

ORIGINAL

Decision No. 62000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation
into the rates, rules and regula-
tions, charges, allowances and
practices of all common carriers,
highway carriers and city carriers
relating to the transportation of
any and all commodities 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

Petition No. 234
Filed September 7, 1961

Arlo D. Poe, James Quintrall, and J. C. Kaspar,
for California Trucking Associations, Inc.,
petitioner.

W. J. Pope, for Aetna Freight Lines; Nat. H.
Williams, for Williams Transportation, Inc.;
Herbert J. Griley, for Griley Security Freight
Lines; G. L. Chappell, for Pony Express Fast
Freight; A. W. Merrifield, for Merrifield
Trucking Company; Louie F. Rodriguez, for
Sweet Trucking Company and Rod Transportation;
H. H. Halverson, for Halverson Transportation;
Marvin L. Armstrong, for ONC-Southern California
Freight Lines; E. J. McSweeney, A. J. Konicki,
and R. G. Lynd, for Pacific Motor Trucking Co.;
W. H. Schaeffer, for Consolidated Freightways;
and J. L. Searles, for Merchants Express of
California; various respondent carriers.

Allen K. Penttila and Andrew Blatt, for The Sherwin
Williams Co.; C. G. Rickenbaugh, for Radio Cor-
poration of America; A. R. Brainard, for Ford
Motor Co.; A. D. Carleton, by R. W. Rowe, for
Standard Oil Company of California; Louis L. Fox,
for The Quaker Oats Company; B. F. Bolling, for
the Flintkote Company; A. E. Norrbom, for the Toy
Manufacturers of the U.S.A.; V. A. Bordelon, for
the Los Angeles Chamber of Commerce; Eugene A.
Read, for the California Manufacturers Associa-
tion; W. E. King, Ben Roth and J. G. Vollmar, for
Crown Zellerbach Corporation; C. H. Costello, for
Continental Can Co., Inc.; and E. R. Chapman, for
Foremost Dairies, Inc., interested parties.

R. A. Lubich, Owen G. Stanley, Jr., Ralph J. Staunton,
and M. J. Gagnon, for the Commission's staff.

O P I N I O N

By this petition the California Trucking Associations, Inc., seeks increases in certain of the rates and charges in Minimum Rate Tariff No. 2 that apply in connection with the transportation of property by for-hire carriers when the vehicles that are used in the transportation are engaged on a monthly basis. In general, the rates apply for hauls throughout the State for distances up to 125 miles except as indicated in the margin below.¹ Petitioner alleges that in recent months the costs of the services involved have increased substantially, and that in relation to the increased costs the present rates and charges are unreasonably low. The present rates and charges, and those which petitioner seeks to have established, are set forth in Appendix "A" attached hereto.

Public hearings on the petition were held before Examiner C. S. Abernathy at Los Angeles on September 25, 1961, and at San Francisco on October 20, 1961. Evidence in support of the petition was submitted by petitioner's assistant director of research. The granting of the petition to the full extent sought was opposed by the California Manufacturers Association, Inc., by the Continental Can Company, Inc., and by Foremost Dairies, Inc.

¹ Transportation within the following areas is not subject to the rates in issue herein:

- a. The area comprised of the Counties of Alameda, Contra Costa, Lake, Marin, Mendocino, Monterey, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma;
- b. Los Angeles and Orange Counties.
- c. The San Diego Drayage Area, as described in Minimum Rate Tariff No. 9-A.

Petitioner's witness testified that the carriers that provide the transportation services described above have recently become committed under a new labor contract to the payment of increased wages to their drivers, freight handlers, automotive maintenance employees, and employees of various other classifications; that the contract also provides for increased allowances for vacations, pensions and health and welfare for the employees affected; that under retroactive provisions of the contract, part of the increases became effective as of July 1, 1961; that in other respects the increases would become effective November 1, 1961; and that in addition to the increases in labor costs, the carriers have been subjected to increases in federal highway taxes which became effective July 1, 1961.

Petitioner's witness submitted and explained an exhibit in which he had undertaken to show the extent that the carriers' costs of service have been increased by the increases in labor costs and taxes. He said that he had developed this exhibit on essentially the same factors as those used in the development of the cost data upon which the present rates were established. By substituting present labor and tax costs for those previously used, he arrived at corresponding cost data based on present labor and tax levels.

The increased rates and charges which petitioner seeks are the same in amounts as the costs thus calculated and then expanded to provide allowance for profit as represented by an operating ratio of 93 percent. However, the increases which would be effected in the monthly vehicle rates are greater, percentagewise,

than the increases in costs. This circumstance stems from a change in factors affecting the basis upon which the rates were originally developed.

As originally established and subsequently maintained, the rates have been the same in volume as the monthly vehicle rates that apply within Los Angeles and Orange Counties in accordance with provisions of Minimum Rate Tariff No. 5. For several years the latter rates have been held at a lower level, relatively, than that of other of the rates in the tariff in order to avoid undue diversion of the traffic involved to shipper owned or rented transportation facilities. However, in connection with the most recent adjustment of the monthly rates in Minimum Rate Tariff No. 5 (Decision No. 62768, dated November 7, 1961, Case No. 5435), which adjustment was made in light of the same showing of increased costs as that herein, the carriers represented that the factor of competition no longer requires the continuation of the rates at the lower level. The increases in rates which were prescribed as a consequence were designed to restore said rates to the level, relatively, of the other rates in the tariff. The monthly vehicle rates which were so established in Minimum Rate Tariff No. 5 by Decision No. 62768 are the same in volume as those which petitioner now seeks to have established in Minimum Rate Tariff No. 2.

The California Manufacturers Association, Inc., Continental Can Company, Inc., and Foremost Dairies, Inc., opposed the granting of the sought rate increases to the extent that said increases are based upon the factor of reduced competition of proprietary carriage. These concerns submitted evidence to the effect that

establishment of the sought rate increases would tend to result in a greater usage of proprietary transportation facilities. They urged that pending further study of the monthly rates the increases be limited to only those amounts which would offset the increased labor and tax costs.

The evidence in this matter is clear that in recent months the carriers' costs of service have been increased materially by increases in labor costs and taxes. Comparison of petitioner's showing of present costs with the costs upon which the present rates were developed discloses that the cost increases resulting from the increased labor and tax costs range in total from about 7 percent with respect to vehicles of capacities of 2,500 pounds or less to about 5 percent with respect to vehicles of capacities of more than 30,000 pounds. Insofar as the costs for excess hours of operation and the costs of additional labor are concerned, the cost increases are about 7 and 8 percent, respectively. Allowance for these additional costs is not included in the present rates. Accordingly, we find and conclude that in relation to the increased costs of service the present rates are unreasonably low, and that the rates should be increased by amounts sufficient to offset the cost increases in order to restore them to reasonable and sufficient levels. The rates and charges which are sufficient for this purpose are set forth in Appendix "B" attached hereto.

However, the further increases in the rates which petitioner seeks on the basis of reduced proprietary competition should not be prescribed. In view of the evidence which was presented that such increases would result in a greater usage of proprietary

transportation, we are not persuaded that petitioner's appraisal of the factor of proprietary competition should be adopted without further information thereon. The monthly rates which are involved herein were originally proposed as interim rates pending the development of cost studies and other evidence upon which more suitable and appropriate monthly rates might be prescribed. The record shows that the Commission's staff is engaged in making studies to this end. In the circumstances we conclude that no action should be taken on this record on the further rate increases which petitioner seeks. To this extent the petition should be denied.

Upon consideration of the facts and circumstances of record, the Commission finds and concludes (a) that the increased rates and charges which are prescribed in the following order have been shown to be justified; and (b) that said increased rates and charges are, and will be, just, reasonable and nondiscriminatory minimum rates and charges for the transportation services to which they will apply. To the extent that the provisions of Minimum Rate Tariff No. 2 have been found heretofore to constitute reasonable minimum rates, rules and regulations for common carriers as defined in the Public Utilities Act, said provisions as hereinafter adjusted are, and will be, reasonable minimum rate provisions for said common carriers. To the extent that the existing rates and charges of said common carriers for the transportation involved are less in volume or effect than the minimum rates and charges herein designated as reasonable for said carriers, to that same extent the rates and charges of said carriers are hereby found to be, now and for the

future, unreasonable, insufficient and not justified by the actual competitive rates of competing carriers or by the costs of other means of transportation.

O R D E R

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

IT IS ORDERED:

1. That Minimum Rate Tariff No. 2 (Appendix "D" of Decision No. 31606, as amended) be, and it hereby is, further amended by incorporating therein, to become effective February 17, 1962, Twelfth Revised Page 66-B, Tenth Revised Page 66-E and Ninth Revised Page 66-F, which revised pages are attached hereto and by this reference are made a part hereof.

2. That common carriers subject to the Public Utilities Act, to the extent that they are subject also to said Decision No. 31606, as amended, be and they are directed to establish in their tariffs the increases necessary to conform with the further increases herein of that decision.

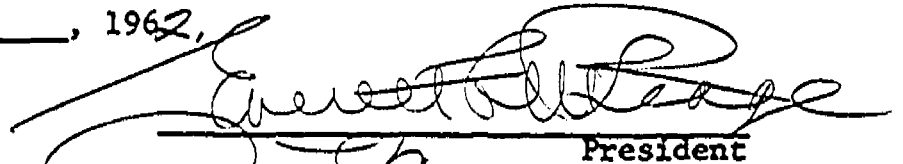
3. That tariff publications required to be made by common carriers as a result of the order herein may be filed not earlier than the effective date hereof, to become effective on not less than five days' notice to the Commission and to the public, and that such tariff publications shall be made effective not later than February 17, 1962.

4. That in all other respects said Decision No. 31606, as amended, shall remain in full force and effect.

5. That except as is otherwise provided herein, the above-numbered petition in this proceeding be, and it hereby is, denied.

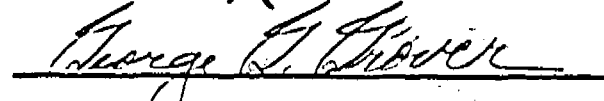
This order shall become effective twenty days after the date hereof.

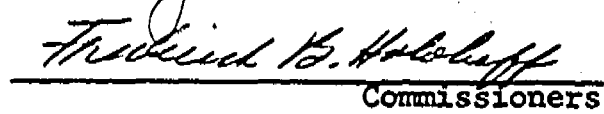
Dated at San Francisco, California, this 2nd day of January, 1962,


President








Commissioners

APPENDIX "A" TO DECISION NO. 63000Present and Proposed Rates and ChargesMonthly Vehicle Unit Rates
(in dollars per unit of carrier's equipment)

Capacity of Carrier's Equipment in Pounds		Exclusive of Service on Saturdays, Sundays and Holidays (a)		Inclusive of Service on Saturdays, Sundays and Holidays (a)	
<u>More than</u>	<u>But not more than</u>	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>
0	2,500	800	899	1000	1122
2,500	4,500	825	923	1025	1149
4,500	8,000	850	952	1050	1181
8,000	12,000	875	971	1075	1199
12,000	20,000	975	1095	1175	1326
20,000	30,000	1050	1171	1250	1409
30,000	-	1200	1342	1400	1590

(a) Rates apply for service over a period not exceeding 8 hours out of each 9 consecutive hours per day.

Rates for Excessive Hours
(in cents per hour)

Capacity of Carrier's Equipment in Pounds		<u>Present</u>	<u>Proposed</u>
<u>More than</u>	<u>But not more than</u>		
0	2,500	536	590
2,500	4,500	536	590
4,500	8,000	536	590
8,000	12,000	536	590
12,000	20,000	536	590
20,000	30,000	549	604
30,000	-	554	608

Rates for Help in Addition to Driver

	<u>Rate per Man per Hour</u>
Present	\$4.30
Proposed	\$4.70

(End of Appendix "A")

APPENDIX "B" TO DECISION NO. 63000Rates and Charges, as Increased to Compensate
for Increased Labor Costs and TaxesMonthly Vehicle Unit Rates
(in dollars per unit of carrier's equipment)

Capacity of Carrier's Equipment in Pounds		Exclusive of Service on Saturdays, Sundays and Holidays (a)	Inclusive of Service on Saturdays, Sundays and Holidays (a)
<u>More than</u>	<u>But not more than</u>		
0	2,500	\$ 855	\$1,070
2,500	4,500	880	1,095
4,500	8,000	905	1,120
8,000	12,000	930	1,145
12,000	20,000	1,030	1,245
20,000	30,000	1,110	1,325
30,000	-	1,260	1,475

(a) Rates apply for service over a period
not exceeding 8 hours out of each 9
consecutive hours per day.

Rates for Excessive Hours
(in cents per hour)

Capacity of Carrier's Equipment in Pounds		Rate
<u>More than</u>	<u>But not more than</u>	
0	2,500	575
2,500	4,500	575
4,500	8,000	575
8,000	12,000	575
12,000	20,000	575
20,000	30,000	590
30,000	-	595

Rate for Help in Addition to Driver

Rate per man per hour \$4.70

(End of Appendix "B")

Item No.	SECTION NO. 3-A - MONTHLY VEHICLE UNIT RATES, RULES AND REGULATIONS
*760	<p style="text-align: center;">APPLICATION OF RATES</p> <p>(a) The rates in this Section apply between all points within the State of California, except (See Note):</p> <p>(1) Shipments having point of origin in Alameda, Albany, Berkeley, Emeryville, Oakland or Piedmont, and points of destination in another of those cities;</p> <p>(2) Shipments having both point of origin and point of destination within the San Diego Drayage Area as described in Minimum Rate Tariff No. 9-A;</p> <p>(3) Shipments having both point of origin and point of destination within Los Angeles and Orange Counties for which rates are named in Minimum Rate Tariff No. 5.</p> <p>(b) The rates herein are limited to 125 actual miles of the base of operations designated in the written agreement provided for in Item No. 765.</p> <p>(c) The rates in this Section will not be governed by the general rules and regulations in this tariff other than the following:</p> <p style="padding-left: 40px;">Definitions in Item No. 10(a), (b), (c), (cc), (d), (e), (ed), (f), (g) and Item No. 11(i); Item No. 20, Application of Tariff -- Carriers; Items Nos. 40 and 41, Application of Tariff -- Commodities; Item No. 55, Reference to Items and Other Tariffs; Item No. 124, Charges for Escort Service; Item No. 128, Charges for Permit Shipments; Items Nos. 176, 177 and 179, Pool Shipments; Item No. 180, Collect on Delivery (C.O.D.) Shipments; Items Nos. 185 to 186-1, inclusive, Temperature Control Service; and Item No. 257, Units of Measurement in Quotation of Rates and Charges.</p> <p>(d) The rates in this Section apply only when, prior to the transportation of the property, the shipper enters into a written agreement with the carrier as provided in Item No. 765, and only when the property is transported by one carrier for one shipper. When such agreement is executed, rates otherwise provided in this tariff will not apply.</p> <p>(e) The rates apply only to transportation within counties specified in the written agreement.</p> <p>(f) The rates apply for a calendar month or for a period of 30 days from the date specified in the written agreement.</p> <p>(g) The rates apply for the exclusive use of the equipment furnished.</p> <p>(h) The rates include the service of the driver only. When, at the request of shipper, carrier furnishes help in addition to the driver, additional charges shall be made in connection with transportation subject to Rate Basis A, B and C rates, as provided in Items Nos. 785, 790 and 795, as follows:</p>

Rate Bases (See Item No. 780)

Rate per Man per Hour

A -----	\$5.75
B -----	5.00
C -----	4.70

The minimum charge shall be the rate for one hour for each helper used. The time for computing charges shall not be less than the actual time the helpers are engaged in performing the service.

(i) When service is performed between or within more than one Rate Basis, such combined transportation shall be subject to the highest charge applicable under the provisions of either Rate Basis under which the combined transportation is performed.

(j) A charge of \$100.00 per month shall be made for each semi-trailer or trailer furnished by the carrier in excess of the number of vehicles or combination of vehicles operated as a single unit.

(k) The Holidays referred to in Items Nos. 785 and 790 mean New Year's Day, Washington's Birthday, Memorial Day, Fourth of July, Labor Day, Admission Day (1), Thanksgiving Day, December 24 (2) and Christmas Day.

(1) Applicable only in connection with Rate Bases A and B rates provided in Items Nos. 785 and 790.

(2) Applicable only in connection with Rate Basis C rates provided in Items Nos. 785 and 790.

NOTE.--Transportation performed under the provisions of this Section may be combined with transportation performed under the monthly vehicle unit rates of either City Carriers' Tariff No. 1-A, City Carriers' Tariff No. 2-A -- Highway Carriers' Tariff No. 1-A, Minimum Rate Tariff No. 5 or Minimum Rate Tariff No. 9-A under the same written agreement. Such combined transportation shall be subject to the highest charge applicable under the provisions of either tariff under which the combined transportation is performed.

* Change)
♦ Increase) Decision No. **63000**

EFFECTIVE FEBRUARY 17, 1962

Issued by the Public Utilities Commission of the State of California,
San Francisco, California.
Correction No. 1213

Item No.	SECTION NO. 3-A - MONTHLY VEHICLE UNIT RATES, RULES AND REGULATIONS				
780	RATE BASES				
	Rate Basis "A" includes the Counties of Lake, Marin, Mendocino, San Francisco, San Mateo and Sonoma.				
	Rate Basis "B" includes the Counties of Alameda, Contra Costa, Monterey, Napa, San Benito, Santa Clara, Santa Cruz and Solano.				
	Rate Basis "C" includes all of the other counties in the State not named in Rate Bases "A" or "B".				
*785	MONTHLY VEHICLE UNIT RATES (Exclusive of Saturdays, Sundays and Holidays)				
	Rates per month in dollars per unit of carrier's equipment (Subject to Notes 1 and 2).				
	Capacity of Carrier's Equipment in Pounds		Rate Basis(1)		
			A	B	°C
	2,500 or less		960	----	855
	Over 2,500 but not over 4,500		1040	----	880
	Over 4,500 but not over 8,000		----	----	905
	Over 4,500 but not over 10,500		1040	----	----
	Over 8,000 but not over 12,000		----	----	930
	Not Over 10,500		----	975	----
	Over 10,500 but not over 20,000		1155	1115	----
	Over 12,000 but not over 20,000		----	----	1030
	Over 20,000 but not over 30,000		----	----	1110
	Over 20,000		1195(2)	1245	----
	Over 30,000		----	----	1260
	(1) See Item No. 780.				
	(2) Maximum mileage is 672 miles per month.				
NOTE 1.-Except as otherwise provided, the rates apply for a maximum of mileage of 1050 miles and are limited to 8 hours out of each 9 consecutive hours per day. For operations in excess of these limitations add rates provided in Item No. 795.					
NOTE 2.-Rates do not include bridge or ferry tolls. Such tolls, when incurred by the carrier, shall be added to the transportation charges.					
* Change) ° Increase) Decision No. 63000					
EFFECTIVE FEBRUARY 17, 1962					
Issued by the Public Utilities Commission of the State of California, San Francisco, California.					
Correction No. 1214					

Item No.	SECTION NO. 3-A - MONTHLY VEHICLE UNIT RATES, RULES AND REGULATIONS						
*790	MONTHLY VEHICLE UNIT RATES (Including Saturdays, Sundays and Holidays) Rates per month in dollars per unit of carrier's equipment (Subject to Notes 1 and 2).						
	Capacity of Carrier's Equipment in Pounds	Rate Basis (1)					
		A	B	C			
	2,500 or less	1290	---	1070			
	Over 2,500 but not over 4,500	1385	---	1095			
	Over 4,500 but not over 8,000	---	---	1120			
	Over 4,500 but not over 10,500	1385	---	---			
	Over 8,000 but not over 12,000	---	---	1145			
	Not over 10,500	---	1215	---			
	Over 10,500 but not over 20,000	1515	1385	---			
	Over 12,000 but not over 20,000	---	---	1245			
	Over 20,000 but not over 30,000	---	---	1325			
	Over 20,000	1570(2)	1515	---			
	Over 30,000	---	---	1175			
	(1) See Item No. 780. (2) Maximum mileage is 800 miles per month. NOTE 1. Except as otherwise provided, the rates apply for a maximum mileage of 1250 miles and are limited to 8 hours out of each 9 consecutive hours per day. For operations in excess of these limitations add rates provided in Item No. 795. NOTE 2. Rates do not include bridge or ferry tolls. Such tolls, when incurred by the carrier, shall be added to the transportation charges.						
*795	RATES FOR EXCESSIVE MILEAGE AND EXCESSIVE HOURS						
	Capacity of Carrier's Equipment in Pounds	Excessive Mileage (1)			Excessive Hours (2)		
		Rate Basis(3)			Rate Basis (3)		
		A	B	C	A	B	C
	2,500 or less	14½	---	9	700	---	575
	Over 2,500 but not over 4,500	15½	---	10	700	---	575
	Over 4,500 but not over 8,000	---	---	11½	---	---	575
	Over 4,500 but not over 10,500	19	---	---	700	---	---
	Over 8,000 but not over 12,000	---	---	12	---	---	575
	Not over 10,500	---	17	---	---	690	---
	Over 10,500 but not over 20,000	24	22	---	730	720	---
	Over 12,000 but not over 20,000	---	---	12½	---	---	575
	Over 20,000 but not over 30,000	---	---	14½	---	---	590
	Over 20,000	30	30	---	730	720	---
	Over 30,000	---	---	18½	---	---	595

(1) Rates in cents per mile to be added to rates provided in Items Nos. 785 and 790. (See Note)

(2) Rates in cents per hour to be added to rates provided in Items Nos. 785 and 790. (See Note)

(3) See Item No. 780.

NOTE.-Rates do not include bridge or ferry tolls. Such tolls, when incurred by the carrier, shall be added to the transportation charges.

* Change
o Increase } Decision No. 63000

EFFECTIVE FEBRUARY 17, 1962

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San Francisco, California.
Correction No. 1215