

Decision No. 66489**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PACIFIC SOUTHCOAST FREIGHT BUREAU)
 for authority to increase certain)
 transit charges at various points)
 in California.)

Application No. 45647
 (Filed August 6, 1963)

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 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
 Order Setting Hearing dated
 September 10, 1963

And related matters.)

Cases Nos. 5436, 5438, 5440,
 5603 and 5604
 Orders Setting Hearing dated
 September 10, 1963

A. T. Suter, for applicant.

C. D. Gilbert, A. D. Poe and J. X. Quintrall, for
 California Trucking Association; Eugene A. Read,
 for California Manufacturers' Association; Ralph
Hubbard, for California Farm Bureau Federation;
C. J. Van Duker, for United Shippers Association;
 interested parties.

Henry E. Frank and R. J. Carberry, for the Commission
 staff.

O P I N I O N

By Application No. 45647, M. A. Nelson, Agent, on behalf
 of California rail carriers parties to certain of his tariffs, seeks
 authority to increase to \$20.00 per car the charges for stopping
 rail cars in transit to complete loading or to partially unload.
 The current charges are \$17.00 per car generally. On wool in grease
 and certain related items, they are \$16.62 per car.

The orders setting hearing were issued for the purpose of determining whether common carriers maintaining, under outstanding authorizations permitting the alternative use of rail rates, rates below specific minimum rate levels otherwise applicable, should be authorized and directed to increase such rates to the level of the rail rates which may be established pursuant to Application No. 45647, or to the level of the specific minimum rates, whichever is lower.

The application and the orders setting hearing were heard together before Examiner Lane in San Francisco on October 9, 1963. These matters were taken under submission on October 28, 1963 upon receipt of a late-filed exhibit on October 14, a statement with respect thereto by one of the interested parties on October 21 and applicant's reply on October 28, 1963.

Evidence in support of the application was presented by an assistant freight traffic manager and by a transportation analyst of Southern Pacific Company.

The assistant freight traffic manager (A.F.T.M.) testified that the purpose of the sought increases is to bring the charges for the services involved more nearly in line with the costs of rendering the services. He stated that the sought rates had heretofore been made effective on interstate traffic throughout twelve western states, including California, and on intrastate traffic within those states, excluding California.^{1/}

The A.F.T.M. said that the number of cars in California intrastate traffic stopped in transit is small in relationship to total traffic and that this service, and the involved revenues, are relatively unimportant. He explained that, in order to make a study

^{1/} The twelve states are Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming. The charges were increased effective June 15, 1963, except the charge for stopping to complete loading at origin which was increased effective August 17, 1963.

of stop-in-transit movements, Southern Pacific freight agents at Los Angeles, Oakland, Sacramento and San Francisco were requested to furnish references to actual recent stop-in-transit shipments originating or terminating at those points; that they were able to furnish only 10 such references covering a four-month period in 1963 and that for a like period The Atchison, Topeka and Santa Fe Railway was unable to furnish any. Of the 10 examples furnished by the Southern Pacific agents, three were interstate in character. The transportation analyst testified that the samples were referred to him as the basis for the development of the costs of performing the service. He selected four as typical. He developed estimated out-of-pocket costs to perform the additional services in making the stops on each of these movements. The out-of-pocket costs he developed range from \$29.61 to \$40.87 per stop, with an average out-of-pocket cost of \$35.41 to perform the additional services connected with each stopping-in-transit.^{2/}

The witness asserted that the costs of other lines in California would be little different from those of Southern Pacific Company in performing stop-in-transit services. He based his conclusion on studies he had made of, and his asserted familiarity with, costs and operations of the various rail lines in California.

The representative for the California Trucking Association supported the application. Also, he argued that to the extent the charges involved were below minimum rates prescribed by the Commission for highway carriers, they were lower than reasonable minimum rates

^{2/} In a late-filed exhibit involving a hypothetical movement from Gerber to Stockton with a stop-off at Willows team track, the witness developed a comparative out-of-pocket cost of \$39.65 to perform the added services involved in making the stop-in-transit.

for such carriers. He urged that, under the orders setting hearing, common carriers maintaining, under outstanding authorizations permitting the alternative use of rail rates, rates below the specific minimum rate levels otherwise applicable, be authorized and directed to increase such rates to the lower of either the rail rates which may be established pursuant to the order herein or the specific minimum rates.

Representatives of shipper organizations and members of the Commission staff participated in developing the record. No one appeared in opposition to the granting of the application or to corresponding increases in the so-called alternative rates maintained by other common carriers.

The record is clear that the sought charges will not exceed out-of-pocket costs of performing the service. Based on the evidence, the Commission finds that the increases sought in Application No. 45647 are justified. The Commission further finds that increases in rates of highway common carriers and petroleum irregular route carriers to the level of those authorized in Application No. 45647 or to level of the specific minimum rates otherwise applicable, whichever is lower, are also justified.

The Commission concludes that Application No. 45647 should be granted and that common carriers maintaining, under outstanding authorizations permitting the alternative use of rail rates, rates below the specific minimum rate levels otherwise applicable, should be authorized and directed to increase such rates to the level of the rail rates established pursuant to Application No. 45647, or to the level of the specific minimum rates, whichever is lower.

O R D E R

IT IS ORDERED that:

1. Applicant, Pacific Southcoast Freight Bureau, on behalf of all carriers participating in Pacific Southcoast Freight Bureau Tariffs Nos. 175-F and 194-T, is authorized to establish the increased charges as proposed in Application No. 45647.

2. Tariff publications authorized to be made as a result of ordering paragraph 1 hereof may be made effective not earlier than thirty days after the effective date hereof on not less than thirty days' notice to the Commission and to the public.

3. The authority granted in paragraph 1 of this order shall expire unless exercised within ninety days after the effective date of this order.

4. Common carriers maintaining, under outstanding authorizations permitting the alternative use of rail rates, rates below the specific minimum rate levels otherwise applicable are authorized and directed to increase such rates, on not less than ten days' notice to the Commission and to the public, to the level of the rail rates established pursuant to paragraph 1 of this order, or to the level of the specific minimum rates, whichever is lower, and that such adjustments shall be made effective not later than thirty days after the effectiveness of the increased rail rates.

5. Common carriers referred to in paragraph 4 of this order are hereby authorized to depart from the provisions of Section 460

of the Public Utilities Code and Article XII, Section 21 of the Constitution of the State of California, to the extent necessary to make the adjustments authorized herein.

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

Dated at San Francisco, California, this 17th day of December, 1963.

Hallam L. Bennett
President
George T. Hoover
Frederick B. Holcomb
Commissioners