

ORIGINALDecision No. 62752

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 Special
 Service Transportation Corporation, Ltd.,
 a contract carrier, relating to the trans-
 portation of general commodities and the
 establishment of "an allowance for acces-
 sorial services performed by the shipper
 or consignee".

Application No. 43544

Phil Jacobson, for applicant.
Arlo D. Poe, J. C. Kaspar and James Quintrall,
 for California Trucking Associations, Inc.;
R. G. Lynd and E. J. McSweeney, for Pacific
 Motor Trucking Company; Henry W. Fulhorst,
 for Paxton Trucking Company; George M. Clute,
 for California and Hawaiian Sugar Refining
 Corporation, Ltd.; E. A. Read, by B. F.
Bolling, for California Manufacturers Associ-
 ation; B. F. Bolling, for Pioneer Division-
 The Flintkote Company; interested parties.
Rudolph A. Lubich and Leonard Diamond, for the
 Commission staff.

O P I N I O N

Special Service Transportation Corporation, Ltd., operates as a highway common carrier and as a highway contract carrier between points in this State. By this application, as amended, it seeks authority as a highway contract carrier to transport groceries and related articles for Certified Grocers of California, under specified conditions, at rates which are less than the established minimum rates.

Public hearing of the application was held before Commissioner George G. Grover and Examiner Carter R. Bishop at Los Angeles on August 9 and 25, 1961.

The transportation involved herein is of "articles regularly sold or offered for sale in retail or wholesale grocery establishments" moving from the warehouse of Certified at San Fernando to retail grocery stores located in Santa Barbara and San Luis Obispo Counties, and from the plant of California and Hawaiian Sugar Refining Corporation, Ltd., at Crockett to the warehouses of Certified at San Fernando and in the Central Manufacturing District of Los Angeles.

In the application as originally filed, applicant sought authority to make certain allowances to Certified in connection with the above-described traffic, in consideration of specified services, normally performed by the carrier, which Certified performs at its warehouses. These services are as follows: Certified provides the motive power and driver to disconnect the connected sets of the carrier's inbound or outbound trailers and to spot said trailers at Certified's shipping or receiving docks; additionally, Certified furnishes the necessary labor to load or unload the carrier's trailers and provides the motive power and driver to pull the loaded or unloaded trailers away from the docks and to connect them together.

Similar relief was sought by applicant, in Petition for Modification No. 226 in Case No. 5432, with respect to shipments handled by it, as a highway common carrier, between Certified's San Fernando warehouse and points in the San Joaquin Valley and the Mojave Desert area. The two proceedings were heard on a common record, but at the end of the first day of hearing counsel for applicant requested dismissal of Petition for Modification No. 226^{1/}

^{1/} Petition for Modification No. 226 in Case No. 5432 was dismissed by Decision No. 62418 of August 15, 1961.

and stated that Application No. 43544 would be amended to request authority to assess specific rates, less than the applicable minimum rates, in lieu of making an allowance to Certified, as originally proposed.^{2/} The aforesaid amendment was filed on August 24, 1961. The rates as now proposed are set forth in Appendix A, attached hereto. The rates sought for the movements from Certified's plant at San Fernando to points in Santa Barbara and San Luis Obispo Counties are promulgated in the form of class rates for classes 1 to 5, inclusive, and would be subject to a minimum weight, per shipment, of 30,000 pounds. A rate of 42 cents per 100 pounds, minimum weight 44,000 pounds, is proposed for the southbound movement from Crockett to the two Certified plants.^{3/} The proposed class rates involve a differential of 12 cents per 100 pounds from the corresponding rates in Minimum Rate Tariff No. 2, subject to a maximum differential of 25 percent. The proposed rate from Crockett is 8 cents less than the corresponding commodity rate on sugar from and to the same points as published in said tariff.

Except as to the rates for the line-haul transportation involved, shipments subject to proposed rates would be governed by all pertinent provisions and charges provided by the aforesaid minimum rate tariff No. 2.^{4/} Additionally, applicant proposes that the sought rates shall be subject to minimum weekly tonnages of

^{2/} In view of this change in the form in which rate relief is sought by applicant, California Trucking Associations, Inc., changed its appearance from that of protestant to that of interested party.

^{3/} Although authority is sought to transport all items in the broad grocery description at the rate of 42 cents, the record shows that the movement from Crockett, here in issue, consists entirely of shipments of sugar.

^{4/} Applicant does not intend, however, that the sought rates be subject to those provisions of Minimum Rate Tariff No. 2 which relate to the alternative application of common carrier rates.

300,000 pounds for the northbound and southbound movements, respectively.

The operation here in issue is, from the standpoint of applicant, unusually efficient. This efficiency is particularly manifested in the accomplishment of deliveries and pickups at the facilities of Certified. The carrier's line driver, operating a train consisting usually of a tractor and two loaded semitrailers, enters Certified's yard, uncouples the tractor from the trailers, drives around to the shipper's loading area, picks up the billing, couples onto other loaded trailers and departs with his loads.^{5/} This entire operation consumes as little as 20 minutes of the driver's time. The spotting of trailers at the unloading docks, unloading of same, moving of empty trailers around to the loading docks, loading of the trailers, pulling away from the docks and coupling of the trailers into trains ready for the outbound movement are all accomplished by Certified's employees and tractors. This arrangement, the record indicates, results in a saving in applicant's operating costs. The efficiency of the operations in question is further enhanced by the carrier's method of over-the-road operation. Truckloads of groceries move from Certified's San Fernando plant to the various points of destination in Santa Barbara and San Luis Obispo Counties, either as straight or split delivery shipments. When the truck is emptied it moves on northward to Crockett, where it is loaded with sugar for the southbound haul to either of Certified's above-mentioned warehouses. According to applicant's president, this round trip operation is developing into a well-balanced movement as between northbound and southbound tonnage.

^{5/} The inbound loads consist almost entirely of sugar, originating at Crockett. All outbound loads from Certified consist of groceries and grocer's supplies, and originate exclusively at Certified's San Fernando facilities.

Applicant's president presented the results of a study he had made purporting to show the costs of performing the transportation services here under consideration. The study reflects average costs for the Certified contract operation as a whole. The witness did not develop revenue and expense figures separately for particular movements of the groceries northbound or of the southbound sugar haul.

According to the aforementioned study, the average revenue per mile received by applicant from the Certified contract operation is 40.6 cents, and the corresponding full costs of operation amount to 36.32 cents per mile. These figures reflect an estimated operating ratio, before provision for income taxes, of 89.3 percent.

Not all of the elements of expense which make up the above-mentioned cost figure relate strictly to the transportation service involved herein. Approximately 48 percent of said figure is made up of system average costs relating to so-called running and equipment maintenance expense (including depreciation) and to administrative and general expense.^{6/} These expenses reflected the per mile average for the 12-month period ended June 30, 1961.

The balance of the above-mentioned cost figure of 36.32 cents per mile was developed from expenses which relate directly to the Certified contract carrier operation. They are comprised of labor costs, including related payroll expense, and expenses which vary directly with revenues, such as State taxes and truck insurance.

Certified's operations superintendent described the activities of his organization in the distribution of groceries and related commodities to the 1500 retail stores which comprise its

^{6/} According to the record, the traffic here in issue comprises about 50 percent of applicant's total business.

membership. Certified, he testified, maintains a very large fleet of highway vehicles with which it makes deliveries to its members, mainly in Southern California. It is essential, he said, for the efficiency of its operations that shipments transported for it by applicant be handled in the manner hereinbefore described. On the other hand, Certified does not feel that it can continue to perform the above-mentioned terminal services for applicant without being compensated for same. Certified is entirely satisfied with applicant's performance, but has decided that, if the rate relief herein sought should not be authorized, Certified itself will take over the transportation services now rendered for it by applicant. According to the manager, Certified now has equipment which it could conveniently devote to the movements in question.

As hereinbefore stated, California Trucking Associations, Inc., changed its appearance, prior to submission, from protestant to interested party. No other parties appeared in opposition to the proposal. Representatives of the aforesaid association and of the Commission's Transportation Division staff assisted in the development of the record.

The record, as previously mentioned, does not contain evidence of the costs incurred by applicant in performing each of the individual movements of groceries northbound from Certified's facilities, or of the sugar haul southbound from Crockett. However, the evidence discloses that this is an integrated movement, with each round trip to be considered as a unit. Moreover, it is obvious that applicant's costs are less than they would be were it required to perform the normal services of spotting trailers and coupling and uncoupling them, as well as assisting in, or waiting for, the loading

and unloading of shipments, at Certified's terminals. The record is clear that the transportation services here in issue, taken as a whole, can be profitably performed at the proposed rates if said rates are increased sufficiently to compensate for increases in labor costs which have been experienced by applicant since the aforementioned cost study was made.^{7/} In this connection it is noted that applicant proposes that the sought rates shall be subject to "all increases and surcharges prescribed in supplements to Minimum Rate Tariff No. 2 at the present and in the future".

The record shows, additionally, that Certified is able to perform the transportation in question in its own vehicles, and that it will do so if the sought rates should not be authorized. Upon careful consideration we hereby find that the sought rates, subject to the modifications hereinafter set forth, are reasonable. The rate of 42 cents from Crockett to Certified's warehouses will apply only on sugar. The provisions of Minimum Rate Tariff No. 2 relating to the alternative application of common carrier rates will not apply in connection with the authorized rates. The rates herein authorized shall apply only upon the condition that for each northbound movement of groceries there shall be a return movement, in the same equipment, of sugar from Crockett to either Certified's San Fernando or Los Angeles warehouse. The rates herein authorized shall be made subject to the same increases as may be made in the corresponding

^{7/} Official notice is here taken of the fact that since the hearings in this matter were held, agreement has been reached by the carriers and the teamsters union resulting in wage and related increases retroactive to July 1, 1961, and that, as a result thereof, Petition for Modification No. 233 in Case No. 5432 seeks certain offsetting increases in the rates and charges named in Minimum Rate Tariff No. 2.

rates in Minimum Rate Tariff No. 2 pursuant to the aforesaid Petition for Modification No. 233 in Case No. 5432. A supplemental order will be issued in the instant proceeding giving effect to such increases, if any, when a decision has been issued in said petition for modification.

Because the conditions under which the service is performed may change at any time, the authority will be made to expire at the end of one year, unless sooner canceled, changed or extended by order of the Commission.

O R D E R

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

IT IS ORDERED that:

1. Special Service Transportation Corporation, Ltd., is hereby authorized, as a highway contract carrier, to transport groceries and other articles as described in Item 2 of Appendix A, hereof, from 13571 Vaughn Street, San Fernando, to retail grocery stores in Santa Barbara and San Luis Obispo Counties, and sugar from Crockett to 13571 Vaughn Street, San Fernando, and 2601 South Eastern Avenue, Los Angeles, for Certified Grocers of California, at rates less than the applicable minimum rates but not less than those set forth in said Appendix A.

2. The rates authorized herein shall be subject to the conditions which are set forth in said Appendix A.

3. The authority herein granted shall expire one year after the effective date of this order, unless sooner canceled, changed or extended by order of the Commission.

4. In all other respects Application No. 43544 is hereby denied.

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

Dated at San Francisco, California, this

31st day of October, 1961.

W. E. ...
President

...

...

George H. Grover

Frederick B. Halakoff
Commissioners

APPENDIX A
Page 1 of 3

Schedule of Minimum Rates, Including Limitations and Conditions
Applicable to the Transportation of Property for
CERTIFIED GROCERS OF CALIFORNIA by:
SPECIAL SERVICE TRANSPORTATION CORPORATION, LTD.

SECTION 1.

Item 1. Application of Rates - General

To the extent that Minimum Rate Tariff No. 2 prescribes minimum rates for the transportation of property, said minimum rates, rules and regulations are applicable to all shipments except as specifically provided in Section 2. See Exception.

Exception: The provisions of Items Nos. 200 to 230, inclusive, of said tariff will not apply in connection with the rates herein.

SECTION 2.

Item 2. Application of Rates - Commodities

- a. Rates in Item 4 apply to such articles as are regularly sold or offered for sale in retail or wholesale grocery establishments.
- b. Rates in Item 5 apply on sugar.

Item 3. Application of Rates - Limitations and Conditions

The rates in this section are subject to the performance of the following services and the adherence to the following conditions:

- a. The shipper or consignee, Certified Grocers of California, will provide motive power and driver to disconnect the connected sets of carrier's inbound or outbound trailers and spot said trailers at the shipping or receiving docks. Shipper or consignee will furnish necessary labor to load or unload carrier's trailers and provide motive power and driver to pull the loaded or unloaded trailers away from shipping or receiving docks and connect them together.
- b. Shipping documents must bear the notation "Shippers Load and Count".

APPENDIX A
Page 2 of 3

- c. Carrier shall be absolved from liability and shall not accept liability for loss, damage, nonreceipt, or misdescription of the goods, other than that where the collision or overturning of the vehicle is the proximate cause thereof, provided the vehicle is received at destination with seals intact.
- d. When the unit of equipment is filled to full visible or weight capacity, subject to a minimum load of 30,000 pounds (groceries) or 44,000 pounds (sugar), it shall be considered as one shipment.
- e. Shipper shall be required to load the equipment as to comply with the State of California Vehicle Code.
- f. Shipper shall load split delivery shipments in inverse order for the carrier's convenience in making such deliveries.
- g. Rates shall apply only on the condition that for each haul of groceries northbound from San Fernando there shall be a haul of sugar southbound from Crockett to San Fernando or Los Angeles in the same equipment.

Item 4. Rates (In cents per 100 pounds).^{1/}

Property as described in Item 2(a)

From: 13571 Vaughn St., San Fernando, California

To: Retail grocery stores in Santa Barbara and San Luis Obispo Counties.

MILES OVER	BUT NOT OVER	MINIMUM WEIGHT 30,000 POUNDS ^{2/}					Class
		1	2	3	4	5	
140	150	61	54	46	39	32	
150	160	64	57	48	41	33	
160	170	66	59	50	43	35	
170	180	69	61	52	45	36	
180	190	71	63	54	46	38	
190	200	74	66	56	48	39	
200	220	77	68	58	50	40	
220	240	80	71	61	52	42	
240	260	83	73	63	54	44	
260	280	87	77	66	57	46	

^{1/} Subject to all increases and surcharges prescribed in supplements to Minimum Rate Tariff No. 2.

^{2/} Subject to a minimum weekly aggregate tonnage of 300,000 pounds.

APPENDIX A
Page 3 of 3

Item 5. Rate (In cents per 100 pounds).^{1/}

Property as described in Item 2(b).

FROM: California and Hawaiian Sugar Co., Crockett,
California

TO: 13571 Vaughn St., San Fernando, California.

2601 So. Eastern Avenue, Los Angeles, California.

MINIMUM WEIGHT 44,000 POUNDS^{2/}
RATE 42

^{1/} Subject to all increases and surcharges prescribed in supplements to Minimum Rate Tariff No. 2.

^{2/} Subject to a minimum weekly aggregate tonnage of 300,000 pounds.