

ORIGINAL

Decision No. 67732

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of H. R. HINSCH, AGENT, for)
authority to increase Demurrage) Application No. 46726
Charges on California Intrastate) (Filed June 15, 1964)
Traffic commensurate with Inter-)
state Demurrage Charges.)

OPINION AND ORDER

By this application, H. R. Hinsch, Agent, Trunk Line-Central Territory Railroads Tariff Bureau, on behalf of California rail carriers, seeks authority on one day's notice, to increase demurrage charges applicable to California intrastate traffic to the level of the interstate demurrage charges and the intrastate demurrage charges in various states, which became effective July 1, 1964.¹

Applicant proposes to increase the demurrage charges from \$4.00 to \$5.00 per day for the first four days following free time (the first two days); from \$8.00 to \$10.00 per day for the next four days; and from \$8.00 to \$15.00 per day for each subsequent day. Applicant also proposes to increase the charge for excess debits under "average agreement" from \$4.00 to \$5.00 per day.²

Applicant states that the purpose of the proposed changes in the demurrage rules is twofold: first, to increase availability

¹The intrastate demurrage charges involved apply in 38 states and 1 state with exceptions.

²Instead of paying straight demurrage charges, shippers may enter into an average agreement, whereby each car which is released during the first 24 hours of free time earns a credit. For each of the first four days a car is held after the free time, one debit accrues. If held longer, regular demurrage is then assessed. At the end of the month the credits are balanced against the debits, excess debits being charged for and excess credits canceled.

and use of freight cars thereby alleviating, in some measure, car shortages; and, second, to compensate in part, for increased costs of car ownership and maintenance. It is further stated that recent developments indicate that the present level of charges fixed in 1957 is insufficient to achieve the twofold objective of demurrage charges.

According to applicant, car detention has increased to the point that, for the year 1963 the average detention of cars placed for unloading was, with the exception of the year 1959, greater than for any year since 1957.³ For the first four months of 1964, the detention beyond free time was 18.1 percent, which is higher than for any full year since 1959.

Applicant alleges that, since 1956, railroad labor unit costs have gone up 30.5 percent, unit prices paid for materials and supplies by the railroads have gone up 7.1 percent and the composite index of these two items is currently 24.83 percent comparing 1963 with 1956. Applicant further alleges that the average cost per car of the 45,005 freight cars taken into accounts during 1956 was \$8,136⁴ and the corresponding average cost per car for 28,811 freight cars purchased in 1962 was \$11,777, or an increase of 44.75 percent over 1956.

Applicant takes the position that when a railroad freight car is used to store goods, the shipper should be required to pay for

³In exercising its authority to issue orders aimed at more efficient utilization of railroad freight cars, the Interstate Commerce Commission issued its Service Orders 947 and 953 effective November 11, 1963, and February 1, 1964, and stated in its first order that there was an acute and critical shortage of freight cars in all sections of the country and, in the second order, that there was a shortage of box cars.

⁴Transport Statistics in the United States issued by the Interstate Commerce Commission.

such a service. It is averred that, when a car is held for more than ten days the shipper is using that car as a warehouse and not as a transportation vehicle. Accordingly, the shipper should pay an appropriate charge, not only for the use of storage space but because the railroad has been deprived of the use of the car to carry out its responsibility to provide transportation. Applicant asserts that, with the peak loading season beginning in the relatively near future, it is essential now that steps be taken to achieve greater availability and utilization of freight cars.

The application shows that, on or about June 12, 1964, a copy thereof was mailed to a substantial list of interested shippers and competing carriers in California. No objection to the granting of the application has been received.

In the circumstances, it appears, and the Commission finds, that applicant's proposal to increase the demurrage charges herein involved is justified. A public hearing is not necessary. The application will be granted.

IT IS ORDERED that:

1. H. R. Hinsch, Agent, Trunk Line-Central Territory Railroads Tariff Bureau, is hereby authorized to amend Section A (Rule 7) of Item 930 and Sections A and D (Rule 9) of Item 940 of his Freight Tariff 4-F by increasing the demurrage charges therein as set forth in Exhibit "A" of the above-entitled application.

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

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

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

Dated at San Francisco, California, this 18th day of August, 1964.

Fredrick B. Holdcroft
President
John S. [unclear]
George [unclear]
George F. Throver
William M. Beuret
Commissioners