ORIGINAL

Decision No. <u>67938</u>

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 all common carriers, highway carriers and city carriers relating to the transportation of uncrated new furniture (commodities for which rates are provided in Minimum Rate Tariff No. 11-A).

Case No. 5603
Petition for Modification
No. 20
Filed July 1, 1964

A. D. Poe, H. F. Kollmyer and J. C. Kaspar, for California Trucking Association, petitioner.

John V. Driskell, for Driskell Trucking, Inc.;

Sam O. Sciortino, for Lads Furniture Freight,

Inc.; Lloyd Turner, for Tops Van Lines; and

Earl Cunningham, for North American Van Lines,
respondents.

R. C. Fels, for Furniture Manufacturer's Association of California and Retail Furniture

Association of California; and Merrill E. Blau

and A. Stanley Hayes, for Sears, Roebuck and
Co., interested parties.

Lawrence Q. Garcia and H. E. Scheibe, for the
Commission staff.

OBINION

This petition, filed by the California Trucking Association, seeks the establishment of increased minimum rates for the transportation of uncrated new furniture as set forth in Minimum Rate Tariff No. 11-A. A duly noticed public hearing in this petition was held before Examiner Mallory at Los Angeles on August 6, 1964, and the matter was submitted upon the receipt of late-filed exhibits on August 13, 1964. Evidence was submitted by petitioner. No one appeared in opposition to the petition. Interested parties and the Commission staff participated in the proceeding through the cross-examination of petitioner's witness.

The tariff names point-to-point rates applicable on shipments transported between the San Francisco Territory and the Los Angeles Territory, and two sets of distance rates, one of which is applicable on shipments having the point of origin in an area consisting of 12 counties located near San Francisco Bay, and the other set applicable on shipments having the point of origin in other than those 12 counties. Three weight brackets are provided: any quantity, minimum weight 500 pounds, and minimum weight 2,000 pounds. Additional charges in cents per 100 pounds are provided when the point of origin is other than the carrier's depot.

Petitioner proposes increases in the Columns A and B mileage rates ranging from 8 percent to 6 percent in the any quantity rates, 6 percent to 5 percent in the 500-pound bracket, and 5 percent to 4 percent in the 2,000-pound bracket. The point-to-point rates are proposed to be increased by the same percentages as the Column A rates for comparable distances. Petitioner also proposes to increase accessorial charges, minimum charges, and the charges for pickup at other than carrier's depot by 10 percent.

In support of the proposals, petitioner's assistant director of its Division of Transportation Economics presented in evidence an exhibit containing the results of operation for the year 1963 and the first half of 1964 for selected carriers which derive their principal revenues from traffic subject to Minimum Rate Tariff No. 11-A. These exhibits and the testimony thereon were designed to show that carriers engaged primarily in the transportation of uncrated new furniture are earning insufficient revenues under the minimum rates and that the minimum rates should be increased. The rates in Minimum Rate Tariff No. 11-A were last

I These are designated in the tariff and will be referred to hereinafter as Columns B and A rates, respectively.

adjusted effective January 25, 1964. The witness stated that the cost evidence submitted in the prior proceeding measured all known cost increases in effect as of the current date, and that no cost changes had occurred which were not measured in the prior cost study presented by CTA. The main purpose of the current exhibits was to show the poor financial condition of the carriers. The witness testified that the wage contracts for carriers operating under Column A rates are now under negotiation and that it is expected that the carriers will incur an 11-cent per hour increase in drivers' wages upon the termination of the present wage contract on November 1, 1964. It was stipulated by petitioner that if any increases in rates are granted herein, they will not become effective until November 1, 1964.

Petitioner's witness testified that he had reviewed prior decisions involving Minimum Rate Tariff No. 11-A and the evidence and testimony presented in prior proceedings leading to those decisions. According to the witness, rates have been adjusted from time to time based upon showings of adjusted costs and at other times upon showings involving the financial condition of the carriers engaged in transportation under Minimum Rate Tariff No. 11-A. The witness stated that it is now impossible to determine what revisions are necessary in the rates by adjusting for current conditions the original cost study in this proceeding prepared by the Commission staff in 1949, inasmuch as the basic data in that study are thoroughly out-of-date and do not reflect current methods of operation or other conditions, such as the type of furniture being transported. The California Trucking Association has in progress new cost and rate studies involving transportation of uncrated new

² Pursuant to Decision No. 66488, dated December 17, 1963, in Case No. 5603, Petition No. 18 (62 Cal. P.U.C. 64).

furniture, which the witness estimated will be completed sometime after November 1, 1964, when new wage rates are definitely known and when National Motor Freight Classification No. 7 is revised to eliminate the California supplement thereto. The witness stated that the CTA is exploring the use of classification descriptions and ratings, together with revised scales of rates, as a substitute for the present commodity rates. Until these studies are ready for presentation, the witness concluded that the only satisfactory basis for determining whether the present rates are reasonable is the analysis of revenues, expenses and earnings of the carriers engaged in transportation of uncrated new furniture.

The witness testified that over the years the number of carriers engaged primarily in new furniture transportation has grown smaller, dropping from 25 carriers used in the CTA study presented in evidence in 1952, to nine carriers engaged in this transportation at the current time. Of the latter group, eight carriers are primarily engaged in transportation under Column A rates, and one carrier under Column B rates. Financial data were obtained by CTA from five carriers operating under Column A rates. These data were prepared in exhibit form. Data for the year 1963 were obtained from four carriers whose operations consisted of 25 percent or more of traffic transported under rates in Minimum Rate Tariff No. 11-A. Operating ratios in 1963 for these four carriers were 99.5 percent, 103.5 percent, 104.9 percent and 107.1 percent.

The composite revenues, expenses and net operating income for the four carriers as a group are shown in the following table.

TABLE I

Operating Revenues	\$1,863,934
Operating Expenses Operation and Maintenance Depreciation Expense Depreciation Adjustment Amortization Chargeable to Operations Operating Taxes and Licenses Total Operating Expenses	1,735,802 52,291 (8,985) 102 143,276 1,929,486
Operating Income before Income Taxes	(65,552)
Operating Ratio before Income Taxes	103.5%
(Loss)	

Operating revenues and expenses for two of these four carriers were not available for the first six months of 1964, according to the witness. The following table shows composite operating revenues, expenses and net income for two of the four carriers shown in Table 1, from which data for the first six months of 1964 could be obtained. These carriers had operating ratios of 98.4 percent and 107.5 percent for this period.

TABLE 2

Operating Revenues	\$ 722,878
Operating Expenses Operation and Maintenance Depreciation Expense Depreciation Adjustment	638, 282 14, 707
Amortization Chargeable to Operations Operating Taxes and Licenses Total Operating Expenses	65,397 718,386
Operating Income before Income Taxes	4,492
Operating Ratio before Income Taxes	99.4%

Operating revenues and expenses for a fifth carrier for the first quarter of 1964 were also presented. These data showed that such operations resulted in an operating ratio of 126.2 percent.

This carrier also engages in the nationwide transportation of uncrated used household goods. It began segregation of financial data for its uncrated new furniture operations from other operations beginning January 1, 1964; therefore, meaningful financial data concerning its uncrated new furniture operations were not available prior to January 1, 1964. This carrier engages in interstate as well as intrastate operations, and the witness could not state the proportion of intrastate revenues to total revenues derived from uncrated new furniture operations.³

The CTA witness testified that he had remated the freight bills of four carriers to determine the effect of the proposed increases in rates. According to the witness, the amount of additional revenue, as shown in the sample, would range from 4.8 to

³ This carrier's 1963 annual report filed with this Commission, and incorporated in this record by reference, showed that 0.4% of its revenues were from traffic subject to Minimum Rate Tariff No. 11-A and 99.6% from interstate operations.

8.0 percent, and would average 7.8 percent. According to the witness, the sample showed that carriers engaged primarily in long-haul transportation would receive increased revenues in the lower range, and that carriers performing primarily local transportation would receive increased revenues in the higher range. The witness stated that labor costs are a greater proportion of total costs in short-haul transportation than in long-haul transportation and, therefore, greater increases are sought in short-haul service. The witness indicated that the sought increases, averaging 7.8 percent, would produce sufficient additional revenues to result in profitable operations for all but one of the carriers for which financial data were presented.

The witness did not present financial data or estimates of increased revenues for operations under Column B rates. The witness stated that only one carrier is primarily engaged in operations under these rates, and that an attempt to obtain data from this carrier was made, but data were not made available to CTA. Carrier operations and costs in the area wherein Column B rates are applicable are materially different from those under Column A rates, in recognition of which separate rate levels have been established in Minimum Rate Tariff No. 11-A.

Discussion, Findings and Conclusions

In this proceeding petitioner does not seek, as in the most recent rate adjustment proceedings, 6 to increase rates to off-set known increases in carrier costs of operation; but has based

⁴ The four carriers used in the freight bill sample included two for which 1963 and first half of 1964 financial data were furnished.

⁵ The only carrier which would not operate profitably under the proposed rates would be the carrier which had an operating ratio of 126.2% for the first querter of 1964.

⁶ Decision No. 66488, dated December 17, 1963 (62 Cal. P.U.C. 64); Decision No. 65591, dated June 18, 1963 (61 Cal. P.U.C. 146); Decision No. 63753, dated May 28. 1962 (59 Cal. P.U.C. 689); and Decision No. 61894, dated April 25, 1961 (unreported).

its showing strictly upon the alleged financial needs of the carriers engaged primarily in the transportation of new furniture. Petitioner seeks these adjustments on an interim basis, pending completion of full-scale studies looking to a major revision of the tariff to reflect current operating conditions in the transportation of uncrated new furniture. The carriers engaged in this field of transportation, large shippers of uncrated new furniture, and other interested parties have long recognized the need and have advocated the development of new cost and economic studies reflecting current methods of transporting new furniture and recognizing the changes over the years in the design and density of such articles. Petitioner indicated that its studies are nearing completion, awaiting only the completion of current carrier wage negotiations and adoption of certain classification revisions.

The record indicates that the carriers engaged primarily in transportation under the Column A rates in Minimum Rate Tariff No. 11-A, are operating above or very near the break-uven point. It appears that such carriers cannot continue operations for any long period of time at rates which do not provide a modicum of profit. Petitioner stipulated at the hearing that if the petition was granted that the increased rates not become effective until November 1, 1964. Thus, the proposed rates would become effective upon the effective date of the new wage contract. Petitioner indicated that negotiations with labor unions would result in increases of at least 11 cents per hour in drivers' and helpers' wages and a further increase in health and welfare benefits.

Based upon the carriers' present revenue needs and the fact that they will be faced with further increases in wage costs on

⁷ Decision No. 61894 (supra), Decision No. 59135, dated October 6, 1959 (unreported); and Decision No. 54624, dated March 5, 1957 (unreported).

November 1, 1964, it appears, and we so find, that the present level of the Column A rates in Minimum Rate Tariff No. 11-A is insufficient. We further find that the point-to-point rates between Los Angeles Territory and San Francisco Territory (Item No. 410), minimum charges (Item No. 100), and charges for accessorial services or delays (Item No. 90) are insufficient.

No showing was made with respect to the results of carrier operations under the Column B rates in Minimum Rate Tariff No. 11-A. We have recognized that operations under Column B rates are materially different from those under the Column A rates in that tariff. In the circumstance we find that the record does not show that increases in Column B rates in Minimum Rate Tariff No. 11-A are justified.

We further find that:

- 1. The increased rates and charges provided in the order which follows have been shown to be justified and 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 apply.
- 2. To the extent that the provisions of Minimum Rate Tariff
 No. 11-A 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.
- 3. 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, said rates and charges are hereby found to be, for the future, unreasonable, insufficient and not

4. Common carriers, in establishing and maintaining the rates authorized hereinabove, are hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; and schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

- 5. In all other respects said Decision No. 50114, as amended, shall remain in full force and effect.
- 6. Except to the extent granted herein, Petition for Modification No. 20 in Case No. 5603 is hereby denied.

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

		Dated at	Los Angeles	California,	this	3044
day	of	SEPTEMBER	, 1964.	•		

Truling B. Holloff
President

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Commissioners

Commissioner Everett C. McKonge, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A TO DECISION NO. 67938

List of Revised Pages to Minimum Rate Tariff No. 11-A
Authorized by Said Decision

Eighth Revised Page 6

Eighth Revised Page 7

Eighth Revised Page 15

Seventh Revised Page 16

(END OF APPENDIX A LIST)

MINIMUM RATE TARIFF NO. 11-A

SECTION NO. 1 - RULES AND RECULATIONS (Continued)

Item No-

APPLICATION OF RATES

Rates provided in this tariff are for the transportation of shipments from point of origin to point of destination, and include loading into and unloading from carrier's unit of equipment, subject to Notes 1 and 2.

NOTE 1. When the point of origin is other than a depot, an additional rate as provided below shall be added to the rates set forth in Section 3. The sum of such rates shall be the rate applicable for a single shipment from point of origin to point of destination point of origin to receive the rate applicable for a single shipment from point of origin to point of destination.

•		
Minimum Weight	OColumn A(1)	Column B(2)
Any Quantity	113;	105
500 Pounds	97	94
2,000 Pounds	92	91
4,000 Pounds	69	61
6,000 Pounds	(3).	(3)

- (1) Column A rates apply to shipments not subject to Column B rates.
- (2) Column B rates apply only to shipments having point of origin in one of the following counties: San Francisco, San Mateo, Santa Cruz, Santa Clara, San Benito, Monterey, Alameda, Contra Costa, Marin, Sonoma, Solano and Napa.
- (3) No additional rate.
- NOTE 2. The rates provided in Note 1 shall be added to the rates set forth in Section 3 in connection with shipments transported for persons, companies or corporations upon whose premises depots from which the transportation is performed are located. The sum of such rates shall be the rate applicable for a single shipment from point of origin to point of destination.

ACCESSORIAL SERVICES

When carrier performs any accessorial or incidental service which is not authorized to be performed under rates named in this tariff, and for which a charge is not otherwise provided, additional charges shall be assessed as provided in Item No. 90. The charge therein provided for unit of equipment shall apply whenever the accessorial or incidental service requires its use, or whenever the unit of equipment is inactivated by reason of its driver or helper being engaged in such service.

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DELAYS TO EQUIPMENT

When consignor or consignee is responsible for delay to carrier's equipment at or in vicinity of either point of loading or point of unloading in excess of 30 minutes (exclusive of time actually involved in loading or unloading) additional charges for delay time in excess of 30 minutes shall be assessed as provided in Item No. 90.

80

CHARGES FOR ACCESSORIAL SERVICES OR DELAYS

For accessorial services or delays under the conditions specified in Items Nos. 70 and 80, charges shall be assessed for each period or fraction thereof, as follows:

	Charges	in Cents	090
	For First 30 Minutes	For Each Additional 15 Minutes	V30
(a) For driver, helper or other employee, per man- (b) For unit of shipment	220 55	110 28	
		· · · · · · · · · · · · · · · · · · ·	

EFFECTIVE NOVEMBER 1, 1964

Issued by the Public Utilities Commission of the State of California, San Francisco, California. Correction No. 46

SECTION NO. 1 - RULES AND REGULATIONS (Continued)	Itom No.
MINIMUM CHARGE	
The minimum charge per shipment shall be the charge for 100 pounds at the applicable rates but not less than:	
1. 325 cents per shipment when the constructive dis- tance from point of origin to destination does not exceed 150 miles.	000
2. 375 cents per shipment when the constructive dis- tance from point of origin to destination exceeds 150 miles.	
SHIPMENTS TRANSPORTED BY TWO OR MORE CARRIERS	
When shipments in continuous through movement are transported by two or more carriers, the rates (including minimum charges) provided herein from point of origin to point of destination shall be the minimum rates for the combined transportation.	110
SHIPMENTS TO BE RATED SEPARATELY	
Each shipment shall be rated separately. Shipments shall not be consolidated or combined by the carrier.	120
ALTERNATIVE APPLICATION OF COMMON CARRIER RATES	
Common carrier rates may be applied in lieu of the rates provided in this tariff, when such common carrier rates produce a lower aggregate charge for the same transportation and for the same accessorial services, than results from the application of the rates herein provided. (See Note) NOTE.—In applying the provisions of this item, a rate no lower than the common carrier rate and a weight no lower than the actual weight or published minimum weight (whichever is the higher) applicable in connection with the common carrier rate shall be used.	130

ACCESSORIAL CHARGES NOT TO BE OFFSET BY TRANSPORTATION CHARGES

Accessorial charges set forth in this tariff for accessorial services not included in the rate for actual transportation shall be assessed and collected when such services are performed, regardless of the level of the transportation rate assessed. Such accessorial charges may not be waived on the basis that a higher-than-minimum transportation rate serves as an offset.

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♦ Increase, Decision No. 67938

EFFECTIVE NOVEMBER 1, 1964

Issued by the Public Utilities Commission of the State of California, San Francisco, California.

Correction No. 47

			SECTION	NO. 3 - RA	TES			Item No.
		DISTANCE	RATES IN	CENTS PER	100 POUNDS	(1)		
MIL	IILES Any Quantity Minimum Weight 500 Pounds		Minimum Weight 2,000 Pounds					
Over	Not Over	∝olumn A(2)	Column B(3)	Column A(2)	Column B(3)	√Column A(2)	Column	
0 5 10 15 20	5 10 15 20 25	195 199 203 213 216	150 158 166 172 178	142 145 157 157 161	128 136 144 151 157	110 114 118 123 127	117 125 131 137 143	
25 30 35 40 45	30 35 40 45 50	218 222 229 233 237	186 192 200 205 213	165 167 172 177 180	163 171 177 182 191	131 137 145 145 148	154 160 167 172 180	
50 60 70 80 90	60 70 80 90 100	215 253 266 276 263	221 235 250 263 279	187 195 205 211 222	201 216 230 243 258	155 164 171 179 187	188 204 218 230 244	% 700
100 120 130 140	110 120 130 140 150	294 301 311 319 328	291 306 319 333 348	231 237 216 255 264	270 284 297 313 327	195 203 210 218 227	259 273 285 299 315	
150 160 170 180 190	160 170 180 190 200	334 342 350 358 366	357 365 372 377 386	267 276 280 286 301	336 343 349 356 362	233 240 249 257 265	324 331 338 343 351	
200 220 240 260 280	220 240 260 280 300	379 393 1:11 1:30 1:16	118 118 1198 1198 1198	311 328 313 358 372	374 386 400 411 427	279 293 307 321 335	362 375 387 402 1114	
300 325 350 375 400	325 350 375 400 425	230 213 797	465 480 499 515 531	389 406 425 443 458	727 727 727 775 775	31:0 366 384 399 415	1430 1447 1465 1480	

i	•	•	1		t				
	425 450 475 500 525	450 475 500 525 550	553 576 599 621 614	559 582 605 626 648	480 500 520 540 561	528 553 575 600 626	143 1460 1478 1496 514	521 514 568 588 613	
	550 575 600 625 650	575 600 625 650	668 691 713 737 (4)	673 696 721 742 (4)	581 602 624 644 644	699 672 692 722 (14)	531 548 566 582 (4)	637 662 684 708 (4)	

- (1) Rates in this item apply only when point of origin is a depot. When point of origin is other than a depot, add to the rates provided in this item the additional rates, if any, provided in Item No. 60. The sum of such rates shall be the rate applicable for a single shipment from point of origin to point of destination.
- (2) Column A rates apply to shipments not subject to Column B rates.
- (3) Column B rates apply only to shipments having point of origin in one of the following counties: San Francisco, San Mateo, Santa Cruz, Santa Clara, San Benito, Monterey, Alameda, Contra Costa, Marin, Sonoma, Solano and Napa.
- (4) Add to the rate for 650 miles 21 cents per 100 pounds for each 25 miles or fraction thereof.

ø Change) Decision No. 67938

EFFECTIVE NOVEMBER 1, 1964

Issued by the Public Utilities Commission of the State of California,
San Francisco, California.

Correction No. 48

MINIMUM RATE TARIFF NO. 11-A

	SECTION NO.	3 - RATES(Co	ncluded)		Item No.
POI	NI-TO-POINT RATES :	in cents per	100 POUNDS(1)(2)	
Between	And	Any Quantity	Minimum Weight 500 Pounds	Minimum Weight 2,000 Pounds	
los Angeles Territory	San Francisco Territory	527	453	409	.
	•				o₽10
100, on tin this is apply at way mile located way route pass (2) Rates in When point provided Item No.	in charges accruing the same shipment, at tem applied to interest all points located on either side of within incorporated sees. this item apply on it of origin is other in this item the a 60. The sum of sungle shipment from	such lower commediate positions a distribution and the authorizaties throught when pointed than a deditional ranch rates sha	harges will a ints under th stance of one ed route and ugh which the t of origin i pot, add to t tes, if any, all be the rat	pply. Rates ese provisions actual high- at all points highway s a depot. he rates provided in to applicable	
01	rcrease. Decision 1	No. 6793	8		
		22	FFECTIVE NOVE	MBER 1, 1964	
Issued	by the Public Util	ities Commis		itate of Californi ncisco, Californi	
	No. 119				