public hearings, Decision No. 60320, dated October 4, 1960, was issued granting the application and approving the changes insofar as they govern the minimum rates. By petition, filed October 14, 1960, G. R. Arvedson and William Davidson, representing a number of California firms manufacturing plastic housewares, sought rehearing of the matter insofar as the classification ratings on plastic housewares were changed.^{1/}

By Decision No. 61186, dated December 13, 1960, rehearing was granted and the particular classification items involved were suspended until further order of the Commission.

Rehearing was held before Commissioner C. Lyn Fox and Examiner William E. Turpen at Los Angeles on March 8 and 9, 1961. The matter was submitted April 10, 1961, upon the filing of concurrent briefs.

The ratings in question here apply on synthetic plastic materials not named in more specific groups. The present ratings are first class, L.C.L., and third class, carload minimum weight 20,000 pounds, subject to Rule 34. The proposed ratings are as follows:^{2/}

^{1/} The firms involved are Alladin Plastics, the Plas-Tex Corporation, Burroughs Manufacturing Company, B-W Molded Plastics, Royal Plastics, Westland Plastics and All-Power Manufacturing Company. All these firms are located in the vicinity of Los Angeles.

^{2/} These are the same ratings as became effective on interstate traffic August 20, 1959.

Articles weighing less than 4 lbs. per cu. ft.	2 1/2 t1)	
Articles weighing 4 lbs. per cu. ft. or over but less than 7 lbs.	1 1/2)	10,000 R 2 ✓
Articles weighing 7 lbs. per cu. ft. or over but less than 12 lbs.	1)	20,000 R 3 ✓
Articles weighing 12 lbs. per cu. ft. or over	2)	30,000 R 4 ✓

Decision No. 60820 contains a detailed explanation of the reasons advanced by applicant for the proposed change and those advanced by protestants. It does not appear necessary to repeat it here. Much of the testimony offered at the rehearing was along the same line as that offered at the original hearing.

Representatives of several manufacturers and shippers of plastic housewares and of the Society of the Plastics Industry testified in opposition to the proposed change in ratings on plastic housewares. In brief, two major points were brought out by their testimony that require consideration here. The first is that although similar density rating scales are in effect on interstate traffic, such ratings do not govern minimum rates, as in California, and most shipments move under lower commodity rates. On the other hand, if the proposed changes are adopted here, they will govern the minimum rates and become the effective ratings for California intrastate traffic, resulting, in many instances, in freight charges considerably higher than for corresponding distances on interstate shipments.

The second point follows somewhat from the first. The higher intrastate freight charges in California, according to the witnesses, that would result if the proposed ratings are approved

would reduce the manufacturers' margin of profit to a point where they could no longer compete effectively with eastern manufacturers of plastic housewares. Several of the witnesses stated that such a condition would force them to discontinue manufacturing some items.

Representatives of several carriers who transport plastic housewares for the protestants testified that they are able to perform such transportation profitably under the present rating.

Neither of the major points brought out by the testimony in opposition to the proposed change in rating on plastic housewares is controlling nor essentially germane in a proceeding such as this one in which the issue is reasonableness of classification ratings. Each of the two points is concerned with rates and charges rather than with any question of classification ratings. It is well settled that the work of classification should be confined to classification as such, entirely apart from the question of the level of rates (Decision No. 42740 in Case No. 4808 (1949) 48 Cal.P.U.C. 647, 649)

There is nothing in the present record which would warrant the continuance of the present ratings as sought by the protestants. No reason having been shown to change our conclusions set forth in Decision No. 60820, the suspension of the authority granted in that decision with respect to the classification items in issue will be canceled.

The Commission is mindful of the problems which the record indicates that the manufacturers and shippers of plastic housewares have experienced or may experience by reason of differences in effective transportation charges in different areas. These protestants, in their discretion, may propose modification of any California intrastate rates which they may believe to be unreasonable or improper, or may propose an exception rating for application on California traffic. If an exception rating is sought, appropriate evidence

should be offered concerning the transportation characteristics of the articles, including density, value, and other factors pertinent in the determination of proper classification ratings, and appropriate comparisons of these factors with the transportation characteristics and the classification ratings of other articles deemed to be similar or competitive.

ORDER ON REHEARING

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

IT IS ORDERED that:

1. The suspension ordered in Decision No. 61186, dated December 13, 1960, in these proceedings, of the authority granted in Decision No. 60820 with respect to proposed Items Nos. 77670-B and 77847 of Western Classification No. 77, is hereby canceled.

2. All other provisions of Decision No. 60820 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 5th day of September, 1961.

Ernest R. Roy
President
W. L. Mitchell
S. J. Fox
George T. Brown
Fredrick G. Holoboff
Commissioners