

Decision No. 68505**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation  
 into the rates, rules and regulations,  
 charges, allowances and practices of  
 all common carriers, highway carriers  
 and city carriers relating to the  
 transportation of any and all commo-  
 dities between and within all points and  
 places in the State of California (in-  
 cluding, but not limited to, transporta-  
 tion for which rates are provided in  
 Minimum Rate Tariff No. 2).

Case No. 5432  
 (Petition for Modification  
 No. 361)  
 (Filed October 30, 1964)

J. C. Kaspar, A. D. Poe, and H. F. Kohlmeier, for  
 California Trucking Association, petitioner.  
W. N. Greenham, for Pacific Motor Trucking Company;  
 and John McSweeney, for Delta Lines, Inc., respondents.  
Eugene A. Reac, for California Manufacturers Association;  
J. H. Myers and T. Grinstead, for San Francisco Port  
 Authority; David B. Porter, for Cannery League of  
 California; Dan J. Costello, for Oakland Chamber of  
 Commerce; Charles R. Harryman, for Masonite Corporation;  
John Hellman, for Allied Chemical Corporation; and  
Harry W. Timmerman, for Zellerbach Paper Corp., Roy A.  
Townsend, for Libby McNeil & Libby; and E. F. Westburg,  
 for J. C. Penney Company, interested parties.  
John R. Laurie and Robert J. Carberry, for the Commission  
 staff.

O P I N I O N

A duly noticed public hearing in this proceeding was held  
 and submitted before Examiner Mallory on November 17, 1964, at San  
 Francisco.

California Trucking Association (C.T.A.) seeks amendment of  
 Minimum Rate Tariff No. 2 with respect to provisions governing the  
 determination of constructive mileages for the transportation of split-  
 pickup and split-delivery shipments when points of origin or points  
 of destination of said shipments are subject to the so-called average  
 mileage provisions of said tariff.

From its inception Minimum Rate Tariff No. 2 provided that in determining constructive mileages from or to points located within the San Francisco or Oakland pickup and delivery zones as described in the tariff, to or from points 70 or more constructive miles distant, the mileage to be used is the average of the mileages from or to the San Francisco and Oakland pickup and delivery zones.<sup>1/</sup> This average mileage provision was established to provide an equality of rate treatment to shippers and carriers on both sides of San Francisco Bay. By limiting it to cases involving points over 70 miles distant from both Oakland and San Francisco<sup>2/</sup> the average mileage provision was designed to preserve for each city whatever geographic advantage it had on short-haul traffic.

Pursuant to Decision No. 60895, dated October 18, 1960, (58 Cal. P.U.C. 183), this general provision was modified with respect to split-delivery shipments,<sup>3/</sup> to provide that when such a shipment includes one or more components for delivery within the San Francisco zone and one or more components within the Oakland zone, the average mileage provisions do not apply. This revision was made in order to clarify the tariff and to insure that highway carriers would be compensated for the mileage operated between the San Francisco and Oakland zones, which mileage would have been excluded from the rate computation if average mileage was used.

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<sup>1/</sup> All references to mileages and distances herein means constructive mileages or distances.

<sup>2/</sup> The San Francisco pickup and delivery zone embraced that City, the industrial portions of South San Francisco, and intermediate points. The Oakland pickup and delivery zone embraced Oakland, Alameda, Emeryville, Piedmont, Berkeley and Albany.

<sup>3/</sup> As both split-pickup and split-delivery mileage determinations are made in the same manner, reference herein to split-delivery shipments also includes split-pickup shipments.

Distance rates on split-delivery shipments are determined by applying the distance from point of origin to that point of destination which provides the shortest distance via other points of destination. Pursuant to Decision No. 66453, dated December 10, 1963 (62 Cal. P.U.C. 14), an exception was added providing that when two or more points of destination of a split-delivery shipment have the same mileage basing point under the tariff or distance table, two constructive miles are added for each such point of destination in excess of one. Decision No. 66453 stated that the additional charges provided for handling of components of split-delivery shipments do not include any factor for extra distance traveled. The addition of two miles for each destination in excess of one within a single mileage basing point is required to compensate carriers for the additional mileage traversed between such points.

By Decision No. 67531, dated July 14, 1964, the provisions of Distance Table No. 5 were made applicable to Minimum Rate Tariff No. 2. The construction and format of Distance Table No. 5, being different from Distance Table No. 4, required changes in the rules set forth in Minimum Rate Tariff No. 2. In Distance Table No. 5, the entire San Francisco Bay area is zoned, and mileages are computed from the mileage basing points for each Metropolitan Zone or Metropolitan Zone Group rather than for each separate community. A single community may be embraced within one or more Metropolitan Zones. The described pickup and delivery zones for San Francisco and Oakland were canceled and Item No. 100 of Minimum Rate Tariff No. 2 was amended to provide that average mileages should be applied between points within either the San Francisco Metropolitan Zone Group or the East Bay Metropolitan Zone Group, on the one hand, and points outside

the San Francisco Bay Mileage Territory, on the other hand.<sup>4/</sup> Reference to the two Metropolitan Zone Groups has the effect of adding several interior points not formerly subject to the average mileage provision and changing the location of the mileage basing points used in the determination of average mileages. The San Francisco Bay Mileage Territory encompasses, to the north and south, many points more than 70 miles from both Oakland and San Francisco, thus reducing the number of exterior points subject to the average mileage provisions and destroying the former distance relationship of exterior points to San Francisco and Oakland.

Distance Table No. 4 contained a table of average mileages between San Francisco and Oakland, on the one hand, and all other red points, whether or not such points were more than 70 miles from San Francisco and Oakland. Distance Table No. 5 contains calculations of average mileages only between those points which are outside the San Francisco Bay Mileage Territory, on the one hand, and the mileage basing points for the San Francisco and East Bay Metropolitan Zone Groups, on the other hand. Thus, the user of the tariff must calculate average mileages between said Metropolitan Zone Groups and points within the San Francisco Bay Mileage Territory.

The Commission's Transportation Division, on October 29, 1964, issued its Informal Ruling No. 137 in response to an inquiry from the public. This informal ruling relates to the question whether

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<sup>4/</sup> The San Francisco Metropolitan Zone Group includes the Metropolitan Zones embracing the following communities: San Francisco, Daly City, Colma, South San Francisco, San Bruno, Millbrae and portions of Burlingame and Hillsborough.

The East Bay Metropolitan Zone Group includes the Metropolitan Zones embracing the cities formerly included in the Oakland pickup and delivery zones and, in addition, Richmond, El Cerrito and San Leandro.

average mileages shall be used in connection with split-delivery shipments originating at points outside of San Francisco Bay Mileage Territory with two component parts for delivery to points within the San Francisco Bay Mileage Territory, one component part for delivery to a point not within the San Francisco or East Bay Metropolitan Zone Groups and one component part for delivery to a point within one of said groups, for example, a split-delivery shipment from Sacramento to Vallejo and Oakland (Metropolitan Zone 111). The informal ruling states:

"Sacramento is located outside the San Francisco Bay Mileage Territory. Under the provisions of Item No. 100 of Minimum Rate Tariff No. 2, average mileage shall be used whether the shipment is a straight shipment or a split pickup or split delivery shipment. In the above example, the distance shall be the average of the distances in Distance Table No. 5 from Sacramento to Oakland (MZ 111) via Vallejo, and Sacramento to San Francisco (MZ 102) via Vallejo, an average distance of 113 constructive miles." 5/

C.T.A. alleges that computation of mileages in the manner set forth in Informal Ruling No. 137 would create substantial problems in rating and billing of split shipments and would disturb precedent Commission decisions and competitive situations. In its petition C.T.A. proposed amendment of the tariff so that the average mileage provision would not apply to split shipments. At the hearing the director of C.T.A.'s division of transportation economics submitted a substitute proposal that would retain the use of average mileages in certain circumstances. The witness explained that the purpose

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5/ The informal ruling also states:

"When two or more metropolitan zones within the San Francisco Metropolitan Zone Group or within the Oakland Metropolitan Zone Group are involved the published distance between such zones shall be added to the distance to the Metropolitan Zone Group mileage basing point. The combined distance miles shall be averaged with the distance to the other metropolitan group mileage basing point. For example, on a split delivery shipment from Sacramento to Vallejo, San Francisco (Metropolitan Zone 101), and San Bruno (Metropolitan Zone 103), the distance shall first be computed from Sacramento to Vallejo to San Francisco (MZ 102) to which shall be added the distance from San Francisco (MZ 101) to San Bruno (MZ 103), a combined distance of 139 constructive miles. Metropolitan Zone 102 is the mileage basing point for the San Francisco Metropolitan Zone Group. The distance so determined shall be averaged with the distance of 101 constructive miles from Sacramento to Vallejo to Oakland (MZ 111)." The resulting average mileage is 120 constructive miles.

of C.T.A.'s proposals is to establish definite and certain tariff provisions to govern split shipment mileage determinations. After review, petitioner concluded that its original proposal would be unduly restrictive in that it would cancel all use of average mileage on split shipments and, therefore, would violate the import and intent of the historic average mileage provision. However, determination of mileages as set forth in Informal Ruling No. 137 would create such difficulties in mileage determinations as to cause unnecessary hardship to the users of the tariff. Therefore, petitioner's original proposal was withdrawn and its substitute proposal was recommended for adoption.

As explained by the C.T.A. witness, the C.T.A. proposal would provide for the optimum use of Distance Table No. 5 without resort to complicated computations of average mileages, as required under the informal ruling. Under C.T.A.'s proposals, the mileage determination for each mileage segment of the split shipment can be determined from Distance Table No. 5. The use of average mileage on split shipments into the Bay Area would be retained only to the extent that the average mileage for the segment is contained in the distance table. Under the C.T.A. proposal the mileage determination on split shipments would sometimes be less than, and sometimes greater than, the mileage for a single shipment from the same origin to the same destination as the final destination of the split shipment over a route passing through the other points of destination of the split shipment.

C.T.A. also proposed that the average mileage provisions should not apply when one or more components are destined to points in the East Bay Metropolitan Zone Group, and one or more components are destined to points in the San Francisco Peninsula Metropolitan Zone Group; nor when one or more components are destined to the San Francisco Metropolitan Zone Group and one or more components are

destined to points within the Hayward-Milpitas Metropolitan Zone Group. Assertedly, physical movements of such shipments involve the traversing of a transbay bridge. C.T.A. contends that this situation is the same as that encountered in movements between San Francisco and Oakland, and that the principle enunciated in Decision No. 60895, supra, should also be applied to movements between these additional points.

The Commission's Transportation Division staff opposed the C.T.A. proposal because it does not wholly retain the use of average mileages on split shipments. An associate transportation rate expert submitted proposed amendments to Item No. 100 of Minimum Rate Tariff No. 2 which were designed to clarify the tariff by incorporating therein the principles set forth in Transportation Division Informal Ruling No. 137.<sup>6/</sup> The witness explained in detail methods of mileage computation under his proposed rule under various circumstances. His testimony indicated, among other things, that in order to apply his proposed rule alternative computations of average mileage would be required to be made by the tariff user to determine the shortest split-delivery route, employing mileages not set forth directly in the mileage tables in the distance table.

Other interested parties participated through cross-examination of witnesses and presentation of statements of position. The San Francisco Port Authority supported the staff proposal because it would best retain the average mileage provisions. The California Manufacturers Association took the position that the concepts of average mileage and split delivery are incompatible and difficulties would

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<sup>6/</sup> Informal rulings of the Transportation Division of the Public Utilities Commission are made in response to questions propounded by the public, indicating what is deemed by the Division to be the correct application and interpretation of the particular tariff involved. Such rulings are tentative and provisional and are made in the absence of formal decisions upon the subject by the Commission.

be encountered by tariff users as long as both remain in the tariff. Other appearances took no position.

Discussion, Findings and Conclusions

The record is clear that modification of the provisions of Item No. 100 of Minimum Rate Tariff No. 2 with respect to computation of mileages on split shipments from points outside the San Francisco Mileage Territory having one or more components for delivery at points located within said territory, one of which is delivered to a point in either the San Francisco or East Bay Metropolitan Zone Group is necessary. Two proposals were presented; one would substantially retain the average mileage provision, but would present complicated and difficult mileage computations to the tariff users; the other would partially eliminate average mileages, but would simplify the determination of constructive mileages.

The record indicates that the concept of average mileages may have become outmoded due to changes in the tariff itself, and because the economic conditions which warranted the establishment of average mileages between San Francisco and Oakland no longer exist. As indicated heretofore, the Metropolitan Zone Groups are more extensive than the former San Francisco and Oakland pickup and delivery zones; the exterior points subject to average mileage are fewer; and the mileage basing points within the San Francisco and East Bay Metropolitan Zone Groups are different from those maintained in connection with the former San Francisco and Oakland pickup and delivery zones.

The record shows that at the time the original average mileage provisions were established<sup>7/</sup> only two commercially important

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<sup>7/</sup> Pursuant to Decision No. 30370 (40 C.R.C. 837) in Cases Nos. 4088 and 4145. The average mileage rule was appended to Decision No. 30370 by Decision No. 30668, dated March 3, 1938, and Decision No. 30669, dated March 7, 1938.



communities existed within the San Francisco Bay area, namely, San Francisco and Oakland, and that these communities experienced strong competition for traffic only from each other. Economic development of the Bay Area has changed extensively since World War II. The confines of the former San Francisco and Oakland zones no longer are of sufficient size to accommodate the influx of population, new industry and new commercial enterprises desiring to locate within the Bay Area. Communities on both sides of the Bay have grown forming a single megalopolis wherein communities are contiguous and political boundaries have little meaning. Under current conditions, enterprises (other than the ports) located within the former San Francisco and Oakland zones no longer compete for traffic solely with each other but compete with enterprises in each of the neighboring communities on either side of the Bay.<sup>8/</sup>

The average mileage provisions, other than as they relate to split shipments, are not before the Commission in this proceeding. However, in reaching a determination herein, consideration must be given to the need for full retention of such provisions balanced against the simplified use of the tariff. Weight must be accorded to the conditions existing today against those in existence when the average mileage provisions were initially established.

We find that the proposed tariff rules, which would simplify the determination of constructive mileages on split-pickup and split-delivery shipments, are reasonable and justified; and that, in the face of current economic conditions, full retention of the average mileage provisions on split-pickup and split-delivery shipments is no longer required to provide an equality of rate treatment to the communities of San Francisco and Oakland. We also find that the

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<sup>8/</sup> These factors are also reflected in Distance Table No. 5 in the establishment therein of metropolitan zones in the Bay Area, and the shifting of mileage basing points to new centers of commercial activity.

establishment of provisions in Minimum Rate Tariff No. 2 under which average mileages will not be used in determining constructive mileages for split-pickup and split-delivery shipments having components on both sides of San Francisco Bay will be reasonable and that such provisions are justified.

Based upon the facts of record, we find that the minimum rates and rules established by the order which follows will be just, reasonable and non-discriminatory minimum rates for the transportation governed thereby; and that to the extent that the provisions of Minimum Rate Tariff No. 2 have been found heretofore to constitute reasonable minimum rates and regulations for common carriers as defined in the Public Utilities Act, said provisions as hereinafter amended are, and will be for the future, reasonable minimum rate provisions for said common carriers. To the extent that 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.

The Commission concludes that Petition No. 361 should be granted to the extent authorized by the order which follows; and that, except to the extent granted, the petition should be denied.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff No. 2 (Decision No. 31606, as amended) is hereby further amended by incorporating therein, to become effective February 27, 1965, Twenty-third Revised Page 18, attached hereto and by this reference made a part hereof.

2. Tariff publications required to be made by common carriers as a result of the order herein may be made effective not earlier than the tenth day after the effective date of this order on not less than ten days' notice to the Commission and to the public and such tariff publications shall be made effective not later than February 27, 1965; and the tariff publications which are authorized but not required to be made by common carriers as a result of the order herein may be made effective not earlier than the tenth day after the effective date of this order, and may be made effective on not less than ten days' notice to the Commission and to the public if filed not later than sixty days after the effective date of the minimum rate tariff pages incorporated in this order.

3. 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.

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

5. Except to the extent granted herein, Petition No. 361 is hereby denied.

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

Dated at San Francisco, California, this 19th day of January, 1965.

Fredrick B. Hill  
President  
John E. D. Hill  
George H. Brown  
William A. Brown

Commissioners

Cancel:

Item No.	SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)
	<p style="text-align: center;">COMPUTATION OF DISTANCES</p> <p>Distances to be used in connection with distance rates named herein shall be the shortest resulting mileage via any public highway route, computed in accordance with the method provided in the Distance Table, subject to the following exceptions:</p> <ol style="list-style-type: none"> <li>1. Distances from and to points outside the San Francisco Bay Mileage Territory, on the one hand, and points within either the San Francisco Metropolitan Zone Group or the East Bay Metropolitan Zone Group, on the other hand, shall be the average of the distances from or to the San Francisco Metropolitan Zone Group and the East Bay Metropolitan Zone Group (computed in accordance with the method herein provided). (See Note).</li> <li>2. For transportation under rates resulting from ratings in Item No. 377.5 from points in groups described in Item No. 724, distances shall be computed as follows: <ol style="list-style-type: none"> <li>(a) For transportation from a point of origin within a group to a point of destination outside of the same group, the applicable distance shall be the distance between the basing point of the group and the point of destination.</li> <li>(b) For transportation between points within the same group, the applicable distance shall be the distance between the basing point of the group and the point of destination, except that such distance shall not be less than the distance between the point of origin and the basing point. (See Exception)</li> </ol> </li> </ol> <p>EXCEPTION: When the distance between point of origin and point of destination is less than the distance between point of origin and the basing point, the applicable distance shall be the distance between point of origin and point of destination.</p> <ol style="list-style-type: none"> <li>3. When a permit shipment or a shipment of dangerous articles is required to move via a circuitous route because of conditions imposed by a governmental agency, distances shall be computed along the shortest legal route available to the carrier in accordance with the method provided in the distance table.</li> </ol>

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NOTE.--The provisions of this paragraph will not apply in connection with split pickup or split delivery shipments:

(a) Having one or more components in the East Bay Metropolitan Zone Group (Metropolitan Zones 108, 109, 110, 111, 113 and 114) or the Hayward-Milpitas Metropolitan Zone Group (Metropolitan Zones 115, 116, 117, 118, 119, 120, 121 and 122), and one or more components in the San Francisco Metropolitan Zone Group (Metropolitan Zones 101, 102, 103 and 112) or the San Francisco Peninsula Metropolitan Zone Group (Metropolitan Zones 104, 105, 106, 107 and 135); or

(b) Having one or more components within either the San Francisco Metropolitan Zone Group or the East Bay Metropolitan Group, and one or more components at other points within the San Francisco Bay Mileage Territory as defined in Section 2-C of the Distance Table, except when the average mileage for the segment of the split pickup or split delivery route is constructed by use of the average mileages set forth in Section 3 of the Distance Table.

REFERENCES TO NAMED POINTS OR COMMUNITIES

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Unless otherwise provided, references herein to named points or communities shall include the extended areas of such points or communities as provided in the Distance Table.

∂ Change )  
◊ Increase ) Decision No. 68505  
◊ Reduction )

EFFECTIVE FEBRUARY 27, 1965

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

Correction No. 1569